

# COVID-19

## Business Recovery

Business Associations - Examples from the  
World on Crisis Management

**TURKONFED**



## Executive Summary

2020 has been an exceptionally difficult year for businesses and 2021 is looking tough too, what can we learn from crisis management practices to be better prepared for next year?

2020 is marked by the Covid-19 pandemic, for which the first wave alone has an estimated economic impact of 4-6% GDP, equivalent to the impact of the 1999 Marmara Earthquake. The second wave restrictions were ongoing at the writing of this report. In addition to the pandemic, 2020 is also marked by a deepening economic crisis and several disasters, such as the earthquakes in Elazig and Izmir and climatic events. These events affected all businesses and most indicated revenue losses as high as 50% for several months in a row. Turkish BAs did their best to provide crisis management support to their constituents. This report aims to find out what we can learn from this experience and how BAs can shape their future crisis management activities so that businesses grow stronger, and not weaker, from these crises.

As the Covid pandemic has affected countries and businesses across the world, can we learn from the experience of other Business Associations, and compare crisis management tools?

Since peer learning is one of the most effective capacity building approach, the study has identified 7 countries for comparative analysis: Mexico, Italy, France, Spain, Sri Lanka, Colombia, and Chile. These countries have similarities with Turkey in terms of hazard profile, economic & demographic profile, and business associations. The counterparts of TURKONFED and SEDEFED were taken as reference for the analysis. The results indicate that BAs display similar crisis management behavior based on their vision and mission statements. While no BAs have legal obligations, they do it mostly out of necessity of their members or because it is aligned with their objectives of protecting and strengthening competitiveness. The study results show that Business Associations behavior can be modeled based on their mission statements and this has implications for their organizational structure. Mission statements of BAs indicate they can work with three different approaches: conjunctural, functional or integrated. TURKONFED is both conjunctural and functional, SEDEFED is functional. Providing humanitarian assistance after a disaster is a conjunctural (need based) endeavor for which the appropriate organizational structure requires minimal institutional commitment (no dedicated unit or funding, on the go). But technical support to businesses during crisis is a functional (in line with competitiveness) endeavor for which they should decide whether to develop a strategic objective, a dedicated unit and/or funding (optional).

This comparative analysis confirms both TURKONFED and SEDEFED are on the right track to provide added value to their members in times of crisis. Given the evolving risk profile of Turkey, the significant impact of 2020 events on businesses and the expected fallout over 2021, this is a muchneeded line of service of Turkish BAs. The next steps should include several lines of actions that can be conducted in parallel: (1) adapted services: select the most relevant crisis management tools from the list, adapt them for the Turkish context and test them for positive impact, (2) original services: continue to develop original tools and keep using tested ones, and (3) share & expand: initiate/ lead discussions among BAs in networks such as CBi, B4G, TURKONFED/SEDEFED members to share crisis management tools and expand their use.

## Introduction

The increasing risk profile of Turkey is more than ever a serious threat to over 3.5 million registered businesses, of whom more than 98% are small and medium enterprises (SMEs). TURKONFED identifies building resilience among SMEs as a strategic priority for competitiveness and sustainability. Starting in 2018, TURKONFED has joined the Connecting Business Initiative (CBI), a global network of business associations on disaster management and is a founding partner of the Business for Goals platform, together with Turkish Industry and Business Association (TUSIAD) and the United Nations Development Program (UNDP) to further involve the private sector in the Sustainable Development agenda. As a result, TURKONFED has developed a series of products and services for businesses in order to reduce the impacts of the Syrian Refugee crisis (2018-2019), the Covid-19 pandemic (2020), the Elazig Earthquake (2020) and the Izmir Earthquake (2020). To carry this work, TURKONFED is mobilizing grants from various sources. This present work was done with the financial support of the UPS Foundation, a global partner of the CBI Network. TURKONFED's starting point is clear: the risk profile of Turkey is changing, and businesses need to adapt and develop new tools if they want to survive and remain competitive. In 2020 alone, the economy was battered by several major events. The impact of Covid-19 on economy is estimated around 4-6% GDP. This is in line with the impact of the Marmara Earthquake (1999), where, in some regions, up to 60% of SMEs closed and business disruption averaged 40 days. The earthquakes of Elazig in January and Izmir in October are strong reminders of the country's seismicity. More than 95% of the country lies in one of the most active earthquake and landslide regions in the world. 70% of the population lives in areas (mostly urban) highly vulnerable to earthquakes. It took years for communities and businesses to recover from the major earthquakes experienced in the last century, namely 1939 Erzincan Earthquake, 1943 Ladik (Samsun) Earthquake, 1976 Muradiye (Van) Earthquake, 1999 Marmara Earthquake, and 2011 Van Earthquake. Both Istanbul and Izmir, economic powerhouses and key port cities, expect a major earthquake in the near future. Climatic risks are also increasing across Turkey. Turkish State Meteorological Service registered 936 climate related disasters in 2019, the highest ever on record. And previous years also broke records. In total, there were 3,759 climate related disasters in the past 5 years. The main events are flood, storms and hails. While many regions are affected, port cities such as Istanbul, Izmir, Mersin and Antalya are of particular concern. The impact on business can be multiple: immediate physical damage and business disruption, delayed effects on the supply chains, and long-term impact on competitiveness and reputation. The impact of complex emergencies such as the Syrian Refugee Crisis is also ongoing, more on the topic can be found in the "Resilience in SMEs: new risks, new priorities" report, available on TURKONFED's website.

