

## **Turkey and the United States: Entrepreneurship Activity, Motives, Aspirations, and Perceptions**

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### **Abstract**

*The goal of this study is to explore the motives of Turkish and United States entrepreneurs. While similar in several aspects, Turkey and the U.S. differ along demographic, economical, governance and cultural variables, and these differences have implications for entrepreneurship motivation, activity, aspirations, and perceptions. Turkish entrepreneurs are motivated more by necessity, while U.S. entrepreneurs are motivated more by opportunity. While there was greater entrepreneurial activity in the U.S., individuals in Turkey had higher aspirations and expectations than did individuals in the U.S. A higher percentage of individuals in Turkey anticipated more entrepreneurial growth and viewed entrepreneurship as a more attractive career choice with high status. We discuss finding implications with respect to initiatives in Turkey intended to encourage entrepreneurship.*

**Key words:** entrepreneurship, motives, governance, culture

### **1. Introduction**

Entrepreneurship drives economic development because it generates income, fosters profits, increases employment, and promotes social responsibility (Friedman, 2011; Friedman, Cox and Tribunella, 2010; Acs, Desai and Klapper, 2008). To varying degrees, governments therefore pass legislation and enforce regulations that encourage entrepreneurship within their borders. Countries with economies that range from emerging to developed therefore strive to foster entrepreneurship. Entrepreneurs start and manage their businesses motivated by different factors (Yalcin and Kapu, 2008). The Global Entrepreneur Monitor (GEM, 2011), a not-for-profit academic research consortium that focuses on entrepreneurship, argues that “necessity” and “opportunity” motivates entrepreneurs. Opportunity refers to entrepreneurship driven by opportunity as opposed to finding no other options for work, being independent and increased income. Necessary refers to entrepreneurship that exists because no other option for work existed (GEM, 2011). We argue that entrepreneurial activity, aspirations, and perceptions differ contingent on a nation’s political, economic, and cultural environment. We hypothesize that opportunity drives entrepreneurs’ motivation in environments characterized by a developed economy, effective governance, and a culture high in individualism, tolerance for risk and low power distance.

On the other hand, necessity drives entrepreneurial motivation in environments characterized by an emerging economy, less effective governance, collectivism, low tolerance for risk, and high power distance. We test these hypotheses empirically by comparing differences in entrepreneurs' activity, aspirations, and perceptions in Turkey and the United States. This study attempts to identify and compare factors that motivate entrepreneurs in Turkey and the United States. We first compare Turkey and the United States with respect to their respective general demographics and economy. We then review literature related to governance and culture as it relates to these two countries. Hypotheses are stated and empirically tested, followed by a discussion of the results and areas for future research.

### **1.1 Turkey**

The Republic of Turkey is a treasure of history, a cradle of civilization, and is becoming an important driving force in the Middle East. Turkey's culture is enriched by the ancient history of Anatolia, the Mediterranean, the Middle East, the Caucasus, Eastern Europe, and the Aegean culture (Turkish Embassy 2011). Turkey has a strategic geopolitical location as it controls the Turkish Straits, including Bosphorus, the Sea of Marmara, and the Dardanelles, that link the Black and Aegean Seas. It connects Southeastern Europe and Southwestern Asia and borders the Black, Aegean, and the Mediterranean Seas. Turkey borders Georgia, Azerbaijan, Iran, Syria, Armenia, Greece, Bulgaria, and Iraq. Turkey's educational expenditure equals 2.9% of its GDP, resulting, in part, in an 87.4% literacy rate and an unemployment rate of 12% as of the writing of this article (Central Intelligence Agency 2011). Turkey is a country with republican parliamentary democracy, and is a member of the following international organizations: EBRD, G-20, ILO, IMF, NATO, OECD, UN, UNCTAD, UNESCO, WHO and WTO (Central Intelligence Agency 2011). Turkey has a rapidly emerging economy, with the 16th largest economy in the world and the 6th largest economy when compared with the EU countries. The OECD expects Turkey to be the fastest growing economy of the OECD members during 2011-2017, with an annual average growth rate of 6.7 percent (Economic Outlook, 2011). Entrepreneurship can play a vital role in economic growth in Turkey; therefore, it is very important to understand the activity, aspirations, and perceptions of Turkish entrepreneurs.

