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BUSINESS ANGELS IN TURKEY: THEIR EMERGENCE AND DEVELOPMENT TÜRKİYE'DE MELEK YATIRIMCILAR: DOĞUŞLARI VE GELİŞİMLERİ

*Sinem Ulutürk Cinbiş**

Öz

Bu makale, Türkiye'de melek yatırımcıların başlangıç aşaması, yasal tanımlarının oluşumu, niteliklerinin gelişimi, melek yatırımcılara özel teşvikler ve şartları çerçevesinde nasıl doğduğunu ve bu yatırımcıların lisanslı melek yatırımcı sayısı, eğitim düzeyleri, meslekleri, yaşları ve yatırımcı olma nedenleri temelinde niceliksel ve niteliksel olarak nasıl değiştiklerini analiz ederek girişimcilik literatürüne katkıda bulunmayı amaçlamaktadır. Bu makale akademik olarak literatürü genişletirken, daha kapsamlı çalışmalar için üç ana başlık önerisine ışık tutmaktadır: (i) lisanslı iş meleklerinin artan oranında 2016'dan bu yana süren dramatik düşüşün ardında yatan nedenler, (ii) birincil ve ikincil yasal düzenlemelerde tanımlanarak lisanslı melek yatırımcılara sunulan teşvik ve destek mekanizmalarının işlevselliği ve (iii) Türkiye'deki melek yatırımcıların daha ayrıntılı profillerinin çalışılması ihtiyacı.

Anahtar Kelimeler: *Melek yatırımcı, Türkiye, melek yatırım.*

Abstract

This paper aims to contribute to the entrepreneurship literature through analyzing how business angels were born with regards to its initial phase, the formation of legal definitions, the development of qualifications, incentives for business angels and their conditions; and how it was developed in terms of its quantitative and of qualitative changes based on licenced angel investor numbers, their educational level, professions, age distribution and reasons for being an investor in Turkey. While this paper academically broaden the literature, it also shed lights on three major topic recommendations for more comprehensive further studies: (i) the reasons lying behind the dramatic decrease since 2016 in the increasing rate of the licenced business angels, (ii) Functionality of incentives and support mechanisms offered to licenced angel investors as defined in primary and secondary legal regulations, and (iii) More detailed profiles of angel investors in Turkey

Keywords: *Business Angel, Turkey, angel investment.*

* *Bilkent University, Graduate School of Economics and Social Sciences, Department of Political Science and Public Administration, uluturk@bilkent.edu.tr, ORCID: 0000-0001-8475-4026.*

Introduction

Since 2010, angel investment has started to be discussed in Turkey as a separate financial instrument that can create opportunities for the development of entrepreneurs and therefore the entrepreneurial culture.

Considering its conceptual, perceptual and historical background, there are claims in the literature that the beginning of angel investments have traced back to those who funded the ventures and travels of Marco Polo in the 13th century or Christopher Columbus in the 15th century (Morrisette, 2007: 53; Benjamin and Marguis, 2001). It can be stated that the ground of angel investments as we understand it today is undoubtedly based on the early stage financiers in the birth of small firms that created more employment in Europe with the influence of the entrepreneurial and innovation-oriented economy in the USA since 1970s and in parallel to it in Europe (Edelman et.al , 2017). It is known that angel investors played an active role in the initial establishment and activities of Facebook, Apple, Twitter, Uber and many other world's largest multinational companies and/or applications that transforms the relationships between people, the meaning of socialization, and code of works in different part of the world. The angel investors, therefore, influence the everyday lives of people with the power of investing destructive and innovative ideas and products.

Angel investor basically provides the needs of access to finance, experience and training on business in different forms during the early stage -when the entrepreneur develops his product or service.

Within this context, this article aims to analyze how business angels were born with regard to its initial phase, the formation of legal definitions, the development of qualifications, incentives for business angels and their conditions; and how it was developed in terms of its quantitative and of qualitative changes in licenced angel investor numbers, distribution according to their educational level, professions and age and reasons for being an investor in Turkey.

