FINANCIAL PROBLEMS OF SMEs AND PROBLEMS ENCOUNTERED TO ACCESS FINANCING

Mustafa Kara, Şeyda Yoltaş, Sevim Nur Şahbalı

Abant Izzet Baysal University, Turkey

Abstract

The concern about sustainability of commercial activities of SMEs under aggravating competitive conditions with popularization of chain enterprises has led to a focus on the issue as is the case in many European countries. The difficulties experienced by tradesmen to access and repay loans pose a risk element for the financial sector and social welfare. In this study, we have tried to not only understand and provide solution recommendations for the problems of SMEs in Turkey but also observe their contribution in development by measuring their social welfare. 245 samples have been selected among 1222 tradesman registered to tradesmen chambers in the city centre of Bolu by applying a distribution in percentages by the chamber of registration. A face to face survey has been conducted for the sample selected as a quantitative research method.

Keywords: *Risk, Loan, Sustainability, Bank, Financial Problems, Social Welfare, SME*

1. INTRODUCTION

Sustainability of commercial activities of SMEs is very significant to social welfare and economic development due to their roles within the economy.

Among main industries, SMEs form 12.5% and 35.2% of the industry sector and trade sector respectively. On the other hand, the manufacturing industry predominantly consists of micro, small and medium scale enterprises with the rates of 88.8%, 9.1% and 1.8% respectively. When all sectors are taken into consideration, share of SMEs in employment is 75.8%.

These rates are similar in EU and USA compared to Turkey. However, Turkish SMEs fall behind those in developed countries in terms of exports, added value, investment shares, capacity usage and their share in total loans ((BAKİ, 2002, pp. 20-24); (Forum, 2002, pp. 20-29); (Erdoğmuş, 2004, p. 43)). The share of SMEs in export and import is 59.2% and 39.9% respectively. The share of SMEs in gross investment and value added at factor cost (VAFC) is 53.2% and 53.9 respectively. On the other hand, their share in total loans of the banking sector is limited to 26% (Anon., 2015-2018). In this study, comparatively lower rate of loan use by SMEs has been focused. Financial problems of SMEs and difficulties experienced to access to financing and it has been aimed to provide solution recommendations for these problems. In this regard, 245 samples have been selected among 1222 tradesman registered to tradesmen chambers in the city centre of Bolu by applying a distribution in percentages by the chamber of registration. A face to face survey has been conducted for the sample selected as a quantitative research method.

2. CONCEPTUAL FRAMEWORK

2.1. SMEs in Europe and Turkey

European Union defines SMEs as enterprises with at most 250 employees. The enterprises with 50-250 employees and a maximum annual turnover of 40 million EURO are deemed medium scale, lower than 10 employees and 7 million EURO small scaled and lower than 10 employees micro scale enterprises. (Koç, 2008, p. 11)

Table 1. SME definition of European Union

(Europe Commission, 2011)	Number of Employees	Annual Turnover	Or	Balance Sheet Total
Medium Scale	< 250	≤ € 50 million		≤ € 43 million
Small Scale	< 50	≤ € 10 million		≤ € 10 million
Micro Scale	< 10	≤ € 2 million		≤ € 2 million

Source: (Europe Commission: The new SME definition, 2011, p.14)

On the other hand, the enterprises with 100-109 employees are categorized as medium scale, 20-99 employees' small scale and lower than 20 employees micro scale enterprises as per the definition of OECD (Turkish Banking Regulation and Supervision Agency, 2006, p. 58)

Despite the lack of a generally accepted classification for SMEs in TURKEY, the most common criterion is number of employees. Accordingly, the enterprises with 50-99 employees are classified as medium scale, 10-49 employees as small scale and 1-9 employees' micro enterprises.

While the SME definition of KOSGEB (Small and Medium Enterprises Development and Support Administration) was limited to number of employees, this definition was expanded and net sales turnovers and domestic balance sheet totals were started to be considered throughout the EU accession period. Accordingly,