### **1.2 Entrepreneurship in Turkey**

State-owned companies are playing a pivotal role in of Turkey's economy; however, there were attempts in 1950 and 1980 to lower the dominance of the state. Even though large family corporations dominate the private sector in Turkey, small businesses play a prominent role in generating employment (Kozan et al. 2006). Turkey has a stable economic and political environment, well-educated youth, and strong domestic market and underserved markets of neighbor nations. Bureaucracy, difficulty in the protecting of intellectual property rights, lack of capital and monopolistic marketplace are among the obstacles that impede entrepreneurship in Turkey. Some authors believe that Turkey nonetheless has a reasonable environment to nurture entrepreneurship (Ortmans, 2011). The Turkish government recognizes the importance of entrepreneurship and it tries to form entrepreneur-friendly environment in order to encourage people to start their businesses by decreasing paper work, lowering taxes and providing incentives. The Small and Medium Enterprises Development Organization (SMEDO) began in 1990 under the Ministry of Science, Industry and Technology (Ministry, 2010). SMEDO aims to raise share of small and medium companies in economic and social development by providing support to these companies and disseminating an entrepreneurship culture (KOSGEB, 2011).

### **1.3 The United States**

The United States won its independence from Great Britain in 1776, and after a devastating civil war (1861-1865) and a great depression in the 1930s, has emerged as one of the world's most powerful and prosperous nation states (CIA Factbook, 2011). At 9.8 million square KM, the United States is the third largest country in terms of land mass, second only to Russia and Canada. The United States and Turkey share many similarities, as both are secular nations, have stable economies, have relatively low poverty rates, similar corporate tax rates (46.8% versus 44.5%), and are politically and economic leaders. The United States and Turkey differ in many respects. Table 1 contrasts Turkey and the United States on demographic, economic, governance, and cultural dimensions that are relevant to entrepreneurship. Compared with Turkey, the US has a larger population (313 versus 78 million), a larger labor force (153 versus 25 million), and a higher literacy rate (99% versus 87%). The United States' population is more diverse with respect to religion: Turkey is 99.8% Muslim and the United States is a mix of several religions. On the other hand, Turkey's population is considerably younger (28.5 versus 36.9 years of age).

Economically, the United States also has a larger gross domestic product per capita (\$47,200 versus \$12,300 USD), but Turkey's economy is growing at a slightly higher rate (1.23% versus .96%). The World Bank (2011) ranks the United States as fourth of 183 nations in the world on their "ease of doing business" index, which provides objective measures of business regulations for local firms in 183 economies. By contrast, the World Bank ranks Turkey 73 on the same index, indicating that Turkey's environment is less conducive for entrepreneurship than the United States. It can be argued that the larger, more affluent, more diverse consumer base in the United States, coupled with its relative ease of doing business, would result in greater incidence of entrepreneurship (activity), a greater expectation of entrepreneurial activity in the future (higher aspirations), and more favorable perceptions about being an entrepreneur in the United States than in Turkey. We explore governance and cultural dimensions below.

#### **1.4 Governance**

Governance refers to the traditions and institutions by which authority in a country is exercised (World Bank, 2011). The effectiveness by which nations govern their citizens is likely to affect entrepreneurship. For example, a stable political environment, effective rule of law and regulatory quality may be prerequisites for entrepreneurship. The World Bank defines six dimensions of governance, collectively known as the World Governance Indicators (World Bank, 2011; Kaufmann, Kraay and Mastruzzi, 2008; Kaufmann and Kraay, 2002):

**Voice and accountability** captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

**Political stability and absence of violence** measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism.

**Government effectiveness** captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

**Regulatory quality** captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

**Rule of law** captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

**Control of corruption** captures perceptions of the extent to which elites and private interests exercise public power for private gain, including both petty and grand forms of corruption, as well as "capture" of the state.

The World Governance Indicators summarize information from 30 existing data sources. These sources include the views and experiences of citizens (e.g., household surveys), commercial business information providers (e.g., Global Insight), entrepreneurs, and experts in the public (e.g., World Bank and regional development banks), private, and NGO sectors from around the world (e.g., Global Integrity), on the quality of various aspects of governance (World Governance Indicators, 2011).

Effective governance along these dimensions should result in a fertile ground for entrepreneurship and economic growth. Governments' ability to provide rule of law, protect against the violence associated with political instability, and enforce regulations conducive to business may impact entrepreneurs' willingness to take risks and start new businesses. As reviewed by Friedman (2011), the literature is mixed regarding the direction of the relationship: some studies propose that entrepreneurship is positively related to effective governance (e.g., Acs et al, 2008) while other studies propose a negative relationship (e.g., Troilo, 2011).

