



COVID-19

Business Recovery

SME Needs and Business Association Support
"The right decision at the right time"

TURKONFED



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WAY OUT OF THE CRISIS: ADAPTIVE CAPACITY AND RESILIENCE

Orhan Turan
TÜRKONFED President

In recent years, resilience and adaptive capacity have become critical for countries, economies, and enterprises. In the face of crises resulting from natural and climate-change based disasters (earthquakes, floods, etc.) the continuity of social welfare is shaped by resilience and adaptive capacity. While the COVID-19 pandemic has resulted in a unique crisis with its social and economic consequences, these two notions are likely to be the key to success for enterprises in the transition to the new normal.

Codes of the digital revolution has been changing our lives from all sides little by little and the pandemic has accelerated this process. While digitalization is becoming the main engine of development for countries, enterprises are becoming a driving force of this speed-and-efficiency-based grand revolution with their adaptive capacities. As TÜRKONFED we are working for the sustainability and competitiveness of our SMEs, conducting an intensive guidance in times of disaster and crisis. We develop road maps to increase the resilience of our enterprises via global collaborations such as with UPS Global Foundation, in addition to CBI Turkey and Business for Goals Platform we have built with our international partners.

Our research efforts started in 2018 with Syrian Refugee Crisis and continued in 2019 with Istanbul and Bodrum floods, two earthquakes hitting Istanbul, and the forest fire in Izmir. Our efforts have turned

into concrete action addressing enterprises and the business world in 2020 following the Elazığ earthquake and during COVID-19. As a result of these processes TÜRKONFED added a new focus to its 5K strategy (Institutionalization (Kurumsallaşma), Global Competitiveness (Küresel Rekabetçilik), Inclusiveness (Kapsayıcılık), SMEs (KOBİ), and Women (Kadın)): "Crisis & Crisis Management" (Kriz&Kriz Yönetimi). And it included the "Crisis Management" among its strategic targets. Our "COVID-19 Business Recovery" report, which is a part of the Tactical Toolkit assisting business recovery and identifying areas where preparation for the new normal are needed, consists of elements not only for enterprises but also for business associations to benefit from.

The Tactical Toolkit can be used during crisis, recovery and transition to new normal, to take action with the right decision at the right time in times of distress and it presents a model open for updates, against any kind of extraordinary situation. I believe the way to our country's sustainable development depends on increasing its resilience by further developing the adaptive capacity against the risks it encounters in the global competition. I believe the report we prepared with the UPS Global Foundation will become an important tool for developing the resilience of our enterprises, sectors, economy, and country.



ADAPTING TO CHANGE AND TAKING THE RIGHT DECISION AT THE RIGHT TIME IS INEVITABLE

Burak Kılıç

UPS Turkey Country Manager

The pandemic we are facing now, and disaster times are hard and strong transformation periods. The effect of COVID-19 on the economy is predicted to be around 4-6% in GNP. This ratio is similar to the effects of the 1999 Marmara Earthquake. To manage such a challenging time successfully and to maintain business continuity, enterprises must be flexible and take the right decision at the right time.

Throughout the pandemic enterprises need the support of business associations and foundations. This need is especially critical for crisis management and adaptation to the new normal. With this purpose, our teams, who actively continue their efforts with the support of TÜRKONFED and UPS Foundation, set out a goal to create a pandemic and disaster resilient Turkey, contributing to resilience-building processes of enterprises during and after the pandemic, and prepared a report. The report answers questions such as "do enterprises take right decisions in times of crisis and what are the most common practices?" and "what kind of assistance do SMEs demand from business associations?". I would like to state that this report will also encourage enterprises to "take the right decision at the right time".

On the other hand, as UPS Turkey our support to SMEs has been continuing for years. We work for our SMEs to diversify their income and to grow their both domestic and foreign market size so that they can always stay strong. With this in mind, we support our SMEs via the Export Academia seminars for those who want to export or grow their export capacity and business. It is also very important and a priority for us to support small and medium sized enterprises to become disaster-resilient and have sustainable business models. According to the AFAD statistics, since the year 1990 there have been over 250.000 earthquakes recorded in Turkey. As a country located in an earthquake zone with all the loss of life and property due to flood, avalanche, and such, we unfortunately still lack disaster awareness and preparedness. Therefore, we continue our efforts to raise this awareness and support preparations.

Lastly, I would like to thank TÜRKONFED for its contribution to the report and its members for their cooperation and hope that the report is beneficial for our SMEs and our country.



Executive Summary

Taking the right decision at the right time ensures better crisis management and stronger recovery. Past disaster experience indicate that decision-making is the single most important factor for building resilience through crises. The focus of the present work is to share the right business actions, for both "crisis management" and business "recovery", and how business associations (BAs) can provide support. This report is the result of desktop review, a series of interactive group sessions online (over 200 businesspeople benefited from them) and interviews with leaders of TÜSIAD and TÜRKONFED, all carried out during the months of May and June 2020.

The 3 questions the report aims to answer:

1. Are Turkish business associations in phase with what business associations in selected countries (Italy, The United Kingdom and South Korea) are doing?

2. Are businesses taking the right decisions and what are the most common practices?

3. What type of support do the SMEs request from business associations?

This report is part of a Tactical Toolkit to support businesses through a timeline guiding decisions in crisis, recovery and normal phases. The toolkit is made of several applications: situation report to provide status updates, rapid damage assessment form, risk perception survey, impact framework, business actions during crisis and business actions for recovery. The present report covers the last three applications.