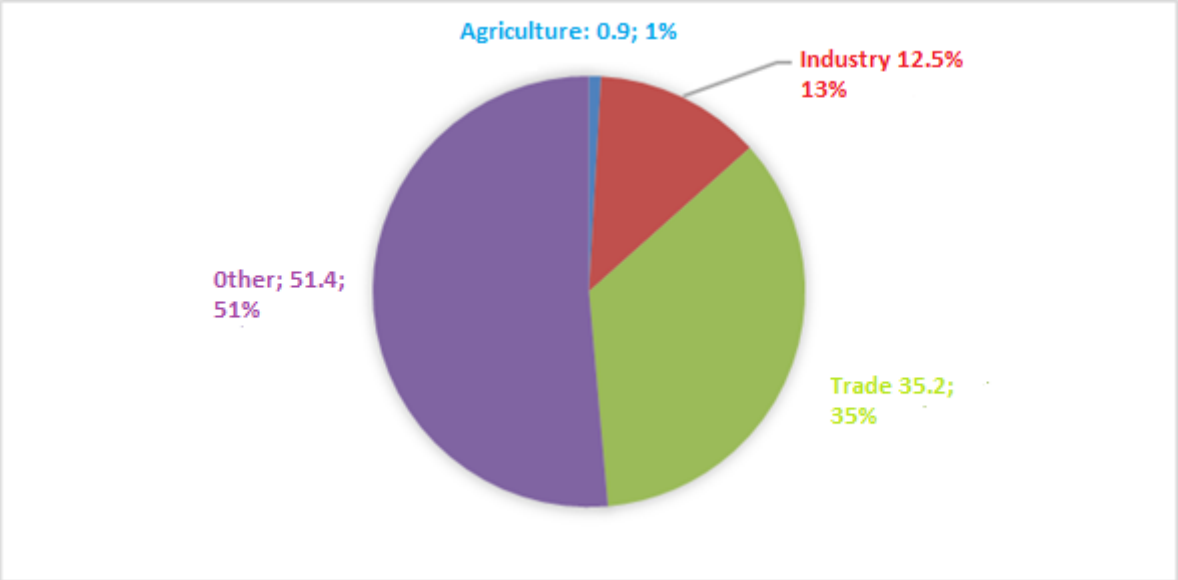
- The enterprises with less than 250 employees and net sales turnover or balance total lower than 25 million TRY are deemed medium scale;
- The enterprises with less than 50 employees and net sales turnover or balance total lower than 5 million TRY are deemed small scale and
- The enterprises with less than 10 employees and net sales turnover or balance total lower than 1 million TRY are deemed micro scale. (Durman & Önder, 2007, pp. 3,4,5)

2.2. Structure of SMEs and Their Shares in Turkish Economy

Significance of SMEs in Turkey shows similarities with other countries. The main points are their adapting to change in demand and full competition easily in a short period of time, making significant contributions in balanced interregional growth and development and reducing unemployment by providing means of employment. SMEs do not only ensure sustainability of industry and trade but also are indispensable to social balance and solidarity and urbanization (Çelik & Akgemici, 1998, pp. 91-95).

Having a significant role for regional development, SMEs enhance the national welfare level and thus contribute in thanks to their advantages such as ensuring rural areas' access to technological developments and continuing to satisfy certain needs of the society in economically tumultuous times as they are more resistant to economic fluctuations (Müftüoğlu, 2002, pp. 51-55); (Erdoğmuş, 2004, pp. 47-48).

Chart 1. Distribution of SMEs by Main Sector Groups



Source: TÜİK, Number of Enterprises by Employment Records 2013

According to distribution of SMEs by sector groups; 0.9%, 12.5%, 35.2% and 51.4% of the SMEs operate in agricultural sector, industry sector, trade sector and other sectors[1] respectively.

3. OBJECTIVE AND PROBLEMATIC OF THE RESEARCH

3.1. Objective of the Research

The objective of the research is to underline contribution of SMEs in Turkish economy and provide recommendations to solidify their position in the economy and ensure their sustainability. In this regard, our study discusses financing problems and defects in their financial structures which are the root cause of the problems faced by SMEs.

3.2 Problematic of the Research

It is clearly seen that SMEs, building block of the economy, have difficulties to survive in the current competitive environment fuelled by technological developments. It is seen that the most significant problem faced by SMSs is that they experience difficulties to provide financing and lose their competitive power due to these difficulties and their flawy financial structures. In this regard, financial problems faced by SMEs and difficulties experienced by them to access to financing.

4. RESEARCH METHOD

4.1. Model and Type of Research and Data Collection Method

The research has been conducted by using face to face surveying, one of the quantitative research methods.

The population of the research consists of the enterprises registered to the chamber of tradesmen in Bolu. We have talked to the owners of the enterprises who are authorized to make decisions in our interviews. A quota has been applied according to the current situation to ensure appropriate representation in the research.

[1] Other sectors: Manufacturing, education, culture & art, construction, information and communication etc.