Using data collected by the World Bank (World Governance Indicators) and the Global Entrepreneurship Monitor (GEM) project, Friedman (2011) found a negative relationship between governance and entrepreneurial motivation. That is, governments with low governance effectiveness experienced higher levels of entrepreneurship. The author proposed that the negative relationship might have been a function of differential corporate tax rates and excessive regulation that served as barriers to entrepreneurial activity. That is, more developed countries with effective governance have higher tax rates and more business regulation than less developed or emerging countries.

Table 1 compares Turkey and the United States with respect to the World Governance Indicators. The values are each country's percentile rank on the six world governance indicators (higher values thus indicate better governance ratings). Relative to the United States, Turkey percentile rank is considerably lower on all six governance indicators. We therefore argue that Turkey's environment may be less conducive to entrepreneurship than the environment in the United States.

### 1.5 Culture

Research has demonstrated a relationship between national culture and economic development. Culture refers to a set of shared beliefs, values, and expected behaviors that are deeply embedded (Eroglu and Picak, 2011; Hofstede, 1983; Hofstede, 1980). In their extensive literature review, Tang & Koveos (2008) found a relationship between economic development and cultural values. For example, Inglehart & Abramson (1994) and Leung (2006) independently found that economically disadvantaged countries are more concerned with economic and physical security. In contrast, developed countries stress nonmaterial needs like freedom, self-expression, and quality of life. Hofstede (2011, 2008, 2001, 1997) defines six cultural dimensions:

**Power Distance** is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power to be distributed unequally. This represents inequality (more versus less), but defined from below, not from above.

**Uncertainty Avoidance** deals with a society's tolerance for uncertainty and ambiguity. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations.

**Individualism** on the one side versus its opposite, collectivism is the degree to which individuals are integrated into groups. On the individualist side, we find societies in which the ties between individuals are loose: everyone is expected to look after her/himself and her/his immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups.

**Masculinity** versus its opposite, femininity refers to the distribution of emotional roles between the genders that is another fundamental issue for any society to which a range of solutions are found. The assertive pole is "masculine" and the modest, caring pole is "feminine."

**Long-Term Orientation** societies foster pragmatic virtues oriented towards future rewards, in particular saving, persistence, and adapting to changing circumstances. Short-term oriented societies foster virtues related to the past and present such as national pride, respect for tradition, preservation of "face" and fulfilling social obligations.

**Indulgence versus Restraint** whereby Indulgence stands for a society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun. Restraint stands for a society that suppresses gratification of needs and regulates it by means of strict social norms.

Cox, Friedman and Tribunella (2011) reviewed research that examined the impact of economic development on Hofstede's (1980, 2001) cultural dimensions: power distance, individualism, uncertainty avoidance, masculinity, and long-term orientation. Hofstede (1980, 2001) found a significant relationship between GNP per capita and power distance, individualism, and a negative relationship to power distance. Tang & Koveos (2008) found that power distance first increases and then decreases with GDP per capita; individualism first decreases and then increases with GDP; and long-term orientation first decreases and then increases with GDP.

Table 1 contains Hofstede (2011, 1980) cultural dimension rankings for Turkey and the United States. The United States is low in Power Distance, high in Individualism, and low in Uncertainty Avoidance. In contrast, Turkey is high in Power Distance, low in Individualism, and high in Uncertainty Avoidance. Eroglu and Picak (2011) contrasted Turkey and the United States with respect to national culture and entrepreneurship. These authors contend that the United States would experience higher levels of entrepreneurial motivation than Turkey due to its lower levels of Power Distance (striving for financial and status equality) and higher Individualism (emphasis on independence). Turkey has a higher level of Uncertainty Avoidance that may result in increased government regulations to cope with uncertainty. These increased business regulations may in turn discourage entrepreneurship in Turkey but less so in the United States with its greater tolerance for uncertainty and presumably less government regulations (Eroglu and Picak, 2011). Eroglu and Picak (2011) conclude that relative to the United States, Turkey's national culture is not particularly well suited for entrepreneurship.