In the context of the emergence of angel investment, this article will examine the intellectual and operational aspects of investment networks, when and how it was defined in the legal regulations, characteristics of angel investors and what they can provide and, supports and incentives provided by public bodies to the angel investors. Subsequently, through a quantitative analysis of the angel investment; (i) changes in the figure of licensed angel investors in Turkey, (ii) year by year differentiation of the qualitative properties -such as training, profession, age, preferences of being an investor- will be assessed.

The aim of this article is to contribute to the development of the limited number and inadequate scope of the literature regarding the emergence and development of the "angel investment," create a preliminary resource for researchers that are academically interested in

angel investment process in Turkey and to shed light on the topic by pointing the possible areas for further research.

Emergence Of Angel Investment In Turkey

Initial discussions on angel investment concept in Turkey is dated back to the beginning of 2000s. Ankara-based METUTECH–Business Angels Network (METUTECH-BAN) established by METU Alumni and consecutively, Etohum and Galata Business Angels Network, which started their activities based in Istanbul brought together the names which pioneered the concept of angel investing and, led the creation of collective awareness and consciousness on this topic.

METUTECH-BAN, one of the first networks in the entrepreneurship ecosystem, was established in 2007 as an association with the support of METU and METU Technopolis in Ankara, in order to enable successful business people who have been METU alumni to make 'investments' Its influence has expanded in the following periods and METUTECH-BAN started to accept investment companies' representatives as its members. Even though METUTECH-BAN has been founded with the primary mission of building a bridge between value-added initiatives and investors, its vision is to support the ecosystem by making the initiatives that will shape the future of Turkey meet with investors (METUTECHBAN webpage). Its defined targets -in the widest context- are to provide opinions and suggestions on national R&D and innovation policy, to assist R&D based and technology entrepreneurs with different -such as education, mentoring, financial and networking- support mechanisms. In this framework, METUTECH-BAN's activities include entrepreneur monitoring, organizing mentoring, networking, training and investor-entrepreneur meeting activities for entrepreneurs. While carrying out its activities, it can be stated that the power of METUTECH-BAN in the ecosystem was formed during its active periods when it increased its cooperation with various Technopolis (especially METU, Bilkent, Hacettepe, Gazi and Ankara University Technoparks and Technology Development Regions Association) organizations. It can be observed that, METUTECH-BAN, which has been established in 2007 in Ankara as a nonprofit organization with the legal status of association, has diminished its activity and investments after 2015

Another establishment, that led to the formation of angel investment concept in Turkey - particularly in İstanbul- and considered as one of the most important actors in ecosystem is Etohum. In 2008 to support early stage initiatives focused on e-commerce, Etohum was established as a for-profit corporation. Since its establishment, it has provided various training and mentorship opportunities for entrepreneurs, by organizing a series of seminars, panels and investor pitch days. That is mainly how Etohum has helped the development of entrepreneurship ecosystem since its very early stages and it still guides the entrepreneurs and brings them together with investors. Even though Etohum's organization, business model and activities have changed within the past years, it also has led the very first angel investments in Turkey via the investors' club it has founded ((Business Angels) Reports of the Ministry of

Treasury and Finance, February 2014). In the 6th year following its establishment, Etohum was pointed out in the reports of Undersecretariat of Treasury (in the period of February 2014-2018) as one of the accredited business angels networks ((Business Angels) Reports of the Ministry of Treasury and Finance. 2013-2014-2015-2016-2017-2018).

Establishment decision of Galata Business Angels Network – GBA is dating back to 2009, which is based in İstanbul and one of the most active networks in Turkey especially through its international parts, whose purpose of foundation and business model is to meet entrepreneurs with angel investors (GBA webpage). It was modeled as a platform in 2010, however, it started to continue its activities in the current status of non-profit association in 2011. Although GBA does not have a profit orientation, its investment focuses are digital and innovative business ideas (GBA webpage). Together with the founders of the leading ventures that were established and received investments -such as Gittigidiyor, Yemeksepeti, Pozitron- in Turkey, top executives in charge of the major companies and organizations that lead various sectors such as banking and insurance are amongst the GBA's members (GBA webpage). Besides its memberships to USA and Europe-based international angel investor networks, GBA's core building block, which also has partnerships with different international networks, is undoubtedly the "smart capital" (GBA webpage) -about which various examples in literature and in real world can be found on its transformation into a more valuable asset than access to finance- it can provide through its members with significant past experiences.