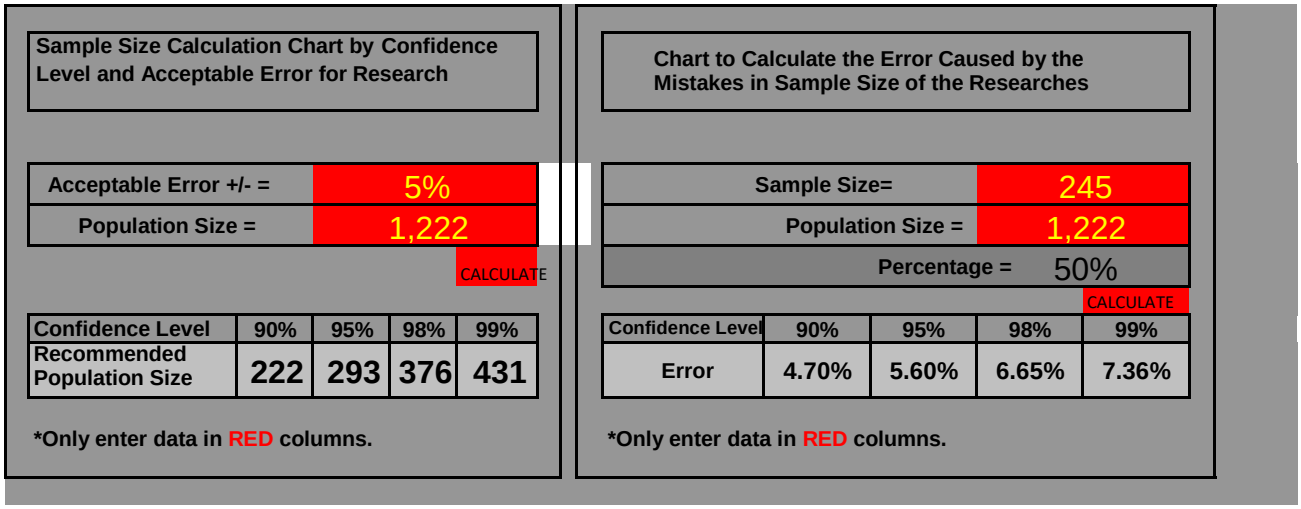
4.2. Determining Sample Size and Margin of Error

As the representative of the population, 1222 enterprises have been included within the scope of study and 245 enterprises selected as per fair representation have been interviewed.

N= 1222 (number of individuals in the target group)

n= 245 (number of individuals included in the sample)

Sample Size Calculation Chart by Confidence Level and Acceptable Error for Research and Chart to Calculate the Error Caused by the Mistakes in Sample Size of the Researches are given below.



Sample Size Calculation Chart by Confidence Level and Acceptable Error for Research

Acceptable Error +/- =	5%
Population Size =	1,222

CALCULATE

Confidence Level	90%	95%	98%	99%
Recommended Population Size	222	293	376	431

*Only enter data in RED columns.

Chart to Calculate the Error Caused by the Mistakes in Sample Size of the Researches

Sample Size=	245
Population Size =	1,222
Percentage =	50%

CALCULATE

Confidence Level	90%	95%	98%	99%
Error	4.70%	5.60%	6.65%	7.36%

*Only enter data in RED columns.

5. FINDINGS OF THE RESEARCH AND THEIR ANALYSIS

5.1. Financial Problems of SMEs

In the research, the financial problems of SMEs have been primarily searched and it has been observed that the problems have mainly come under 5 main titles. In this section, the replies of the participants to the questions regarding total monthly income, incomes from trade activities, loans borrowed and loan preferences, difficulties experienced to repay the loans borrowed and lack of capital have been examined by the table below.

5.1.1. Total Monthly Income

Table 2. Total Monthly Income of the Household

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	≤1404	5	2.0	2.0	2.0
	1405-3000	85	34.7	34.7	36.7
	3001-5000	124	50.6	50.6	87.3
	5001-7000	20	8.2	8.2	95.5
	>7001	11	4.5	4.5	100.0
	Total	245	100.0	100.0	

It can be deduced from the table 50.6 of the participants have a monthly income of 3001-5000 TRY and those with a monthly income of 1405-3000 TRY follows them in the second place by a rate of

34.7%. It can be said according to the distribution that the participants have an average income level according to the distribution.

5.1.2. Incomes from Trade Activities

Table 3. Incomes from trade activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	≤1404	12	4.9	4.9	4.9
	1405-3000	98	40,0	40.2	45.1
	3001-5000	103	42.0	42.2	87.3
	5001-7000	14	5.7	5.7	93.0
	>7001	17	6.9	7.0	100.0
	Total	244	99.6	100.0	
Missing	System	1	.4		
Total	Total	245	100.0		

It is seen that monthly income of 42% of the survey participants is 3001-5000 TRY. That 50.6% of the participants have a household income of 3001-5000 TRY has caused us to believe that the difference between these figures is related to income of the wives-children of the entrepreneurs. The participants with a monthly income of 1405-3000 TRY takes the second place by a rate of 40%.

5.1.3. Loans Used and Preferences

Table 4. Loan Use

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	166	67.8	68.0	68.0
	No	78	31.8	32.0	100.0
	Total	244	99.6	100,.0	
Missing	System	1	.4		
Total		245	100.0		

When the question of “do you use loans” has been asked to the participants, 67.8% of them have stated to use loans. It is seen that 59.6% of them use loans from banks and 15.1% of them use loans from cooperatives.

Table 5. Where do you use loans?

