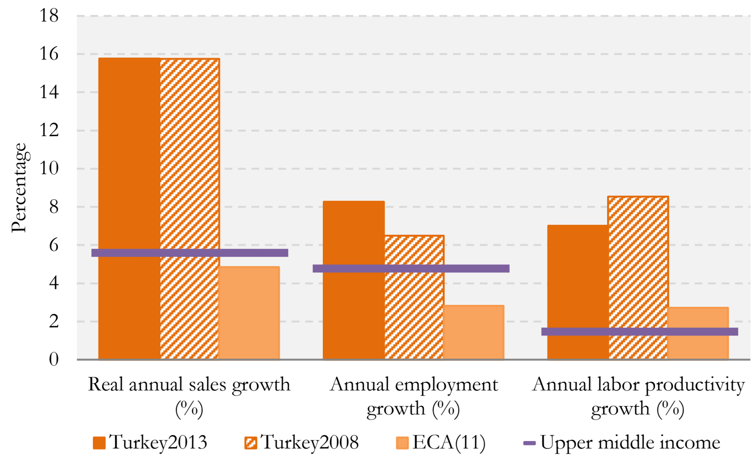
The World Bank interviewed a representative sample of the private sector in 6 of the most active economic regions in **Turkey**. The sample consisted of 1344 business establishments surveyed from January 2013 through May 2014. The Enterprise Survey covers several aspects of the business environment as well as performance measures for each firm. Below are the main highlights from the survey.

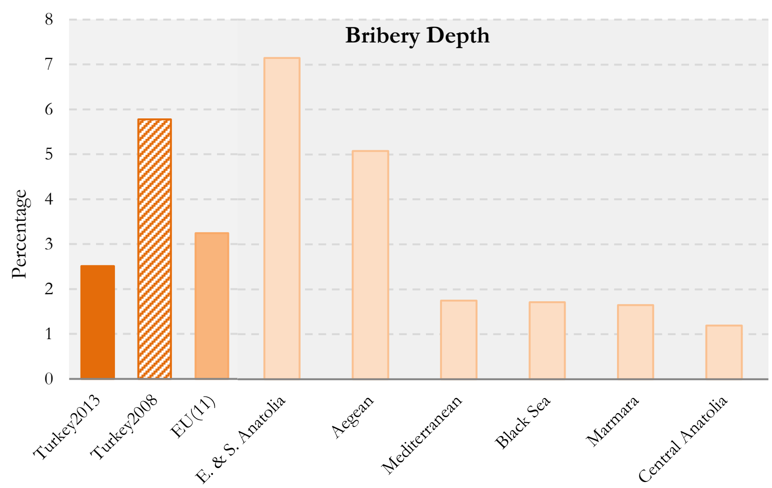
Firms in Turkey report strong growth

Annual sales growth in Turkey during the period 2011-2013 was 16%, almost three times the average for both the upper middle-income economies and for the group of countries in the ECA region that have joined the EU after 2004 (ECA11). Furthermore, over the same period, annual employment growth in Turkey equaled 8% which was higher than in 2008 and higher than the average of 5% for upper middle-income economies and 3% for ECA11. Labor productivity growth rate is a healthy 7%, per annum, in 2011-2013 although still lower than the annual rate experienced during the period 2005-2008.



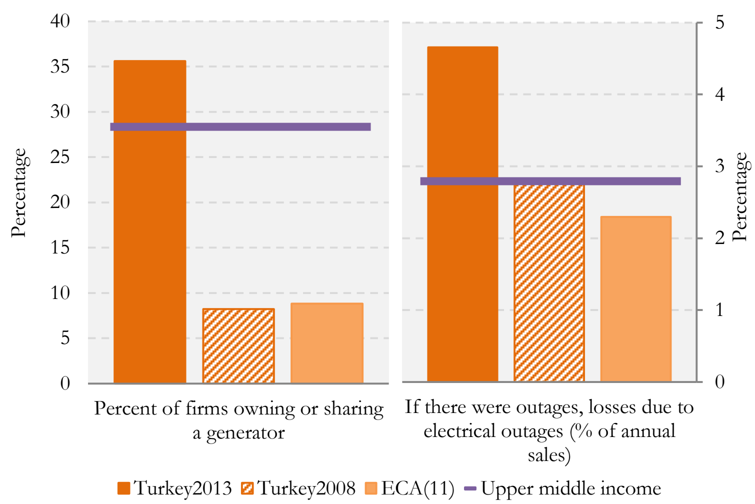
The level of corruption varies significantly across regions in Turkey

Despite a reduction in **corruption** at the country level, compared to five years ago, the experience of corruption varies significantly across regions within Turkey. The Bribery Depth index - the percentage of six regulatory and utility transactions involving a bribe request - for an average firm in Turkey was at 3%, lower compared with 6% in 2008 and in line with the average for ECA11 countries. However, the Bribery Depth varies significantly across regions: in Eastern and Southeastern Anatolia and the Aegean it is about 3 times as high compared to other regions in Turkey.