The tactical tool can be used for any disaster as it is adaptable to various types of impact. For the pandemic, the impact on businesses happens on three levels. This report covers all impacts of pandemic but focuses on the impact on economy.

Impact on health:

- (1) Professional hazard,
- (2) Workplace safety, and
- (3) Tracking & Privacy

Impact on economy:

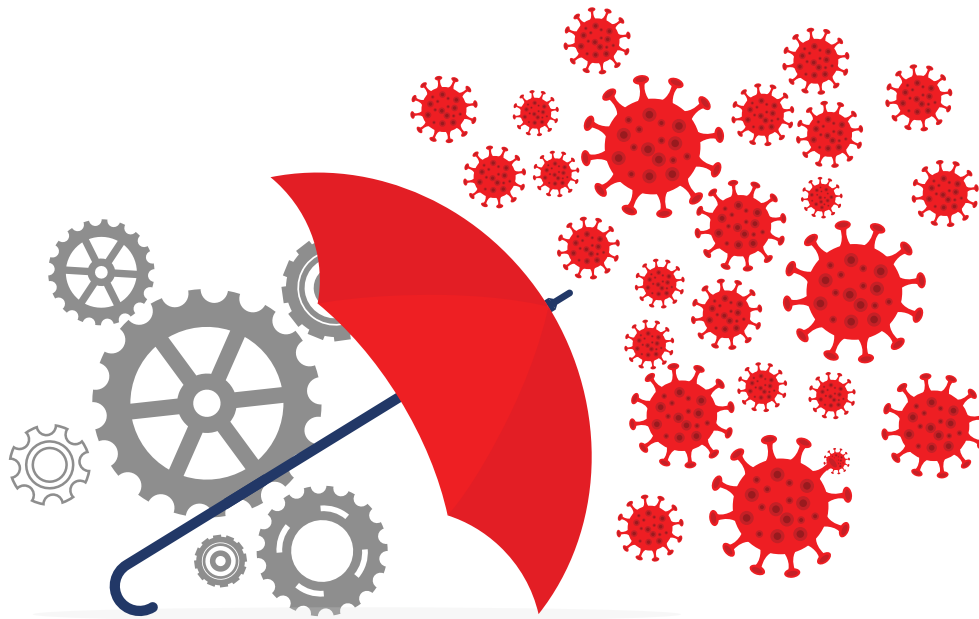
- (1) Cost & Revenues,
- (2) Employment and
- (3) Sector dynamics

Impact on mental health:

- (1) Decision-making,
- (2) Productivity & Creativity and
- (3) Dangerous behaviors.

Key findings are:

- In all four countries (**Turkey, Italy, The United Kingdom and South Korea**) business associations are ill equipped for crisis management and business recovery. Turkish BAs showed strong ownership and agility, moving crisis management among their strategic priorities and acting fast.
- Businesses strive for survival and performance during crises. Approximately 60% of participating businesses took the right decision at the right time during the first two months.
- Businesses strive for a new demand & supply balance to recover. Approximately 60% of participating businesses took the right decision at the right time so far in recovery.
- BAs play a key support role for crisis management and recovery. Turkish BAs displayed a strong performance on all crisis



functions, carried out works on risk perception and impact assessment and provided training and coaching on crisis management for business leaders. Those works are ongoing.

► Businesses were very receptive to the support provided by BAs during the months of May and June 2020. They also identified key areas where they would like to receive more support. Focus should be on the economic impact (rather than health or mental health) and on both leadership and business actions. The findings indicate that Turkish BAs are moving in the right direction to provide added

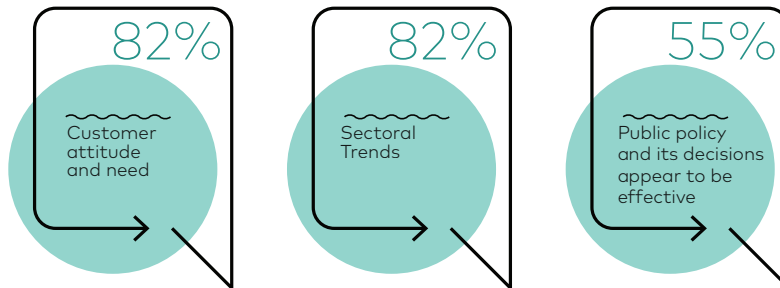
value to their members during crisis and recovery. The priority actions to take are:

- (1) Expand on the results of the current work to develop a business proposition for Turkish BAs, so they increase their institutional capacity,
- (2) Develop a Tactical Toolkit for crisis and recovery, for all interested businesses to benefit from and
- (3) Design and develop new modules regarding the "normal" phase.

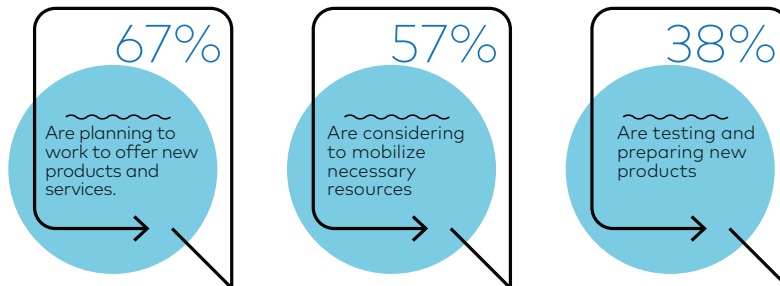
Numerical Data



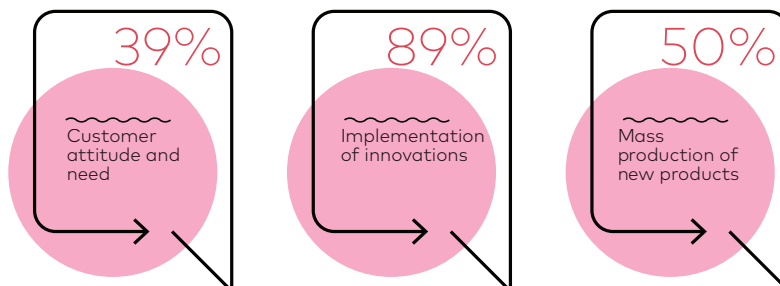
Regarding new demand in the recovery period enterprises follow up on;