The present report aims to identify crisis management practices from business associations (BA) across the world in order to develop new products and services for TURKONFED and interested Turkish BAs. The learning curve is steep and TURKONFED works simultaneously on three complementary approaches: develop the knowledge basis through analytical research, learn from CBI Network members and conduct joint operations with B4G partners to the extent possible, mobilize and act after disasters and develop/ test crisis management products and services. So far TURKONFED has published 2 analytical reports ("Resilience in SMEs: new risks, new priorities", "COVID-19 Business Recovery: SME Needs and Business

Association Support”, with this one being the third, conducted a number of joint operations within B4G and developed a tactical toolkit aiming to provide business support for the “the right decision at the right time”. The toolkit consists of: (1) situation report, (2) rapid economic impact assessment form, (3) risk perception survey, (4) impact framework, (5) business actions in crisis, and (6) business actions in recovery. The present report builds on the existing work and contributes with a long list of crisis management tools to further expand the line of product and services.

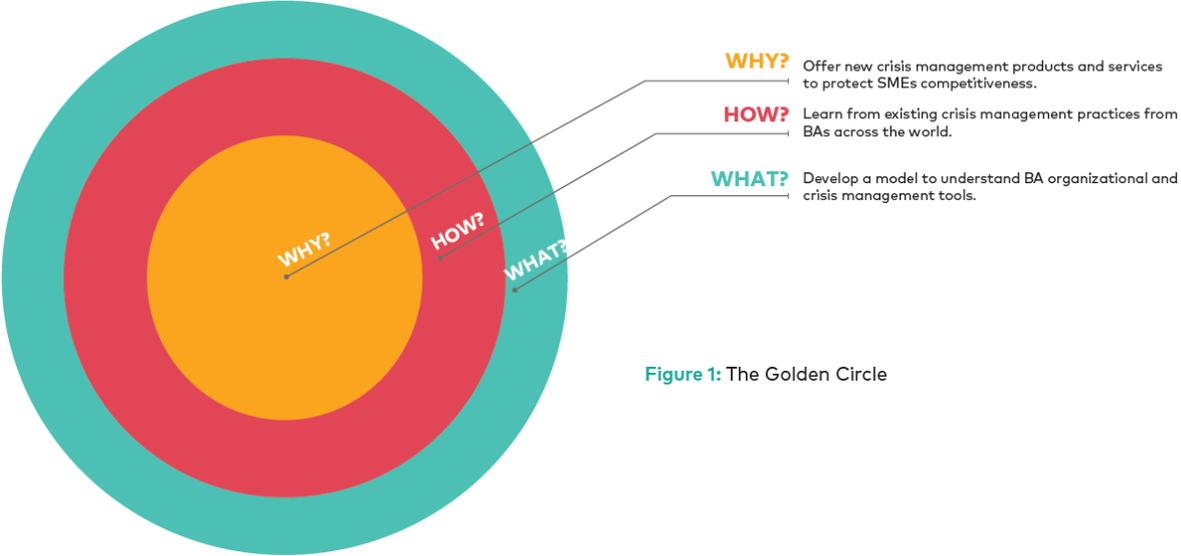


Figure 1: The Golden Circle

The report is structured in 3 parts: understand how BAs operate in countries similar to Turkey, model the operations of BAs for crisis management, apply the model on crisis management products and services. To better understand: Chapter 1 provides the background of TURKONFED’s approach, Chapter 2 builds a common language and Chapter 3 identifies the most relevant countries to learn from. To build a model: Chapter 4 explores the BA ecosystems of the selected countries, Chapter 5 outlines a 3-tier model to classify the modus operandi of BAs. To apply the model: Chapter 6 uses the model on organizational tools of BAs, and Chapter 7 provides a long list of crisis management products and services.