## **1.6 GEM Entrepreneurial Measures**

We used the GEM Adult Population Survey data in order to compare entrepreneurial activities, aspirations, and perceptions of individuals aged 18-64 in the populations of United States and Turkey. GEM collected the data through a random sampling and Random Digit Dialing in 2007, the most recent year that is available to the public. GEM categorized the indicators as activity, aspirations, or perception variables. Activity variables include items such as “improvement-driven entrepreneurial activity” and, “necessity-driven entrepreneurial activity.” Aspiration variables address entrepreneurs’ expectations regarding future growth for entrepreneurial activities. Perceptions describe various entrepreneurial perceptions about entrepreneurship such as desirability as a career choice and perceived opportunities. Table 2 contains a full description of the GEM variables.

## **1.7 Hypotheses**

We hypothesize that entrepreneurial activity, aspirations and perceptions differ across Turkey and the United States due to the different economic, governance and cultural influences experienced by entrepreneurs in their respective countries. The first set of hypotheses address activities, including entrepreneurial motives.

Karadeniz and Ozdemir (2009) found out that a very high percentage of Turkish individuals are driven by necessity motives. This finding underlines the absence of paid employment and a limited social safety net for potential entrepreneurs. Turkey needs to motivate entrepreneurs to start their business not just because of need but also as an opportunity to realize themselves and contribute to the economy by innovating new products. Turkey can reach this goal by providing financial support, easing paperwork and educating people. Bulut and Sayin (2010) examined entrepreneurship capabilities of Turkish students and found out that students have entrepreneurship capabilities but they needed to entrepreneurship courses and seminars.

Hypothesis 1: Turkish entrepreneurs will be motivated more by necessity than will entrepreneurs in the United States.

Hypothesis 2: United States entrepreneurs will be motivated more by opportunity than will Turkish entrepreneurs.

Hypothesis 3a: Individuals in the United States will report being either a nascent entrepreneur or owner-manager of a new business to a greater degree than will individuals in Turkey.

Hypothesis 3b: Males in the United States will report being either a nascent entrepreneur or owner-manager of a new business to a greater degree than will males in Turkey.

Hypothesis 3c: Females in the United States will report being either a nascent entrepreneur or owner-manager of a new business to a greater degree than will females in Turkey.

The next three hypotheses address differences between the United States and Turkey with respect to aspirations. We hypothesize that entrepreneurs in the United States will have higher aspirations for starting, managing, and growing businesses than will entrepreneurs in Turkey.

The number of people that aspire to be entrepreneurs is higher in Turkey than in the United States. Benzing et al. (2009, p. 58) found out that “Turkish entrepreneurs are driven more by income rewards than intrinsic rewards. Success is affected by such variables as entrepreneurs’ honesty, friendliness, social skills, and good customer service. The most serious problem faced by entrepreneurs in Turkey is the complex and confusing tax structure. Other important problems include unreliable employees, the inability to maintain good records, and a weak economy.” People positively behave towards entrepreneurship and the Turkish market is quite open for rapid change (Karadeniz and Ozdemir, 2009).

Hypothesis 4: Compared to Turkish entrepreneurs, a higher percentage of United States entrepreneurs will expect to employ at least five employees five years from now.

Hypothesis 5: Compared to Turkish entrepreneurs, higher percentage of United States entrepreneurs will indicate that their product or service is new to at least some customers.

Hypothesis 6: Compared to Turkish entrepreneurs, a higher percentage of United States entrepreneurs will indicate that at least 25% of the customers come from other countries.

The next seven hypotheses contrast individuals in the United States and Turkey with respect to their general perceptions about entrepreneurship. Turan and Kara (2007) found that Turkish entrepreneurs have positive attitudes and strong determination toward entrepreneurial activities, admire people who started their own business, and supported free-enterprise economic systems, and have a robust need for achievement.

Hypothesis 7: Compared to Turkish individuals not included in entrepreneurial activity, a higher percentage of individuals not involved in any entrepreneurial activity in the United States intend to start a business within three years.

Hypothesis 8: Compared to Turkish individuals, a higher percentage of individuals in the United States agree with the statement that in their country, most people consider starting a business as a desirable career choice.

The number of people who perceive entrepreneurship as a good career choice is higher in Turkey than in the United States. Goksel and Aydintan (2011) found that individual entrepreneurial propensity increases with a proactive personality, internal locus of control, and the need for achievement. As a business grows, United States entrepreneurs gain high status due to their high need for achievement level. Cultural values of individuals in the United States include value such as goal achievement. Media coverage of business is more in Turkey than in the United States. This result may imply recent efforts of Turkish government to foster entrepreneurship in a country. According to Eroglu and Picak (2011), the in Turkish culture and entrepreneurship is negatively related. Therefore, broad media coverage may positively affect people's perceptions regarding to entrepreneurship.