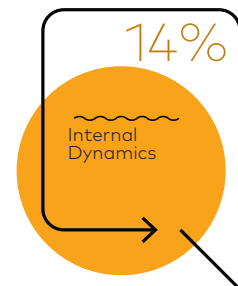
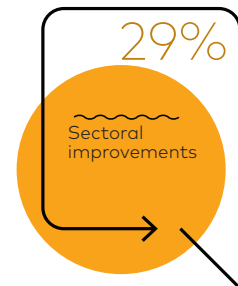
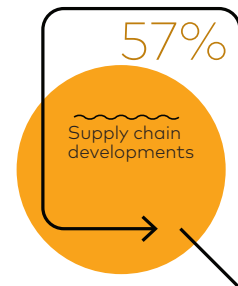
Regarding new supply and demand approaches when entering the recovery period enterprises;



Regarding new supply and demand approaches to complete the recovery period enterprises focus on;

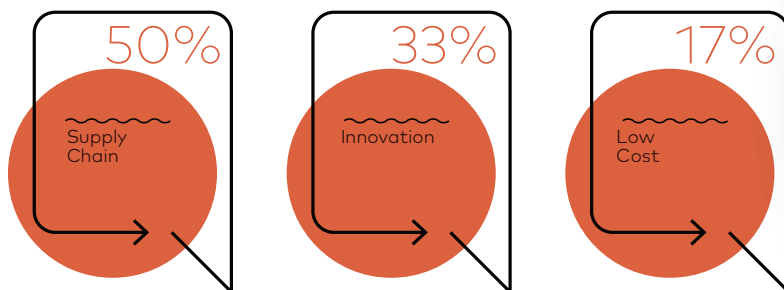


Areas of development that businesses think will make speed up the recovery process

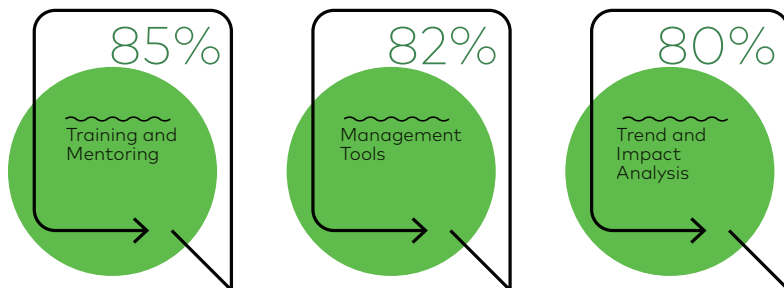




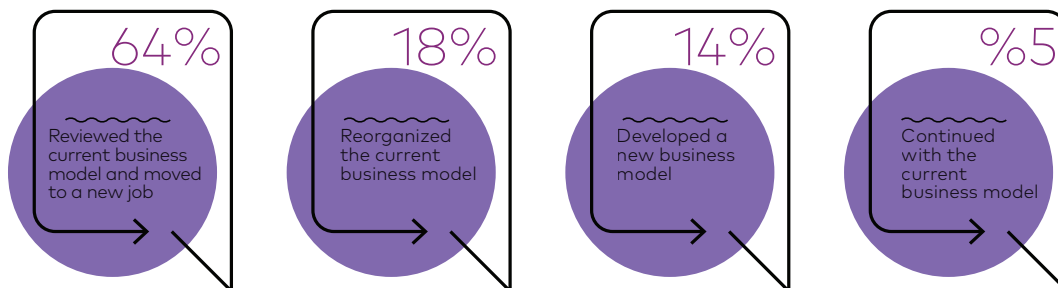
The factors that increase competitiveness of enterprises in providing service and product



Prioritized expectations of enterprises from business associations



To review their business models behavior of enterprises;



1 - Introduction

Crisis are powerful agents of change. They can wipe out years of efforts within businesses and their supply chains. But they can also serve to accelerate positive change if dealt with properly. Past disaster experience indicate that decision-making is the single most important factor for building resilience through crises. Understanding the dynamics of the impact is key for good decision-making of businesses.

The impact of Covid-19 on economy is estimated around 4-6% GDP. This is in line with the impact of 1999 Marmara Earthquake, where, in some regions, up to 60% of SMEs closed and business disruption averaged 40 days. But this time it is not physical destruction but rather a loss of security and confidence. As a result, the experience of the 2008 financial crisis, after which individuals expressed high anxiety and fear, is also relevant. Besides economy, the pandemic has impacted public health and the society, even if, on the positive side it is not associated with physical damage and loss.

This report shares the findings of several activities which aim to strengthen decision-making for business recovery. The overall aim is to "build business resilience through reducing closure & disruption and increasing competitiveness".

The 3 questions the report aims to answer:

- ▶ Are Turkish business associations in phase with what business associations in selected countries (Italy, The United Kingdom and South Korea) are doing?
- ▶ Are businesses taking the right decisions and what are the most common practices?