In addition to METUTECH-BAN and Etohum, indicated -in different periods- as accredited business angel networks, GBA has been also one of the major organizations that contributes to the defition and awareness of angel investment concept and the development of the entrepreneurship ecosystem in Turkey.

Angel Investment Legislations

The conceptualization of 'angel investment' and 'business angels' within the entrepreneurship policies' axis in legislations have been traced back to the period between second half of 2011 and the first half of 2012.

In 2011, the Minister of Science, Industry and Technology of that period, Nihat Ergün started to draw public attention to the concept and underlined the necessity of monitoring and screening the facilities of business angels as significant actors to develop the entrepreneurial climate of the country with his folowing words (Hürriyet, November 2011):

"There are business angels in the world who lead and support young entrepreneurs. Concept business angels is also developing slowly in Turkey. But you know, Azrael is also an angel. I mean, not like Azrael. "Let me take possession of a company right away, let me get it merged in me, let it be mine, let only me make a profit of it" is not acceptable. Not in that way. This (behavior) cannot be named as angelic then. It becomes an angel and but like Azrael."

On different occasion, public authorities has repeatedly indicated the possibility of abusing the angels' power to kill a Startup as a major risk inherent within angel investment concept, which has been slowly developing in Turkey (İHA, Aralık 2011; Haziran 2012; Milliyet, Şubat 2013).

This risk undoubtedly required the definition of the concept in legal legislation, determining the limits of what the entrepreneur could ask for, in line with its definition, and creating it with the relevant audit and incentive mechanisms within this framework.

As a result of public efforts, revisions were made in two relevant Laws by the end of the first half of 2012 and "angel investor" in literature was conceptualized as "individual participation investor – BKY" in Turkish legislation:

(i) Law on the Organization and Duties of the Undersecretariat of Treasury, Article: Annex 5, Law No: 4059, Date of Acceptance: 13/06/2012

(ii) Income Tax Law, Provisional Article 82, Law No: 193, Date of Acceptance: 13/06/2012

Along with the first of these changes, (a) a license mechanism has been defined for the investors, (b) accreditation of business angel networks has been targeted for the operation of this mechanism, (c) the monitoring and supervision of these angel investors and angel networks has been foreseen, (d) commercial conditions to benefit from the state subsidies has been set for investors, (e) it has been declared that the scope, boundaries and activities of the state subsidies will be determined and (f) it has been emphasized that additional arrangements can be made to support and develop BKS and, the powers of all listed duties have been legally granted to the Undersecreteriat of Treasury.

Additionally, with an amendment to the Income Tax Law, the investment conditions of business angels and the incentives to be provided to angel investors who fulfill these conditions were defined.

Following those, 2 different secondary legislations, which summarize the issues regarding the implementation details, have been legislated and entered into force:

(iii) Regulation on Individual Participation Capital published in the Official Gazette dated 15/02/2013 and numbered 28560, and

(iv) "From Ministry of Finance and Undersecretariat of Treasury: Communique on Individual Participation Investor Discount" published in the Official Gazette dated 21 August 2013 and numbered 28742.

In terms of definition, the "angel investment", which is generally referred to as "a financial tool for startups or growth-stage enterprises that have difficulties in accessing finance due to its high risk" in the Law (i), has been further defined in the BKS regulation (iii) and has been

specifically defined as “real person/people, who transfer their personal assets and/or experience and knowledge to companies at the startup or growth stage.”

Qualifications of Business Angels

Within the framework of primary and secondary legislations in Turkey listed above, business angels (BKS) are expected to provide the following qualifications:

1. To have a high income or wealth: The limits of such wealth or income (as a license condition) are determined as follows (iii - Regulation, article 5): (i) For the last two calendar years before the license, an annual gross income expressed as the sum of the gross amount of the income items in the annual income tax declaration of 200.000 TL or more, (ii) Investors whose total value of personal wealth consisting of all kinds of securities and real estate assets they own at the time of application is 1.000.000 TL and above.