Hypothesis 9: Compared to Turkish individuals, a higher percentage of individuals in the United States will perceive positive perceived opportunities but also indicate that their fear of failure would prevent them from setting up a business.

Hypothesis 10: Compared to Turkish individuals, a higher percentage of individuals in the United States agree with the statement that in their country, successful entrepreneurs receive high status.

Hypothesis 11: Compared to Turkish individuals, a higher percentage of individuals in the United States agree with the statement that in their country, you will often see stories in the public media about successful new businesses.

Hypothesis 12: Compared to Turkish individuals, a higher percentage of individuals in the United States believe that they have the required skills and knowledge to start a business.

Hypothesis 13: Compared to Turkish individuals, a higher percentage of individuals in the United States see good opportunities to start a firm in the area where they live.

## **2. Method**

### **2.1 Data Analysis**

We compared entrepreneurial activity, aspirations, and perceptions of entrepreneurs in the U.S. and Turkey. We conducted T-Tests for independent samples analysis in order to understand if there is significant difference in terms of entrepreneurial activity, aspirations, and perceptions in the United States and Turkey. GEM Adult Population Survey respondents indicated "yes" or "no" to the various survey items, resulting in the percentage that indicated "yes" for each item. The T-Tests therefore determined if a significant difference with respect to the percentage of respondents that indicated "yes" to specific items. We analyzed the data using the Statistical Package for the Social Sciences (SPSS, version 19).

## **3. Results**

Table 2 contains means, standard deviations, and T-Test results for the United States and Turkish respondents. Regarding entrepreneurial activity, hypotheses 1 and 2 were supported as United States entrepreneurs were motivated more by opportunity than their Turkish counterparts. On the other hand, Turkish entrepreneurs were motivated more by necessity their United States counterparts. In support of hypothesis 3, a higher percentage of United States than Turkish entrepreneurs report being involved in entrepreneurial activities, but the difference may not be of practical significance. States and Turkish females but not males differed significantly on this item (5% and 2% for the United States and Turkish females, respectively).

Hypotheses 4-6 address entrepreneurial aspirations. In contrast to hypothesis 4, 60% of Turkish entrepreneurs expect more than five employees in the next five years, as compared to only 29% of the United States entrepreneurs ( $t = -5.37, p \leq .001$ ). Similarly, 6% and only 17% of United States and Turkish entrepreneurs, respectively, intend to start new businesses in the next three years ( $t = -11.17, p \leq .001$ ). Entrepreneurs in the United States and Turkish did not differ with respect to their belief that their product would be new to customers (hypothesis 5) or that their customers would come from other countries (hypothesis 6).

Hypotheses 7- 13 test differences between United States and Turkish entrepreneurs along a number of perceptions. Turkish entrepreneurs view entrepreneurship as a desirable career choice (76%), as compared to only 42% in the United States ( $t = -16.58, p \leq .001$ ). On a similar note, 83% of the Turkish respondents view entrepreneurs as having high status, whereas only 46% of the United States respondents do so ( $t = -19.30, p \leq .001$ ). Turkish individuals also perceived that the media treated entrepreneurs more favorably than did the media in the United States (63% versus 48%, respectively;  $t = -6.54, p \leq .001$ ). Finally, a higher percentage of Turkish individuals see good opportunities for starting up a new business in the next six months than do individuals in the United States (48% versus 23%,  $t = -7.30, p \leq .001$ ). In summary, hypotheses 7, 8, 10, 11, and 13 were significant but in the opposite direction as predicted, and hypotheses 9 and 12 were not supported.

#### **4. Discussion and Conclusion**

Turkey and the United States, while similar in several aspects, also differ along demographic, economical, governance and cultural dimensions. These differences had implications regarding entrepreneurship in the two countries. With respect to activity, necessity motivates Turkish entrepreneurs, while opportunity motivated United States entrepreneurs. In Turkey, individuals are motivated by necessity motives because there are fewer positions in the workplace and entrepreneurs seek income on their own. Opportunities motivate individuals in the United States as they avenues self-actualize and gain recognition. Residing in a developed country, individuals in the As the United States enjoy labor rights that protect them to a greater extent than do labor laws in Turkey.