- ▶ What type of support do the SMEs request from business associations?

Looking ahead, the Covid-19 pandemic is not over. Turkey has been preparing for the pandemic measures over January and February. Beginning in March 2020, Turkey has followed containment and preventive measures similar to many European countries. But critical uncertainty remains, particularly (1) whether infected people develop long lasting immunity and (2) how the virus may mutate.

A second wave is a risk of uncertain probability and the timeline for a vaccine being commercially available is towards the end of 2021. As a result, businesses may face new crises, and business recovery is likely to last longer than usual, with permanent changes on society and business.

Beyond the pandemic, the risk of compounded disasters, such as earthquake and/or climatic event is now stronger as the system has been stretched by the pandemic and has lower coping capacity. 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 SMEs.

TÜRKONFED, one of the leading Turkish business association identifies building resilience among SMEs as a strategic priority, established the Business for Goals platform with TÜSİAD and UNDP Turkey. Starting in November 2019, it worked first on the Istanbul Earthquake business recovery scenario led by UNDP and then mobilized with Business for Goals to support the Elazığ Earthquake response.



This report is part of a resilience tactical toolkit to support businesses through a timeline guiding decisions in all phases and building resilience.

This tactical toolkit consists of six tools,
(1) Situation report to provide daily briefs,
(2) Rapid damage assessment form,
(3) Risk perception survey,
(4) Impact framework,
(5) Business actions in crisis, and
(6) Business actions in recovery. The work presented here covers the last three listed items.

In this context, 6 workshops were conducted for "service" and "production" sectors over the months of May-June 2020. The research for this report started with desktop research on the tendencies of business associations in selected countries during COVID-19, interactive group coaching sessions & workshops that 200 businesspeople benefitted from and a series of interviews with TÜSİAD and TÜRKNFED leaders.



2 - Decision-making Framework

Taking the right decision at the right time ensures better crisis management and stronger recovery. The Tactical Toolkit aims to guide decision-making with a systematic approach. The Tactical Toolkit consists of several modules structured around 2 axes: a timeline made of 3 phases and a scale indicating complimentary levels of decision-making. The work presented here fills the area indicated below.

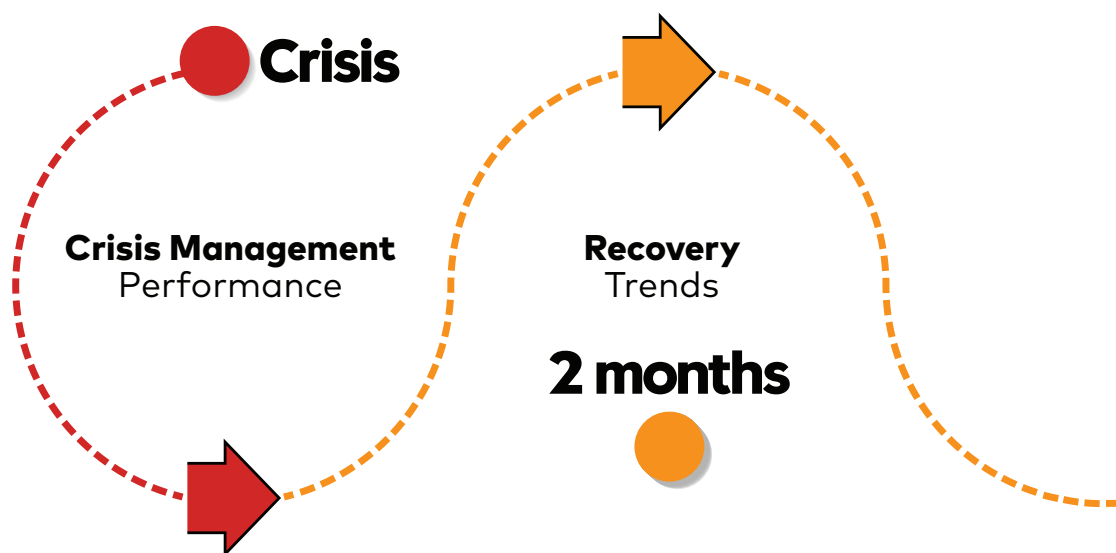
	Crisis	Recovery	New Normal
Leadership attitude			
Business action	✓	✓	
Association support	✓		


* More work is underway to complete the Tactical Tool.

The timeline appears on the x axis. The aim of this timeline is to make businesses aware of different cycles (Crisis-Recovery-New Normal) and for them to analyze where they stand. **(Figure 1)**

- (1) Crisis:** period of high uncertainty where the objective is to survive. Maximum 2 months.
- (2) Recovery:** period of transition where the objective is to restructure the business. Maximum 6 months.
- (3) New Normal:** period of stability where the objective is to increase added value and structure. Maximum 36 months.

Figure 1: Post-crisis phases





Business associations, sectors, supply chains tend to move slower due to more complex management structures. For them a rule of thumb is doubling the durations listed above.

On the y axis, decision-making can be observed. Right decision means businesses work on three levels (leadership attitude, business action and associations support) for decisions to have an impact:

(1) Leadership attitude: business owners and managers have the correct mindset.

(2) Business action: businesses know their priorities and take the necessary steps.

(3) Associations support: business associations provide the adequate support to businesses and leaders.

The tactical tool can be used for any disaster as it is adaptable to various types of impact.