	Banks	Cooperatives	International Institutions	Projects	Other
Valid	147	37	1	1	10
Missing	98	208	244	244	235

Table 6. Which bank do you get loans?

	İş Bankası	Ziraat Bankası	Halkbank	Vakıfbank	Other
Valid	31	40	44	11	90
Missing	214	205	201	234	155

When the question of "which bank do you get loans" has been asked to the participants, 4.1%, 12.2%, 16.3%, 17.6% and 36.3% of the participants have indicated Vakıfbank, İş Bankası, Ziraat Bankası, Halkbank and other banks respectively. 57.2% of the participants have stated to prefer long term loans.

Table 7. What kind of loans do you prefer with regards to term?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Short term loans	71	29.0	42.8	42.8
	Long term loans	95	38.8	57.2	100.0
	Total	166	67.8	100.0	
Missing	System	79	32.2		
Total		245	100.0		

Table 8. Which criteria do you consider while using loans?

	Maturity	Interest Rate	Monthly Repay Instalment	Familiar Banking Staff
Valid	60	133	53	8
Missing	185	112	192	237

It is seen that they consider the interest rate, monthly repay instalment and familiar banking staff criteria while using loans. And a great majority of the participants (99.4%) prefer Turkish Lira while using loans.

Table 9. Which currency do you prefer while using loans?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Turkish Lira	170	69.4	99.4	99.4
	Foreign Currency	1	.4	.6	100.0
	Total	171	69.8	100.0	
Missing	System	74	30.2		
Total		245	100.0		

Table 10. I consider long-term loans as riskier

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	13	5.3	5.6	5.6
	Disagree	89	36.3	38.2	43.8
	Undecided	30	12.2	12.9	56.7
	Agree	90	36.7	38.6	95.3
	Strongly agree	11	4.5	4.7	100
	Total	233	95.1	100	
Missing	System	12	4.9		
Total		245	100		

The question of "do you consider long-term loans riskier" was initially asked to the participants regarding the loans used by them and their preferences. 41.2% of the participants consider long-term loans riskier and 41.6 of them do not consider so. And 12.2% of the participants are undecided regarding the risk of long-term loans.

Table 11. Do you have difficulties in using loans from the banks?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	16	6.5	6.9	6.9
	Disagree	45	18.4	19.5	26.4
	Undecided	27	11	11.7	38.1
	Agree	128	52.2	55.4	93.5
	Strongly agree	15	6.1	6.5	100
	Total	231	94.3	100	
Missing	System	14	5.7		
Total		245	100		

This time, the question of "do you have difficulties in using loans from the banks" has been asked to the participants and 58.3% of them have stated they do not experience such difficulties and 24.9% of them have stated to have difficulties in using loans.

5.1.4. Difficulties Experienced to Repay Loans

Table 12. Have you ever had a default record?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	14.7	15.8	15.8
	No	192	78.4	84.2	100.0
	Total	228	93.1	100.0	
Missing	System	17	6.9		
Total		245	100.0		

When the question of "have you ever had a default record" has been asked, 14.7% of them have stated to have a default record and 78.4% of them have stated not to have one.

Table 13. How long was your default period?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	30-90 days	25	10,2	69,4	69,4
	More than 90 days	11	4,5	30,6	100.0
	Total	36	14,7	100.0	
Missing	System	209	85,3		
Total		245	100.0		

When the question of "what how long was your default record" has been asked to 36 participants with default records, 69.4% them have stated to have default records for 30-90 days and 30.6% of them have stated to have default records for more than 90 days.