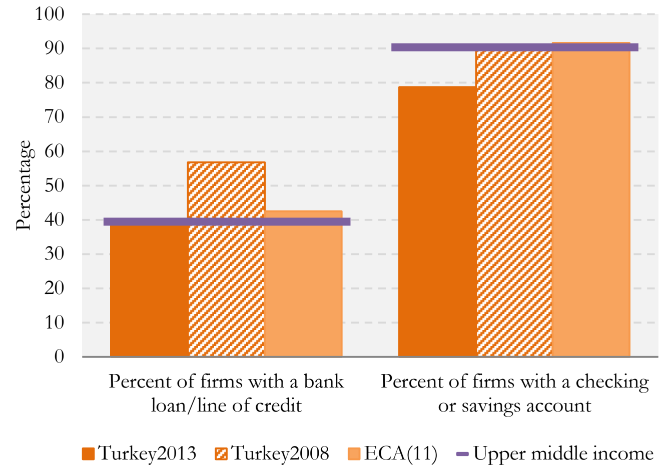
The reliability of electricity in Turkey is poor compared to other ECA countries

Establishments in Turkey report losses due to **electricity outages** of around 5% of their annual sales. This is about 5 times the ECA11 average. Furthermore, there are remarkable geographic differences. In the Marmara region, reported losses are just above 2% compared to 12% in Eastern and Southeastern Anatolia. Other indications of the poor power supply are the increased percentage of firms owning or sharing generators (from 8% in 2008 to 36% in 2013) and the expanded reliance on electricity from generators vs. the electricity grid (from 0.3% in 2008 to 22% in 2013).



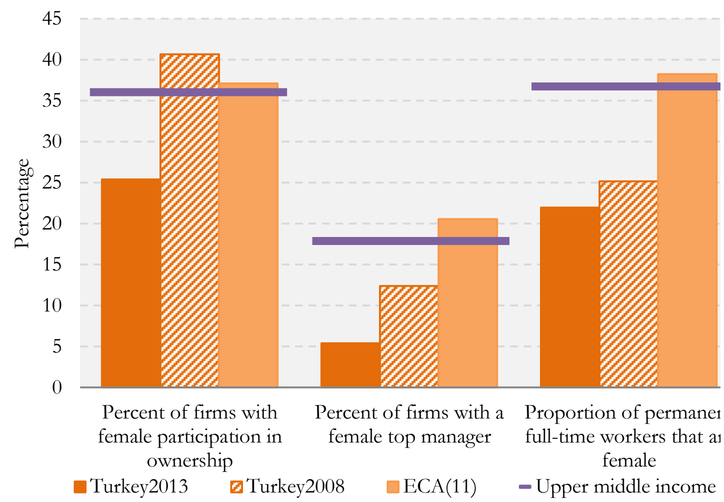
Bank financing shows a downward trend in Turkey

The use of **financial services** by enterprises shows a downward trend in Turkey both on the deposit and credit side. Only 40% of firms have a bank loan or line of credit in 2013 compared to 57% in 2008. Furthermore, the proportion of investments financed by banks decreased from 38% in 2008 to 17% in 2013. Despite this downward trend, use of bank financing in Turkey is comparable to ECA11. The usage of deposits is also less common for firms in Turkey compared to 2008. The share of firms with a checking or saving account decreased from 91% in 2008 to 79% in 2013, considerably lower than the average ECA11 countries (92%).



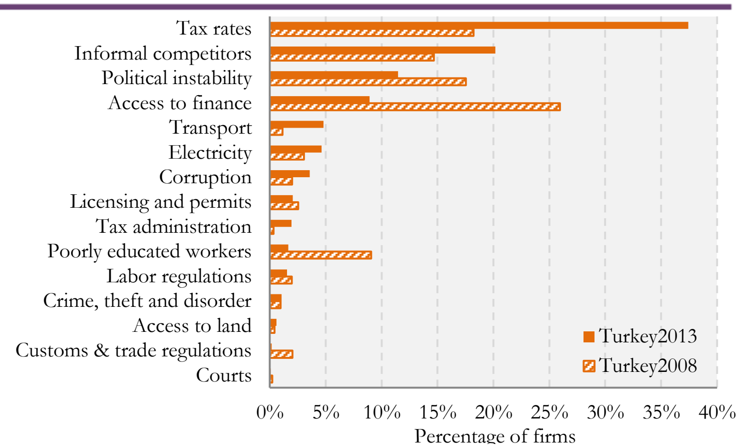
Female inclusion in the private sector has deteriorated since 2008

Female participation in the private sector both as employer and as employee declined substantially since 2008 resulting in Turkey being outpaced by other countries with similar income levels. In 2013 only 5% of firms were managed by a female top manager compared to 12% in 2008 and 21% in ECA11 countries. The same trend is observed for the percentage of firms with female participation in ownership, which decreased from 41% in 2008 to 25% in 2013. The proportion of women among all workers at the firm also decreased, although less dramatically (from 25% in 2008 to 22% in 2013), and is currently lower than the same for ECA11 countries (38%).



The top four biggest obstacles for firms' operations remain the same compared to 2008

All four top **obstacles** to firms' day-by-day operations remain the same compared to the 2008, although not in the same order. In 2013, among fifteen areas of the business environment, firms in Turkey are more likely to rate tax rates to be the biggest obstacle to their daily operations. Practices of competitors in the informal sector, political instability, and access to finance are the next three highest-ranked obstacles, all of which are typical of upper middle-income economies.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists and survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit http://www.enterprisesurveys.org