By adding a comprehensive exemption to these limits, it has been explained that “the real estate of residence or any loan obtained by mortgaging this property, the rights arising from insurance contracts and the sums that can be received as death indemnities or retirement grants through the financial rights earned through pension premium payments will not be taken into account in the calculation of personal wealth.”

2. Experienced investors;

The limits of the ‘experience’ in the relevant secondary legislation are drawn as follows: (i) To have at least two years of work experience as a fund or portfolio manager in banks and financial institutions, or as a manager or equivalent position or higher in the small and medium-sized enterprise finance, project finance or corporate finance units of banks and financial institutions, or venture capital companies, including venture capital investment trusts or, (ii) Deputy general manager or a similar position or higher in a company with a turnover of at least 25.000.000 TL per year for at least two years in the last five years before the license is obtained, or (iii) Those who have been a member of one of the Business Angel Networks for at least one year before licensing and who are partners as angel investors in at least three non-public companies with the qualifications specified in Article 26 during the application, or (iv) Those who have at least two years of experience in domestic incubation centers or technology development centers established to support companies in the early or growth stages and who have put at least 20,000 TL capital in each of at least three companies in the initial or growth stages in these centers.

In addition to these features shaped within the legal framework, it is possible to say that angel investors have 3 basic personality traits:

(i) Angel investors are ready to share regardless of what their capitals are - finance, human resources, experience- with Startups.

(ii) The rationale and motivation behind their tendency to share the capital is to help the commercial success of a Startup's product or service.

(iii) Angel investors are those who are open to taking risks and who want to create a commercial value against this risk.

Despite the risk that they may cause Startups with high added value to die before they develop by abusing their power, it is aimed to help minimize the risks with certain incentives, as well as to monitor their facilities by creating an audit mechanism.

Incentives for Business Angels and Their Conditions

The incentives for business angels to encourage the development of angel investments in Turkey and their conditions is primarily defined within the scope of temporary article 82 of Income Tax law as follows:

- (i) "Business Angels can deduct 75% of the amount of the shares they have calculated according to the valuation provisions of the Tax Procedure Law dated 21/01/1961 and numbered 213 in the period when the shares are acquired from their earnings and returns.
- (ii) Within the scope of research, development and innovation programs identified by the Ministry of Science, Industry and Technology, The Scientific and Technological Research Council of Turkey, and Small and Medium Enterprises Development Organization of Turkey, this rate is 100% for business angels who participated in Startup companies whose project has supported in the last five years from the date of application to the Undersecretariat for tax support.
- (iii) Annual discount amount cannot exceed 1.000.000 TL. "

The terms of this support defined on " From the Ministry of Finance and Undersecretariat of Treasury: Communiqué on Individual Participation Investor Discount", published in the Official Gazette dated 21 August 2013 and numbered 28742 are as follows (Article 2): (i) "Being a full taxpayer real person, (ii) Obtaining an individual participation investor license from the Undersecretariat of Treasury before acquiring the participation shares, (iii) Holding the shares of a fully liable joint stock company for two full years (730 days), (iv) Investing in areas determined by the Undersecretariat according to the Regulation on the Individual Participation Capital and finding this investment in compliance with the legislation by the Undersecretariat "are required.

Development Of Angel Investment In Turkey

Since 2013 following the creation of angel investment laws and legislations, quantitatively and qualitatively change on the set of angel investors in Turkey are stunning.

Table 1 summarizes the relevant data combined by the author himself from the Ministry of Treasury and Finance reports of seven years between 2013 and 2019. As indicated in Table 1, considering the changes in the number of licensed angel investors over the years, 155 angel investors have registered and received their licenses as of the end of 2013, after the BKS license system was defined in the relevant laws and secondary legislations.