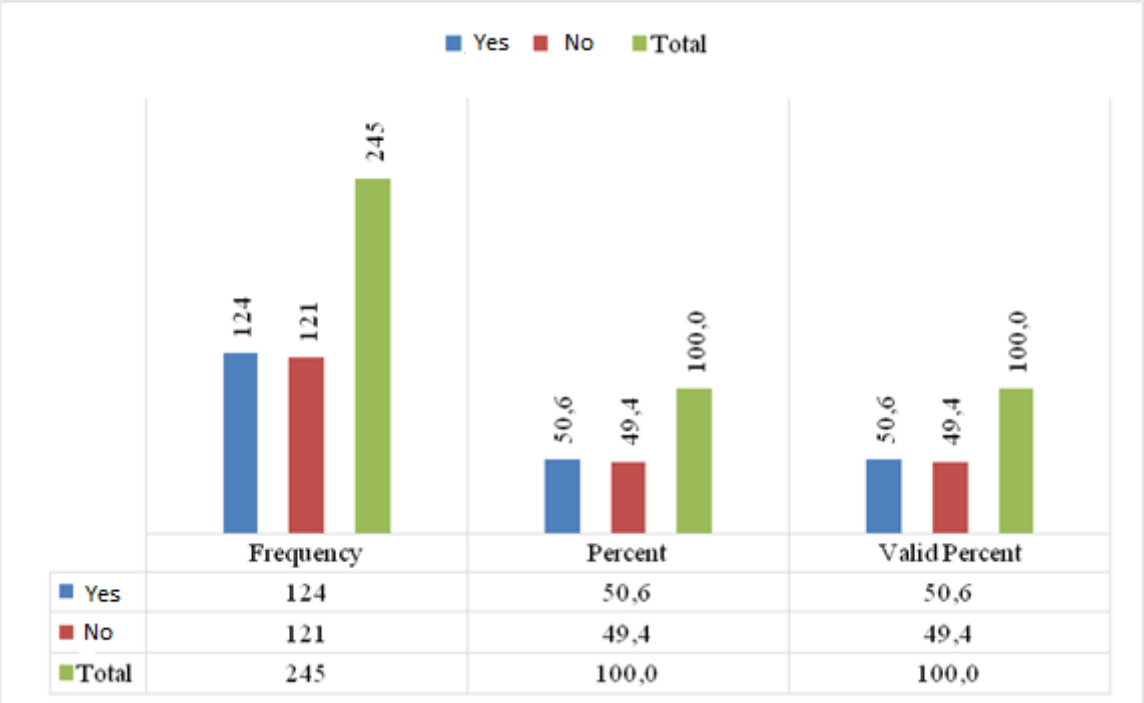
Table 14. What kind of measures did you take against defaults?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I gave an automatic payment order	9	3,7	25,0	25,0
	I requested reminder mail from my banks.	3	1,2	8,3	33,3
	I requested overdraft limit equivalent to my monthly instalment against the risk of default	14	5,7	38,9	72,2
	Other	10	4,1	27,8	100.0
	Total	36	14,7	100.0	
Missing	System	209	85,3		
Total		245	100.0		

When the question of "what kind of measured did you take against defaults" has been asked to 36 participants with default records, 38.9% of them have stated to request overdraft limit equivalent to my monthly instalment against the risk of default (banks do not grant limits for customers in defaults) and 25% of them have stated to give an automatic payment order. (In my opinion, this question should have been asked to those without a default record)

5.1.5. Capital Insufficiency

Chart 2. External Capital Borrowing of the Enterprises at Establishment Stage



	Frequency	Percent	Valid Percent
Yes	124	50,6	50,6
No	121	49,4	49,4
Total	245	100,0	100,0

49.4% of the participants have relied on their own capital while establishing enterprises and 50.6% of them have used external capital.

5.2. Difficulties Experienced by SMEs to Access Financing

SMEs face problems such as difficulty to access loans, lack of equity and insufficient financial management (Yörük, 2001). In addition to those, low level of financial literacy and lack of information and motivation can be considered as problems negatively affecting development of SMEs.

If SMEs do not have the capital required for sustainability of their commercial activities, they tend to use loans from banks. Use of the loans appropriately and efficiently by SMEs is very significant to sustainability of their commercial activities and thus national economy. However, banks in Turkey do not support SMEs commensurately despite this significant. That is to say, the share of SMEs in number of enterprises in Turkey shows similarities their share in developed countries. However, the rate of loans used by SMEs among total loans granted is pretty low compared to developed countries. We can list the reasons behind SMEs failure to use loans as following (Müftüoğlu, 1997):

- SMEs have difficulties in providing the securities requested by the banks and finding guarantors under insecure economic conditions.
- High interest rates discourage SMEs to use loans.

The reason behind preference of banks for not granting loans for SMEs can be listed as following:

- Balance sheet structure of SMEs does not satisfy the banks.
- Securities pledged to banks by SMEs are their own properties. On the other hand, large scale enterprises pledge assets of the companies. This makes large scale enterprises safer for banks with regards to return of the loans granted.
- Moreover, as the cost of the bank tends to decrease as loan volume increases, banks prefer providing funds for large scale enterprises and even offer lower interest rates for them as their loan volume is significantly higher.