A higher percentage of Turkish entrepreneurs expect more than five employees in the next five years than their counterparts in the United States. Similarly, Turkish entrepreneurs intend to start new businesses in the next three years than those in the United States. Even though there are many difficulties in starting business in Turkey, people are aspired to have their own businesses in order to get an income. Economic conditions are not easy so far in Turkey; however, entrepreneurs are taking risks in their efforts to start a business. Previous research support this finding that entrepreneurial activities can flourish in environments that are more turbulent and new opportunities in markets and uncertainty about the future may motivate young people to involve in entrepreneurial activities (Iakovleva et al., 2011). Nevertheless, the Turkish government should continue to implement reforms that simplify starting up businesses in order to develop entrepreneurship. Bureaucracy, taxes, and paperwork are among the largest obstacles to entrepreneurship, and any country that desires to encourage entrepreneurship should reduce these barriers. University students should also be encouraged to be entrepreneurs by supporting them with entrepreneurial training and practices.

The findings indicated that United States and Turkish entrepreneurs are similar in their belief that their product would be new to customers or that their customers would come from other countries. Entrepreneurs develop new products and services that increase quality of life on a global basis. Technological advances allow entrepreneurs to find customers worldwide. In the last ten years, Turkey has followed a “zero problem” policy with its neighbors (Justice and Development Part, 2011). “Zero problem with neighbors” policy was developed due to the goal to improve problematic relations between Turkey and its neighbors were problematic during the 1990s. As Justice and Development party came to power, improving relations with its neighbors became the important point of Turkish foreign policy that was stated as in the Middle East (Altunisik, 2010). As relations with neighbor countries improved, Turkish exports tripled. This increased economic activity may have increased Turkish entrepreneurs’ belief that they will be able to provide their products to foreign markets.

A greater percentage of adults aged 18-64 engaged in some type of entrepreneurial activity in the United States. While there was more entrepreneurial activity in the United States, individuals in Turkey had higher aspirations and expectations than did individuals in the United States. Recent economic development and reforms implemented by the Turkish government may have encouraged entrepreneurs, especially the youth and women, to start businesses in Turkey, whereas the economic recession in the United States might have prevented a similar increase in entrepreneurial activity.

Turkish people generally behave in a positive way toward entrepreneurship and Turkey has a long trade business. Turkish people have learned how to deal with crisis and survive due to long periods of economic instability that country has undergone (Turan & Kara, 2007).

A higher percentage of individuals in Turkey anticipated more entrepreneurial growth and viewed entrepreneurship more a more attractive career choice with high status. Government institutions such as the Small and Medium Enterprises Development organization provide support programs to entrepreneurs such as the Applied Entrepreneurship Programs, New Entrepreneur Support, and the Business Improvement Center support (KOSGEB, 2011). These programs provide entrepreneurship training for the public. By receiving this support, entrepreneurs gain competence and confidence to start their own businesses. According to the Turkish Statistical Institute (TSI) the unemployment rate in Turkey is 9.2 % (August, 2011) and 18.6% of the unemployed are young people between 15 and 24 years old (August, 2011; Turkish Statistical Institute, 2011). Young graduates face difficulties finding jobs appropriate to their knowledge and skills, and are not willing to do work not related to their profession. Graduates must compete for a limited number of positions to obtain employment. Therefore, young people may view entrepreneurship as an attractive career choice.

A higher percentage of Turkish individuals also perceived that the media treated entrepreneurs more favorably than did the media in the United States. Turkish media treats entrepreneurship as an attractive avenue to increase one's wellbeing while simultaneously benefiting society. For example, the "Have an Idea?!" TV Show promotes entrepreneurship. Founded by Lab X Mr. Fuat Sami in 2007, "Have an Idea" is the largest entrepreneurship competition in Turkey. Mr. Sami also introduced the concept of "angel investing" ("angel investors are significant suppliers of equity risk capital at the early stages of an entrepreneurial venture's life" Freear et al. 2002.) "Have an Idea?!" is broadcasted by NTV, one of the large TV channels and aims to inspire entrepreneurship awareness, promote entrepreneurship culture, encourage and support new outstanding business ideas of many entrepreneurs (BirFikrinMiVar, 2011).