Compared to the number of licensed angel investors reached at the end of the following years, this number increased by 77% at the end of 2014, 121% at the end of 2015, 165% at the end of 2016, 187% at the end of 2017, and 203% as of the end of 2018. According to data of 2019, it can be stated that this increase continues. Considering the increase rates between years, the number of angel investors increased by 77% between 2013-2014, 25% between 2014-2015, 19% between 2015-2016, 0.8% between 2016-2017, 0.5% between 2017-2018.

Table 1. Quantitative Change of Licensed Angel Investors in Turkey and Clustering According to Their Qualifications

	2013	2014	2015	2016	2017	2018	2019
Number of Licenced Angel Investor (Total)	155	275	344	412	445	471	476
Distribution of Angel Investors According to Their Qualifications (Number of People)	Experienced=102 Have Wealth=86 Having High Income=6 Total=248	Experienced =103 Have Wealth =104 Having High Income =78 Total=285	Experience d =124 Have Wealth =129 Having High Income =103 Total=356	Experience d =139 Have Wealth =157 Having High Income =119 Total=415	Experience d =149 Have Wealth =169 Having High Income =127 Total=445	Experienced =158 Have Wealth =182 Having High Income =131 Total=471	Experience d =159 Have Wealth =183 Having High Income =134 Total=476

Source: Individual Participation Capital (Business Angels) Reports of the Ministry of Treasury and Finance (2013-2019)

It is seen that there is a 0.1% increase between 2018-2019 *. Within this framework, although the number of licenced business angels has increased more than 200% in total since its establishment in 2013, it has been observed that the rate of increase has decreased dramatically since 2016.

When the data of angel investors according to their qualifications defined in the laws and other secondary legislations (whether they are experienced, have wealth or have high income) are analyzed, it is observed that the wealthy people have been more than the angel investors

of other qualifications in the total number of angel investors since 2014. Besides, it can be stated that experienced angel investors took the second place (Table 1).

When the profiles of licensed angel investors, which are summarized in Table 2, are analyzed, it can be seen that (i) their educational status, (ii) occupations and (iii) age distributions differ.

Table 2. Education Status, Occupations & Age Distribution of Angel Investors in Turkey

	2013	2014	2015	2016	2017	2018	2019
Education Status (Number of People)	PhD=22	PhD =23	PhD =30	PhD =33	PhD =34	PhD =35	PhD =35
	Masters Degree=102	Masters Degree =128	Masters Degree=156	Masters Degree =182	Masters Degree =199	Masters Degree =211	Masters Degree =212
	Bachelor Degree=97	Bachelor Degree =114	Bachelor Degree =145	Bachelor Degree =188	Bachelor Degree =168	Bachelor Degree =210	Bachelor Degree =214
	High School=8	High School =7	High School =9	High School =10	High School=12	High School =13	High School =13
	Primary School=1	Primary School =1	Primary School =1	Primary School =2	Primary School =2	Primary School =2	Primary School =2
	Total=230	Total=273	Total=341	Total=415	Total=415	Total=471	Total=476
	Engineer=49	Engineer=46	Engineers=45%	Social Scierencer=44%	Social Scierences=44%	Social Scierences =41%	Social Scierences =41%
	%İBusiness Administrator/BA=25%	BA=25%	Economist=14%	Life Scierences=44%	Life Scierences=41%	Life Scierencesr=48%	Life Scierencesr=48%
Economist=12%	Economist=13%	Lawyer=5%	Other=12%	Other=15%	Other=11%	Other=11%	
Occupations	Lawyers=4%	Lawyer=5%	International Relations Expert=2%	Architect=2%	Architect=2%	Architect=2%	Architect=2%
	International Relations Expert=3%	International Relations Expert=2%	Architect=2%	Statistician=1%	Statistician=1%	Statistician=1%	Statistician=1%
	Other=7%	Other=7%	Mathematician =1%	Doctor=2%	Doctor=2%	Doctor=2%	Doctor=2%
	Other=7%	Other=7%	Other=2%				
	20-25 =0	20-25 =1	20-25 =1	20-25 =2	20-25 =2	20-25 =2	20-25 =2
	25-30 =3	25-30 =2	25-30 =4	25-30=4	25-30=4	25-30=5	25-30=5
	30-35 =16	30-35 =17	30-35 =20	30-35 =23	30-35 =27	30-35 =29	30-35 =30
	35-40 =43	35-40 =47	35-40 =63	35-40 =70	35-40 =74	35-40 =82	35-40 =85
40-45 =57	40-45 =71	40-45 =83	40-45 =103	40-45 =110	40-45 =114	40-45 =115	
45-50 =43	45-50 =53	45-50 =68	45-50 =80	45-50 =84	45-50 =89	45-50 =89	
50-55 =30	50-55 =39	50-55 =53	50-55 =60	50-55 =63	50-55 =64	50-55 =64	
55-60 =29	55-60 =32	55-60 =38	55-60 =42	55-60 =47	55-60 =48	55-60 =48	
60-65 =8	60-65 =14	60-65 =14	60-65 =17	60-65 =19	60-65 =23	60-65 =23	
65-70 =5	65-70 =8	65-70 =8	65-75=13	65-75=15	65-75=15	65-75=15	