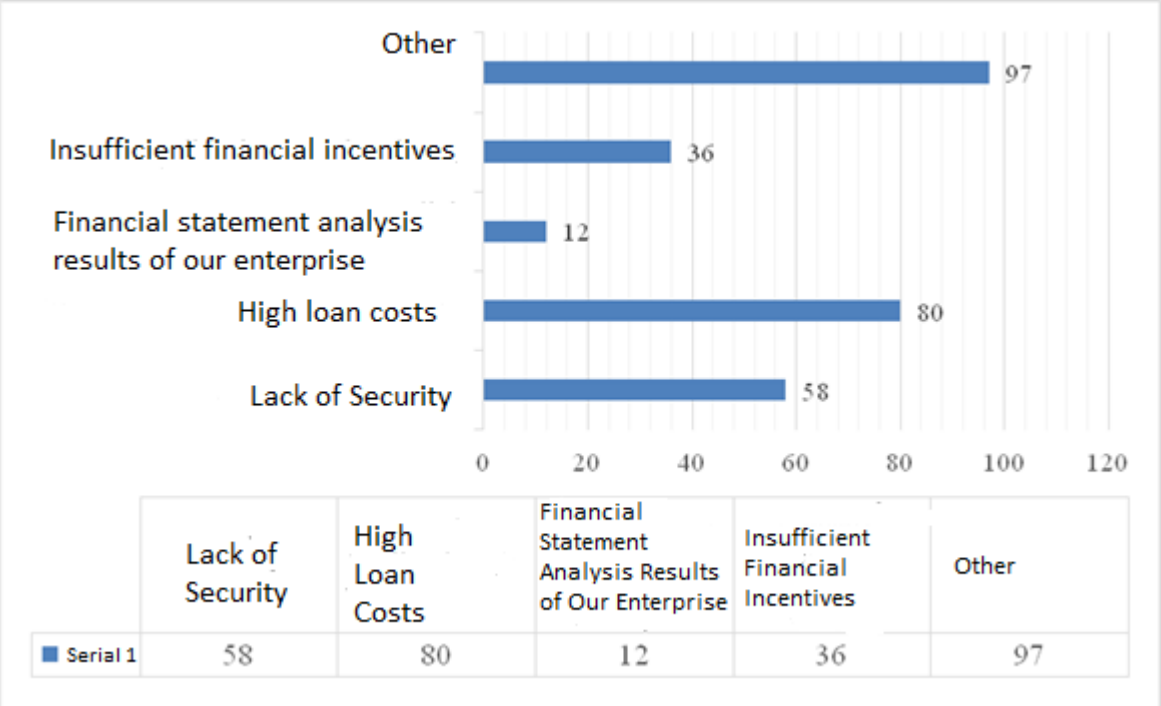
All these reasons have led to prominence of large scale enterprises rather than SMEs for loans in Turkish banking sector (Karacibioğlu, 2007, pp. 23-24).

Another alternative to obtain funds for SMEs is the capital market. However, they cannot benefit from the capital market due to reasons such as cost of public offering, small scale of the companies, their organization structures, accounting systems and preference to stay unrecorded (Erkan & Eleren, 2001).

As the success of company is determined by specialties of the company in capital markets, the capital holders prefer to fund large scale enterprises and thus small and medium scale enterprises have difficulties in obtaining funds from this market (TMMOB Chamber of Mechanical Engineers, 1999).

In addition to traditional money and capital markets, SMEs also cannot use the modern financing methods such as factoring, forfaiting, leasing and risk capital due to lack of information (Bekçi & Usul, 2001, pp. 111-125); (Topal et al. 2006, p. 285); (Zor & Akın, 2008, p. 181).

Chart 3. Difficulties Experienced to



5.2.1. Lack of Security

Table 15. Lack of Security

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lack of security	58	23.7	100.0	100.0
Missing	System	187	76.3		
Total		245	100.0		

23.7% of the participants indicate lack of security as a difficulty experienced to use loans.

5.2.2. High Loan Costs

Table 16. Loan Costs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High Loan Costs	80	32.7	100.0	100.0
Missing	System	165	67.3		
Total		245	100.0		

32.7% of the participants indicate high loan costs as a difficulty experienced to use loans.

5.2.3. Financial Statement Analysis Results of Our Enterprise

Table 17. Financial Statement Analyses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Financial statement analysis results of our enterprise	12	4.9	100.0	100.0
Missing	System	233	95.1		
Total		245	100.0		

Financial statement analysis results of SMEs are indicated as a difficulty to access to loan by 4.9% of the participants.

5.2.4. Insufficient Financial Incentives

Table 18. Financial Incentives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Insufficient financial incentives	36	14.7	100.0	100.0
Missing	System	209	85.3		
Total		245	100.0		

Similarly, 14.7% of the participants indicate insufficient financial incentives as a difficulty experienced to use loans.

5.2.5. Other Difficulties

Table 19. Other Difficulties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Other	97	39.6	100.0	100.0
Missing	System	148	60.4		
Total		245	100.0		

The most prominent problem faced by the participants to use loan is difficulty to find a guarantor. This is followed by high loan costs, lack of security, insufficient financial incentives and financial statement analysis result of the enterprise respectively.

5.3. Reasons behind Default of SMEs

5.3.1. Low Account Receivables Turnover Rate

SMEs have great difficulties in selling in cash and collecting their receivables regularly (Topal & vd, 2006, p. 294). This leads to deterioration in the financial structure of SMEs and lack of faith against SMEs for the financing institutions.

Economic instabilities causes the enterprises not to collect their receivables regularly and sometimes not collect them at all.