Women entrepreneurs in Turkey outnumber women entrepreneurs in the United States. Because of the harmonization of Turkey with European Union (EU), women entrepreneurship support gained momentum (Simsek & Uzay, 2009). Turkish women are encouraged to be entrepreneurs and earn their own money. Organizations that provide microcredits to women in Turkey are limited. For example, the Young Businessmen Association of Turkey (GIYAD), the Turkish Economy Bank (TEB), and the United Nations Development Program (UNDP) support one of the most important projects under the name "Golden Bracelet." The goal of the unique project is to ensure microcredit for young entrepreneurs between the ages of 18 and 35. Women entrepreneurs, vocational high school and college graduates are privileged segment in the project. While TEB is responsible for the funding and the supervision of the project, UNDP provides technical staff and GIYAD educational support (Karatas & Helvacioğlu, 2008).

### Study limitations

The present study has two limitations. First, the GEM data is from 2007, the last year that such data is available to the public. Many economic changes have transpired since that time (e.g., a global recession). Once GEM releases data that is more recent, the study should be replicated. Second, much of the GEM is perceptual, and subject to individual biases. Of course, one must balance this limitation with the nature of the subject matter: entrepreneurial perception and activity is the focus of the study.

In summary, entrepreneurs in the United States and Turkey differ with respect to activity, motives, aspirations, and perceptions. We argue that these differences are, in part, attributable to differences in national demographics, economic conditions, governance, and culture. Finally, we discussed study implications with respect to initiatives in Turkey intended to encourage entrepreneurship.

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**Table 1. Turkey and the United States: Demographics, Economy, Governance, and Culture**

	Turkey	United States
<b>Demographics<sup>1</sup></b>		
Population	78,785,548	313,232,044
Growth Rate	1.23%	.96%
Religion	Muslim 99.8% (mostly Sunni)	Protestant 51.3%, Roman Catholic 23.9%, Others
Median Age	28.5 years	36.9 years
Education Expenditures	2.9% GDP	5.5% GDP
Literacy Rate	87.4%	99%
Unemployment Rate	12% (world rank 128)	9.6 (world rank 107)
<b>Economy<sup>1</sup></b>		
GDP per capita (PPP)	\$12,300 USD (world rank 94)	\$47,200 USD (world rank 11)
Labor Force	25.64 million (world rank 24)	153 million (world rank 4)
Population below Poverty line	17.11%	15.1%
Ease of Doing Business Rank <sup>2</sup>	73	4
<b>Governance</b>		
Type	Republican Parliamentary Democracy	Constitution based federal republic; democratic tradition
Corporate tax rate <sup>3</sup>	44.5%	46.8%
<b>World Governance Indicators<sup>4</sup></b>		
Voice and Accountability	42.8	84.1
Political Stability	19.7	52.9
Government Effectiveness	63.6	90.8
Regulatory Quality	62.1	92.2
Rule of Law	53.6	91.9
Control of Corruption	59.2	85.9
<b>Culture<sup>5</sup></b>		
Power Distance	66	40
Collectivism versus Individualism	37	91
Femininity versus Masculinity	45	62
Uncertainty Avoidance	85	46
Short versus Long Term Orientation	46	26
Restraint versus Indulgence	49	68

<sup>1</sup>Central Intelligence Agency World Factbook. Retrieved November 11, 2011 from <https://www.cia.gov/library/publications/the-world-factbook/geos/us.html>.

<sup>2</sup>Ease of Doing Business Index. The World Bank. Retrieved November 10, 2011 from <http://data.worldbank.org/indicator/IC.BUS.EASE.XQ>.

<sup>3</sup>Corporate Tax Rate. The World Bank. Retrieved November 11, 2011 from <http://data.worldbank.org/indicator/IC.TAX.TOTL.CP.ZS>.

<sup>4</sup>World Governance Indicators, The World Bank. Retrieved November 12, 2011 from <http://info.worldbank.org/governance/wgi/index.asp>.

<sup>5</sup>Culture Dimension Data Matrix. Retrieved November 11, 2011 from <http://www.geerthofstede.nl/research--vsm/dimension-data-matrix.aspx>.