Source: Individual Participation Capital (Business Angels) Reports of the Ministry of Treasury and Finance (2013-2019)

Table 3. Reasons To Be Licensed and the Effects of Tax Reduction

	2013	2014	2015	2016	2017	2018	2019
Why are you an angel	Innovative Business Opportunity - Moral Support= 24%	Innovative Business Opportunity - Moral Support = 18%	Innovative Business Opportunity - Moral Support = 18%	Innovative Business Opportunity - Moral Support = 19%	Innovative Business Opportunity - Moral Support = 19%	Innovative Business Opportunity - Moral Support = 21%	Innovative Business Opportunity - Moral Support = 21%
	Growth Potential - High Returns= 30%	Growth Potential - High Returns = 39%	Growth Potential - High Returns = 41%	Growth Potential - High Returns = 42%	Growth Potential - High Returns = 44%	Growth Potential - High Returns = 44%	Growth Potential - High Returns = 44%
	Material - Moral Support= 32%	Material - Moral Support = 27%	Material - Moral Support = 27%	Material - Moral Support = 26%	Material - Moral Support = 25%	Material - Moral Support = 24%	Material - Moral Support = 24%
	Evaluating Alternative Investment Opportunities= 14%	Evaluating Alternative Investment Opportunities = 16%	Evaluating Alternative Investment Opportunities = 14%	Evaluating Alternative Investment Opportunities = 13%	Evaluating Alternative Investment Opportunities = 12%	Evaluating Alternative Investment Opportunities = 11%	Evaluating Alternative Investment Opportunities = 11%
	Tax Advantage Not effective = 10	Tax Advantage Not Effective = 9	Effective Tax Advantage Bork = 10	Effective Tax Advantage Bork = 17	Effective Tax Advantage Bork = 18	Effective Tax Advantage Bork = 18	Effective Tax Advantage Bork = 18
	Became Less Effective Tax Advantage = 9	Became Less Effective Tax Advantage = 13	Became Less Effective Tax Advantage = 16	Became Less Effective Tax Advantage = 18	Became Less Effective Tax Advantage = 19	Became Less Effective Tax Advantage = 19	Became Less Effective Tax Advantage = 19
	Became Effective Tax Advantage = 49	Became Effective Tax Advantage = 56	Became Effective Tax Advantage = 76	Became Effective Tax Advantage = 89	Became Effective Tax Advantage = 96	Became Effective Tax Advantage = 99	Became Effective Tax Advantage = 99
It Became Very Effective Tax Advantage = 49	It Became Very Effective Tax Advantage = 64	It Became Very Effective Tax Advantage = 86	It Became Very Effective Tax Advantage = 101	It Became Very Effective Tax Advantage = 114	It Became Very Effective Tax Advantage = 203	It Became Very Effective Tax Advantage = 204	

Source: (Business Angels) Reports of the Ministry of Treasury and Finance (2013-2019)

Focusing on educational status of business angels in Turkey, two important data draw attention at first sight. The first is that there are primary and high school graduates among angel investors. The other is that the ones received bachelor and masters degrees have the highest rate. In addition, concentrating on their occupations, it is observed that they come from different backgrounds such as engineers, architects, lawyers, international relations experts, statistician, mathematicians. In addition, it can also be noted that those who have received life science and (with a very close percentage) social sciences degrees have a higher proportion than others.