Table 20. Irregular Receivable Collection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Irregular Receivable Collection	11	4.5	100.0	100.0
Missing	System	234	95.5		
Total		245	100.0		

Table 21. Income-Cost Imbalance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Income-Cost Imbalance	25	10.2	100.0	100.0
Missing	System	220	89.8		
Total		245	100.0		

4.5% and 10.2% of the participants have difficulty in repaying their loans due to irregular receivable collection and income-cost imbalance respectively.

5.3.2. Increase in Input Costs

Input costs arise and equity of enterprises drain away in time in an economy under inflation influence. The enterprises achieving a certain level of production and sale face great difficulties to maintain their operations when the inflation rises (Karabıçak & Altuntepe, 2001, p. 369).

Table 21. Increase in Input Costs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increase in input costs	16	6,5	100.0	100.0
Missing	System	229	93,5		
Total		245	100.0		

6.5% of the participants have difficulties in repaying their loans due to increase in input costs.

5.3.3. Economic Crises and Change in Exchange Rates

Equity of SMEs shrinkage when an economic crisis appears and inflation rates increase. The enterprises pay in advance for all of their production inputs but introduce the outputs to the market by certain intervals (Karabıçak & Altuntepe, 2001, p. 369). It is very significant for SMEs to improve both external and internal communication and information flow in crisis periods. SMEs should rapidly implement the decisions taken and not make new investments till the crisis period comes to an end (Şamiloğlu & Uygun, 2008, p. 4).

Table 22. Economic Crises

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Economic Crises	13	5.3	100.0	100.0
Missing	System	232	94.7		
Total		245	100.0		

Table 23. Change in Exchange Rates

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Change in exchange rate	9	3.7	100.0	100.0
Missing	System	236	96.3		
Total		245	100.0		

5.3% and 3.7% of the participants have stated the reason behind their defaults as economic crises and change in exchange rates.

5.3.4. Market Shrinkage and Increasing Competition

Under globalizing and competitive market conditions, the resistance of SMEs is directly proportional to strength of their equity and financial structure. The root causes of financial problems of SMEs are economic instability, structural problems of the banking sector, insufficiency of incentive policies and problems caused by the own structures of SMEs. In addition to those, SMEs have difficulties in keeping up with technological development and experience deprivation of information and management. They fail to develop a marketing strategy (Alkibay, et al., 1999, p. 104).

Table 24. Market Shrinkages

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Market shrinkage	7	2.9	100.0	100.0
Missing	System	238	97.1		
Total		245	100.0		

Table 25. Competitive Difficulties

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weak Competition	8	3.3	100.0	100.0
Missing	System	237	96.7		
Total		245	100.0		

2.9% and 3.3% of the participants have stated the reason behind their defaults as market shrinkage and increasing competition respectively.

6. CONCLUSION AND RECOMMENDATIONS

The research has been conducted with 245 tradesmen selected among 1222 tradesmen registered to tradesmen chambers in the city centre of Bolu by using percentage distribution. According to the findings of the survey, it has been seen that 50.6% of these tradesmen have a household income of 3001-5000 TRY and thus the tradesmen with middle income dominate the participants of the survey. In addition, it is found out when income from trade operations of the tradesmen participating in the survey, 42% of them have 3001-5000 TRY and 40% of wives and children of these tradesmen do not participate in labour market. It has been found out in the study that the most preferred bank is Halkbank, a public bank. 166 of 245 survey participants use loans and predominantly prefer banks for this purpose. The most significant concern of the participants for loan use is the interest rate. 57.2% of the participants prefer long-term loans. This is also strengthened by the fact that most of the participants do not deem long-term loans risky. However, negative and positive figures are very close, nearly identical, for both findings. It has been seen that 24.9% of the participants have difficulties in accessing to financing. It has been revealed that the most common difficulties faced while using loan are finding a guarantor, high loan costs and lack of security. It has been seen that 25 of 166 loan-using survey participants have a default record for 30-90 days and 11of them have records for more than 90 days. Low account receivables turnover rate is the most significant reason behind defaults and input costs follow this reason in the second place.

It has been observed in the study that the tradesmen do not have sufficient information on organizations and institutions through which they can satisfy their financing needs, do not assess the alternatives and do satisfy their needs directly through the banks. This indicates lack of financial literacy for our tradesmen. Although the tradesmen are a significant part of local neighbourhood culture and thus they contract with the local population, their level of institutionalization is not sufficient. The tradesmen cannot take measures as efficient as corporate firms against high volatility of Turkish economy and their customers affected by economic crises. This is one of the reasons behind low account receivables turnover rate of the tradesmen. The tradesmen reselling imported goods or using imported intermediate goods also have difficulties in covering input costs affected by high volatility and fluctuating exchange rates.