For the pandemic, the impact on businesses happens on three levels:

► **Impact on health:**

- (1) Professional hazard,
- (2) Workplace safety, and
- (3) Tracking & Privacy;

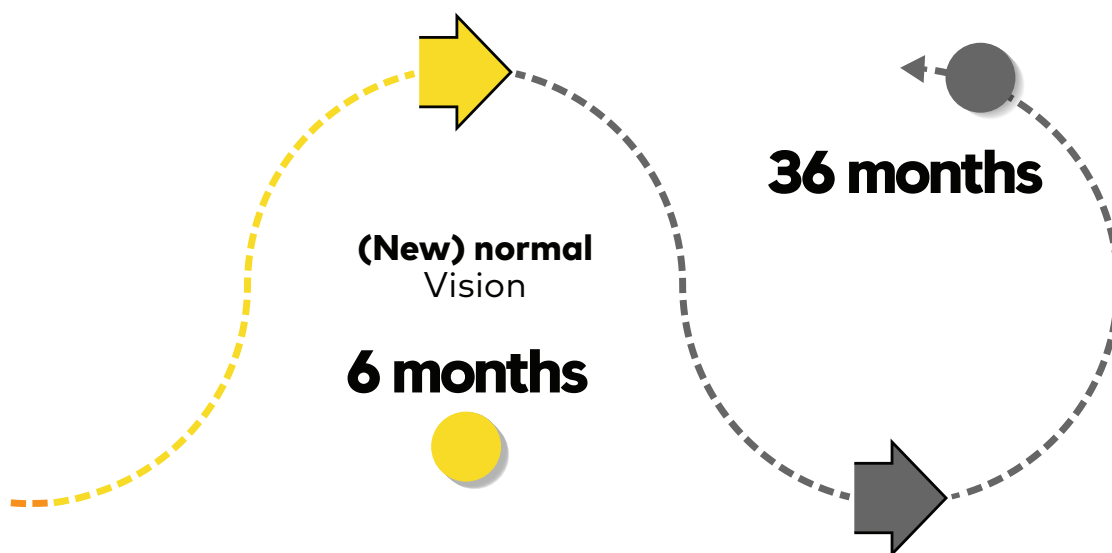
► **Impact on economy:**

- (1) Cost & revenues,
- (2) Employment
- (3) Sector dynamics;

► **Impact on mental health:**

- (1) Decision-making,
- (2) Productivity & creativity and
- (3) Dangerous behaviors.

The present work covers all three levels of impact with an emphasis on the economic level.







3 - Perspective on Business Associations

Business associations play a critical role as connectors between businesses and policy makers. Based on studies done on business associations (BAs) from Turkey and the United Kingdom, Italy and South Korea, it is possible to identify their core functions for support during crisis and recovery.

All BAs that were analyzed in this report have similar structures and strength in terms of their membership figures. The Turkish BAs were chosen for the study based on this context. The Turkish BAs included in this study are TOBB (The Union of Chambers and Commodity Exchanges of Turkey (TOBB)), TÜSİAD (Turkish Industry and Business Association (TÜSİAD)) and TÜRKNFED (Turkish Enterprise and Business Confederation (TÜRKNFED)).

For Italy, Confindustria, Confcommercio and Confesercenti; for the United Kingdom, CBI (Confederation of British Industry (CBI)), BCC (British Chamber of Commerce (BCC)) and FSB (Federation of Small Businesses (FSB)) and for South Korea, KCCI (Korea Chamber of Commerce and Industry (KCCI)), KITA (Korea International Trade Association (KITA)) and KOIMA (Korea Importers Association (KOMIA)) were included in this study.

	 Turkey	 Italy	 U.K.	 S. Korea
Total population	82 million	60 million	67 million	52 million
Total businesses	3.5 million	4.4 million	5.9 million	6.25 million
Membership of 3 largest BAs	1.5 million	1.2 million	425,000	260,000

All BAs have carried similar activities, in line with their mandate and the needs of their members, to support businesses and businesspeople during "crisis and recovery". Here is how Turkish BAs compare with other countries based on 6 core functions.

Crisis support:

1) Inform with situation updates:

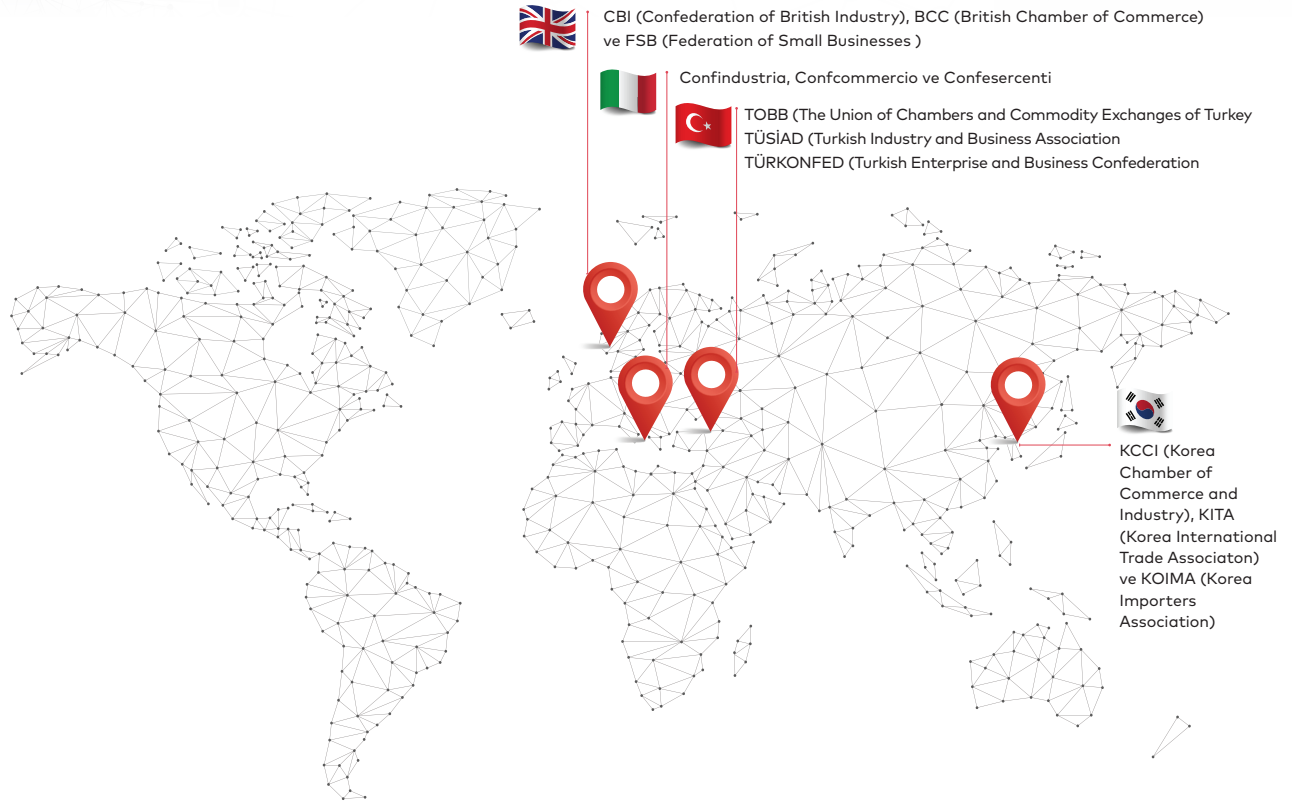
Similar to other BAs, Turkish BAs carried surveys and impact assessment & projections to understand the extent of the impact and inform their constituents. Like other BAs, Turkish BAs lack institutional capacity and tools and operated on an ad hoc basis.

2) Mobilize resources and expertise:

Similar to other BAs, Turkish BAs mobilized established a crisis management team. They also organized a series of online webinars and meetings with key experts to share opinions and insights on the crisis and its impacts.

3) Put into perspective:

European BAs mostly embraced the "war" analogy of their governments to provide a sense of magnitude. Turkish BAs did use the 2008 Financial crisis and the 1999 Marmara Earthquake, which allowed them to develop a more adequate timeline in shorter time.



Recovery support

4) Develop prospective:

Similar to other BAs, Turkish BAs carried analytical work to assess "new trends" and "job opportunities". Some BAs developed sector specific analyses, but not among the leading Turkish BAs. Turkish BAs were relatively less active than other BAs on this end.

5) Carry advocacy:

Turkish BAs have embraced a more supportive position with the government and developed a limited but consensual collaboration. Business associations in other countries had a different

approach. Some BAs (CBI in the UK and KCCI in South Korea) played an active role in policymaking but some (Confindustria in Italy, FSB in the UK and KOIMA in South Korea) did not have as strong mobilization and better perspective.

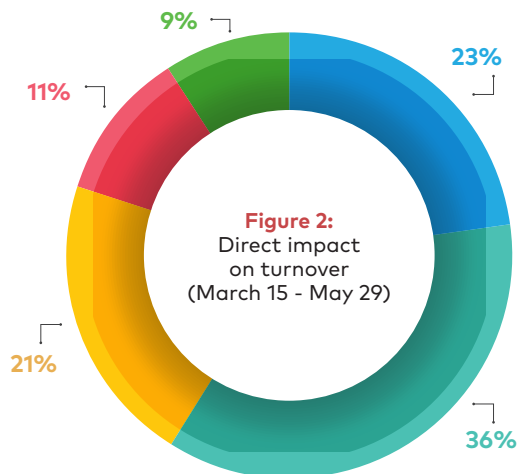
6) Provide orientation:

All BAs organized online training, coaching & webinars for their members. Turkish BAs lack established training centers to plan, organize and evaluate these activities so the impact and added value are not well-known.

4 - Business Impact

In line with the recent B4G survey conducted in March and May, businesses indicate significant impact on turnover. Their strong division regarding the future outlook is a sign of ongoing uncertainty. As uncertainty persists so does the need for crisis management.

The results of workshops and coaching sessions presented in this report show the consistency with the previous B4G survey results.