**Table 2. GEM Indicators<sup>1</sup>****Activity**

**Improvement-Driven Opportunity Entrepreneurial Activity: Relative Prevalence (Teayyido<sup>2</sup>)**- Percentage of those involved in TEA who (i) claim to be driven by opportunity as opposed to finding no other option for work; and (ii) who indicate the main driver for being involved in this opportunity is being independent or increasing their income, rather than just maintaining their income

**Necessity-Driven Entrepreneurial Activity: Relative Prevalence (Teane\_p)** - Percentage of those involved in TEA who are involved in entrepreneurship because they had no other option for work

**Total early-stage Entrepreneurial Activity (Teayy)** - Percentage of 18-64 population who are either a nascent entrepreneur or owner-manager of a new business (as defined above)

**Total early-stage Entrepreneurial Activity for Male Working Age Population (Teayymal)** - Percentage of male 18-64 population who are either a nascent entrepreneur or owner-manager of a new business (as defined above)

**Total early-stage Entrepreneurial Activity for Female Working Age Population (Teayyfem)** - Percentage of female 18-64 population who are either a nascent entrepreneur or owner-manager of a new business (as defined above)

**Aspirations**

**Growth Expectation early-stage Entrepreneurial Activity: Relative Prevalence (TEAyyjg5)** - Percentage of TEA who expects to employ at least five employees five years from now

**New Product early-stage Entrepreneurial Activity (TEAyynwp)** - Percentage of TEA who indicate that their product or service is new to at least some customers

**International Orientation early-stage Entrepreneurial Activity (TEAyyint)** - Percentage of TEA who indicate that at least 25% of the customers come from other countries

**Perceptions**

**Entrepreneurial Intention (Futsupno)** - Percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who intend to start a business within three years

**Entrepreneurship as Desirable Career Choice (Nbgoodyy)** - Percentage of 18-64 population who agree with the statement that in their country, most people consider starting a business as a desirable career choice

**Fear of Failure Rate (Frfailop)** - Percentage of 18-64 population with positive perceived opportunities who indicate that fear of failure would prevent them from setting up a business

**High Status Successful Entrepreneurship (Nbstatyy)** - Percentage of 18-64 population who agree with the statement that in their country, successful entrepreneurs receive high status

**Media Attention for Entrepreneurship (Nbmediyy)** - Percentage of 18-64 population who agree with the statement that in their country, you will often see stories in the public media about successful new businesses

**Perceived Capabilities (Suskilyy)** - Percentage of 18-64 population who believe to have the required skills and knowledge to start a business

**Perceived Opportunities (Opportyy)** - Percentage of 18-64 who see good opportunities to start a firm in the area where they live in the next six months.

<sup>1</sup>GEM Indicators. Retrieved November 21, 2001 from <http://www.gemconsortium.org/about.aspx?page=variables>

<sup>2</sup>GEM database variable names are in parentheses.

**Table 3. Entrepreneurial activity, aspirations, and perceptions in the United States and Turkey**

	United States			Turkey			<i>t</i>	
	<i>n</i>	Mean	S.D.	<i>n</i>	Mean	S.D.		
<b>Activity</b>								
Total Entrepreneurial Activity (TEA) driven by improvement and opportunity	160	.59	.49	120	.34	.47	4.18	***
TEA that is necessity driven (only values for early-stage entrepreneurs)	160	.15	.35	120	.37	.48	-4.30	***
Involved in Total Entrepreneurial Activity	2166	.07	.26	2400	.05	.21	3.36	***
Involved in TEA, male	1079	.10	.29	1143	.08	.27	1.47	
Involved in TEA, female	1087	.05	.21	1257	.02	.15	3.58	***
<b>Aspirations</b>								
TEA that expects more than 5 employees in next five years	160	.29	.45	120	.60	.49	-5.37	***
TEA: product is new to all or some customers	160	.49	.50	120	.71	.45	-3.78	
TEA: at least 25% of the customers come from other countries	154	.14	.35	116	.17	.37	-.66	***
Expects to start-up in the next 3 years (nascent entrepreneurs and owner-managers excluded)	1874	.06	.23	2102	.17	.37	-11.17	***
<b>Perceptions</b>								
Population estimate: starting a business is considered as a good career choice	1037	.42	.49	1090	.76	.42	-16.58	***
Fear of failure would prevent R to start a business (only for those respondents who see good opportunities for starting a business)	227	.23	.42	333	.24	.42	-.10	
Pop estimate: persons growing a successful new business receive high status	1021	.46	.49	1080	.83	.37	-19.30	***
Pop estimate: lots of media coverage for new businesses	1049	.48	.50	1048	.63	.48	-6.54	***
Has the required knowledge/skills to start a business	1049	.50	.50	1147	.47	.49	1.43	
Sees good opportunities for starting a business in the next 6 months	1002	.23	.41	878	.38	.48	-7.30	***

\*\*\*  
 $p \leq .001$