SMEs have a very significant role in the economy. Therefore, their shares in the economy should be increased and their market share should be expanded by assisting them in accessing to the financing needed for their sustainability and encouraging them. The incentives should be increased and it should

be made sure that SMEs are aware of these incentives. Financial literacy of SMEs should be improved and consultancy services should be provided for them to duly and efficiently use the funds they obtain. It is essential for SMEs to institutionalize in order to maintain their operations in a competitive market. It is critical for economic growth to turn them into enterprises focusing on R&D and training, using computer and communication technologies as much as possible, standardizing the quality and identifying with innovation activities rather than dealing with low value added products. The fundamental problem of SMEs is that medium scale enterprises cannot grow sufficiently and create added value for the economy. While small enterprises can be manager more efficiently, significant problems may arise while turning to large scale enterprises from small scale.

REFERENCES

Alkibay, S., Songür, N. & Ertürk, İ., 1999. *Ortadoğu Sanayi ve Ticaret Merkezi'ndeki Küçük ve Orta Ölçekli İşletmelerin Profili, Sorunları ve Çözüm Önerileri.* Ankara: KOSGEB Ankara OSTİM Küçük İşletmeler Geliştirme Merkez Müdürlüğü Yayınları.

Anon., 2015-2018. *Kobi Stratejisi ve Eylem Planı.* [Çevrimiçi] Available at: <http://www.kosgeb.gov.tr/Content/Upload/Dosya/Mali%20Tablelar/KSEP/Kobi_Stratejisi_ve_Eylem_Plani_(2015-2018).pdf>

BAKİ, B., 2002. Doğu Karadeniz Bölgesindeki KOBİ'lerin Üretim ve Pazarlama Sorunları Üzerine Bir Araştırma. *Pazarlama Dünyası,* pp. 20-24.

Bankacılık Düzenleme ve Denetleme Kurumu, 2006. *Bankacılar Dergisi,* Issue 58, p. 58.

Bekçi, İ. & Usul, H., 2001. Göller Bölgesindeki Küçük ve Orta Boy İşletmelerin Finansal Sorunları ve Çözüm Yolları. *Süleyman Demirel Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi,* pp. 111-125.

Çelik & Akgemici, 1998. *Girişimcilik Kültürü ve KOBİ'ler.* Ankara: Nobel Yayın Dağıtım.

Durman, M. & Önder, H., 2007. *Ekonominin Minik Devi KOBİ'ler ve KOSGEB Teşvikleri.* İstanbul: Alfa Aktüel Yayınları.

Erdoğmuş, 2004. *Aile İşletmeleri: İkinci Kuşağın Yetiştirilmesi.* İstanbul: İGİAD Yayınları.

Erkan, M. & Eleren, A., 2001. *Küreselleşme Sürecinde KOBİ'lerin Yeniden Yapılandırılması ve Bir Model Önerisi.* Nevşehir, s.n.

Europe Commission: The new SME definition. (2011), pp.14 [Online] Available at: <https://www.eusmecentre.org.cn/sites/default/files/files/news/SME%20Definition.pdf>

Forum, 2002. [Online] Available at: <http://www.kosgeb.gov.tr/kos.htm>

Karabıçak, M. & Altuntepe, N., 2001. *KOBİ'lerin Kredi Yoluyla Finasmanı.* Nevşehir, s.n., p. 369.

Karacibioğlu, S. R., 2007. *KOBİ'lerin Finansman Sorunları ve Çözüm Önerileri: Muğla Örneği.* Aydın: s.n.

Koç, İ. Ö., 2008. *Türk Kobileri: Bugünü ve Geleceği.* İstanbul: Arıkan Yayınları.

Müftüoğlu, T., 1997. *Türkiye'de Küçük ve Orta Ölçekli İşletmeler, Sorunlar-Öneriler.* Ankara: EGS Bank Yayını.

Müftüoğlu, T., 2002. *Türkiye'de Küçük ve Orta Ölçekli İşletmeler.* Ankara: Turhan Kitabevi.

Şamiloğlu, F. & Uygun, U., 2008. *KOBİ'lerde Ekonomik Kriz Yönetimi.* [Çevrimiçi] Available at: <http://archive.ismmmo.org.tr>

TMMOB Makine Mühendisleri Odası, 1999. *KOBİ El Kitabı.* İstanbul: MMO Yayın.

Topal, Y. & vd, 2006. Küçük ve Orta Boy İşletmelerin Finansal Yönetim Uygulamaları: Afyonkarahisar Örneği. *Süleyman Demirel Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi.*

Yörük, N., 2001. *KOBİ'lerin Kredi Yoluyla Finansmanında Karşılaştıkları Sorunlar ve Tokat İlinde Bir Uygulama*. Nevşehir, s.n.

Zor, İ. & Akın, A., 2008. Stratejik Projeksiyonlar Bağlamında KOBİ'lerde Finansman Araçlarının Kullanımı. *Afyon Kocatepe Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi.*