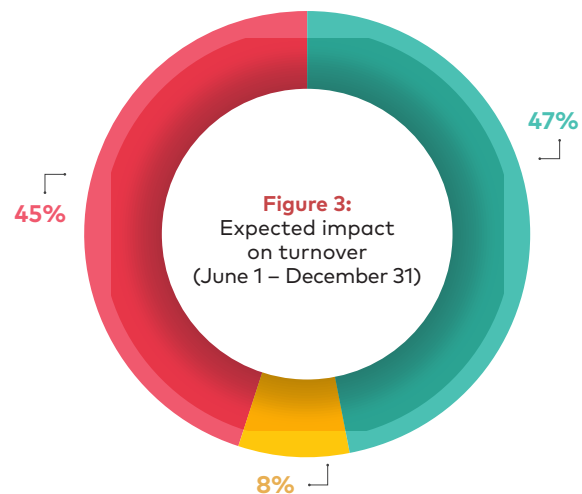


- 0 - 24%
- 25 - 49%
- 50 - 74%
- More than % 75
- Sales Increased

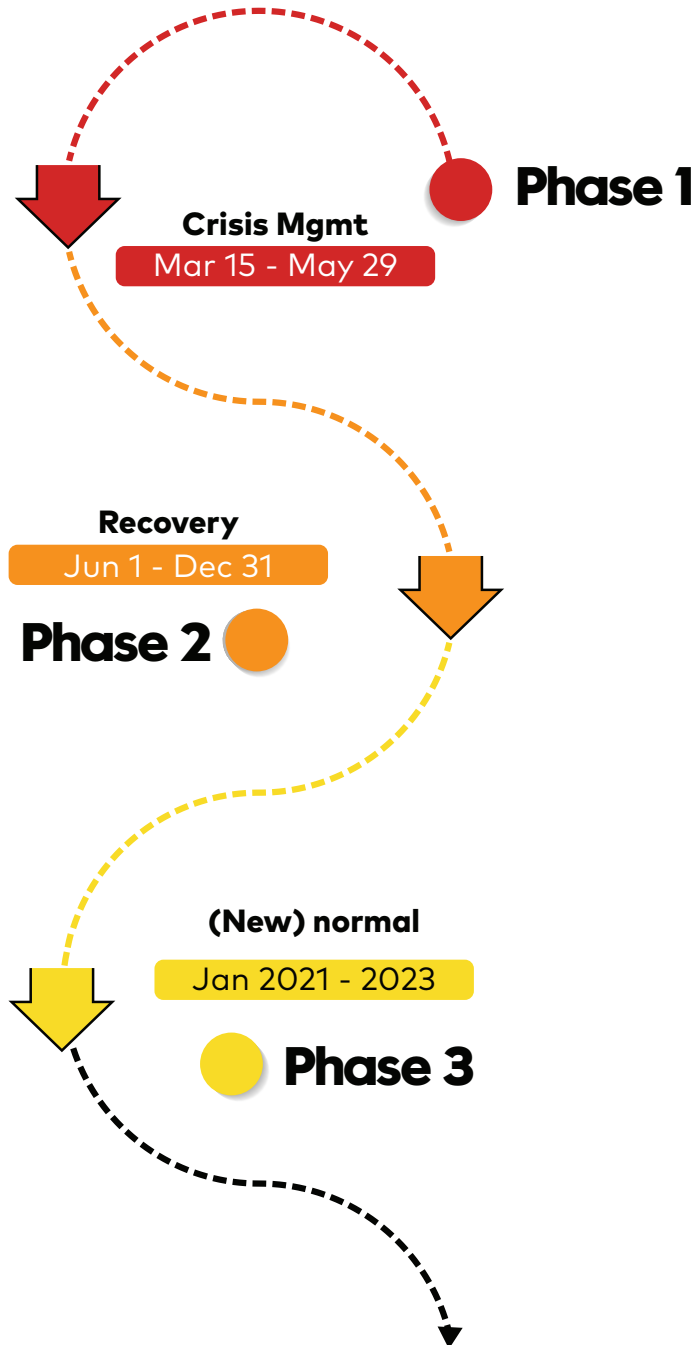
► Businesses were asked to indicate the impact of COVID-19 on their turnover. 23% reported a 0-24% turnover loss, 36% reported a 25-49% loss, 21% reported a 50-74% loss and 11% a loss major to 75%. 9% saw an increase in their turnover. **(Figure 2)**

- It will clearly increase
- It will remain similar
- It will decrease further

► Businesses have divided opinions on their turnover projection for the end of 2020. This is a sign of ongoing uncertainty, which makes it difficult to see the general trends. 47% of the respondents said it will increase while 45% stated an expected decrease. 8% expect it to remain similar. **(Figure 3)**



Phases



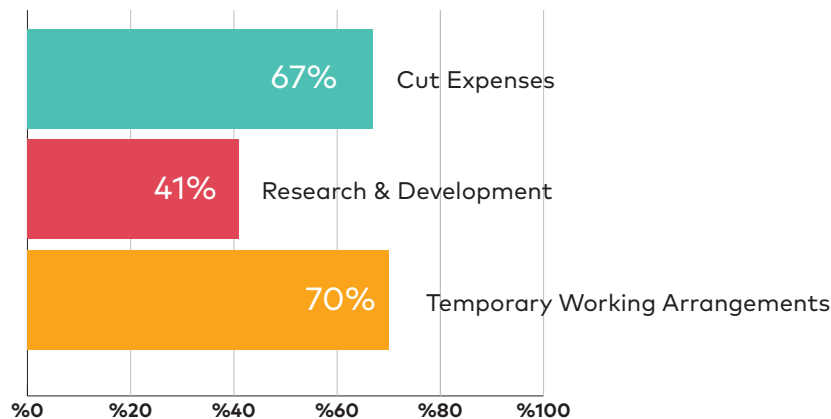
● 5 - Phase 1 - Crisis (10 Days)

Good crisis management requires immediate decisions to limit losses. Approximately 60% of participating businesses took the right decision at the right time during the first 10 days of the crisis. The 3 immediate business decision are:

1. Cut expenses
2. Focus on research and development
3. Make temporary working arrangements

► In their immediate decisions, most businesses have good reflexes regarding temporary working arrangements (70%) and cutting expenses (67%), but most businesses missed the opportunity to shift activities from production to R&D (41%). **(Figure 4)**

Figure 4: Decisions made in the first 10 days



► Most common temporary working arrangements include: remote working, workplace safety & security, keeping employees informed on wages, identification of sick employees for treatment. **(Figure 5)**

► Most common cost cutting practices include: investment delay, loan/credit/cash flow restructuring, and new payment plan. **(Figure 5)**

► Most common R&D practices is to focus on new products/services. **(Figure 5)**

► Businesses also identified some practices that serve several functions, such as: short-term work allowance financial assessments, pandemic committee, managerial meetings.