Focusing on age distributions, when the total angel numbers are analyzed by years, the presence of angel investors can be seen between the ages of 20-25 and 25-30 as of the end of 2014. In addition, when the age distributions in the total number of angel investors are analyzed by years, it is interesting to note that the most angel investors in the 40-45 age range since 2013. Furthermore, 65+ of angel investors taking a license to contribute to the entrepreneurship ecosystem in Turkey might be highlighted as an important, but a minor point for the further researches. As indicated in Table 2, the density of angel investors in Turkey are between ages 35-50.

Table 3 above summarizes the answers the business angels in Turkey gave to the questions about their reasons to be investors and the effects of tax reduction on it. The reasons are classified into four main categories: (i) Innovative business opportunity - moral support, (ii) growth potential - high returns, (iii) material - moral support, and (iv) evaluating alternative investment opportunities. In this context, when angel investors are asked about their reasons (except for the 2013 when the licensing system was newly established), it is seen that they generally focus on the growth potential and high return in companies with the highest rate of investment. This is often followed by a "financial and moral support" response. In 2013 data, this order works in the opposite way. In looking at the percentages of the answers, it is seen that the third place is always "innovation business opportunity - moral support" and in the last place, "evaluating alternative investment opportunities" always comes. Moreover, when the tax effect is questioned in being a-licensed-angel investor, it is seen that the tax advantage (although the number of 'effective' and 'very effective' answers in 2013 is the same, in all other years) is always 'very effective'.

Conclusion And Recommendations

This study examines how angel investment was born in Turkey and developed quantitatively and qualitatively. Regarding its birth, the focus is on when and how it started through the leading angel investor networks in the ecosystem, how it was defined in legal regulations, the characteristics of angel investors, and the governmental support and incentives provided to them. Regarding its development process, it has been analyzed how angel investors differ by years based on several variables such as quantitative distribution by years and qualitatively - educational status, occupations, age distributions, reasons for being an investor.

This paper contributes to the literature in which there exist limited and inadequate number of studies about ‘angel investment in Turkey’ and additionally as a preliminary source it provides researches with the following three major topic recommendations for more comprehensive further studies:

(i) the reasons lying behind the dramatic decrease since 2016 in the increasing rate of the licenced business angels

Considering the overall picture between the years 2013-2019, although it might clearly be stated that angel investment has inspired interest in Turkey, the sharp decline in the increasing rates of angel investor numbers after 2016 can be pointed to any application deficiencies or inaccuracies in the license system. Academic researches of its details from different angles will surely be valuable in constructiong healthy and feasible social policies in the entrepreneurship axis.

(ii) Functionality of incentives and support mechanisms offered to licenced angel investors as defined in primary and secondary legal regulations

Among the reasons for the decrease in the increasing rate of licensed angel investors in recent years in Turkey, it might be considered that angel investors do not benefit from (summarized) incentives and supports sufficiently and / or are not adeqautely interested in them. In furher studies, the accuracy of this hypothesis might be tested by the help of different research methods. Even if no correlation is found, “how many investors have been using these incentives and supports offered to licensed angel investors since 2013, and to what extent” should be studied to empirically contribute to the literature and to provide a basis for further empirical research.

(iii) More detailed profiles of angel investors in Turkey

Due to the necessary of the disclosure of the angel investors profiles in Turkey as outlined in the legislations, studies in the literature about the profile of angel investors in Turkey is incomplete and insufficient. Whereas, studying the effects of investors profiles on decision-making process of investments, can contribute to identifying their performances and factors affecting their satisfactions. These points within the fields of industrial and organizational psychology can clearly important because that is how the policies modeled accordingly can be made, the investments can be accelerated and the entrepreneurship climate in Turkey can be developed.

As a result; considering its emergence and development, business angels in Turkey is considered one of the very new field and contains several academic research areas in itself for the young researches having interest in it.

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