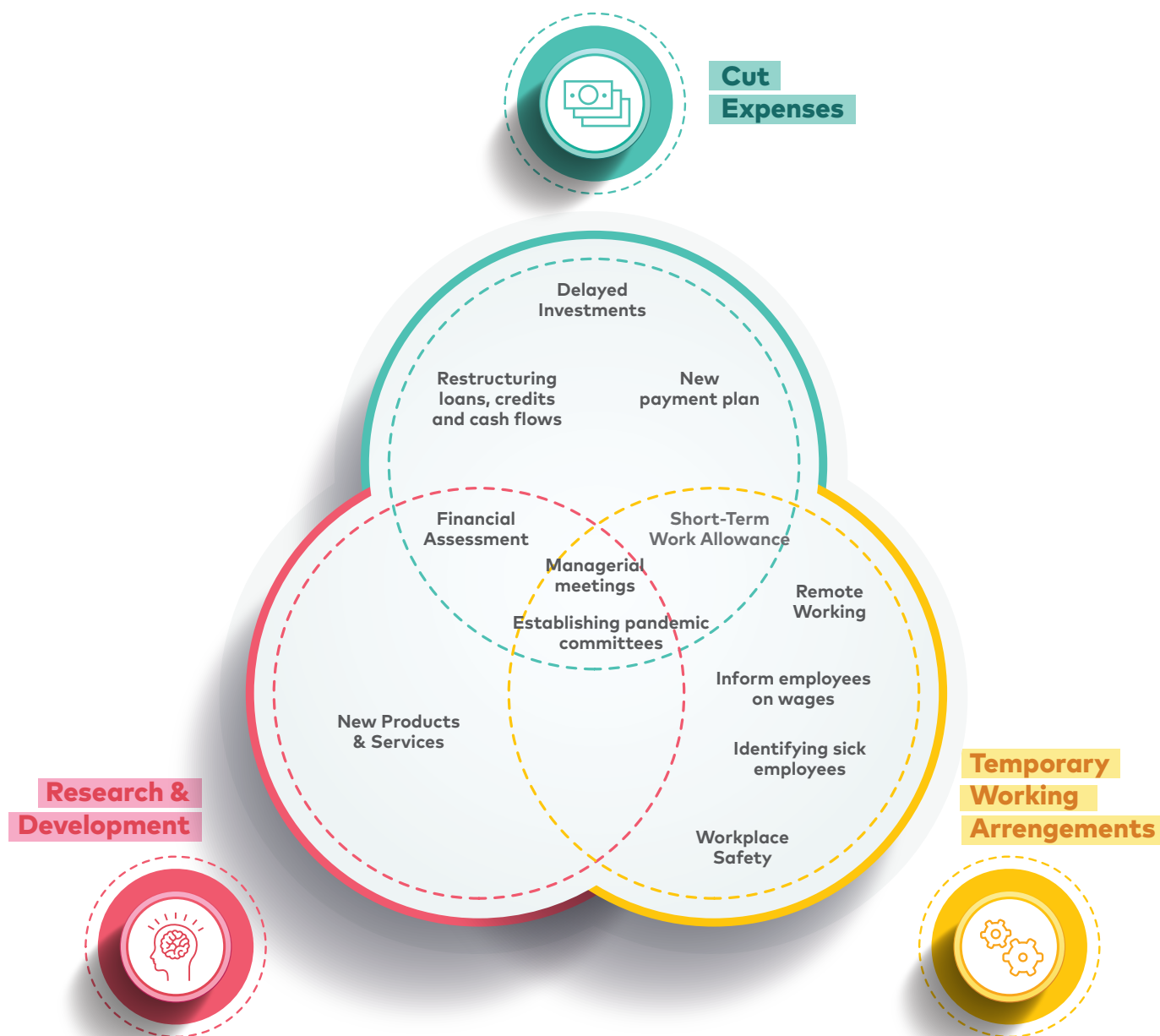


Figure 5: Breakdown of decisions made in first 10 days

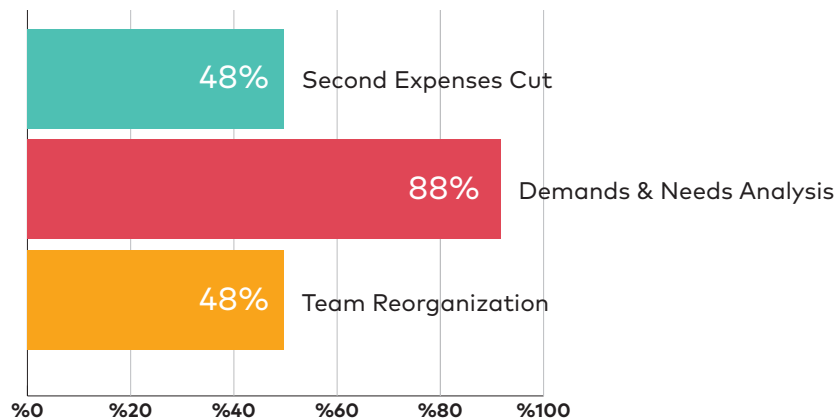
● 6 - Phase 1 - Crisis (30 Days)

When uncertainty persists, and it becomes clear that the crisis will last longer than one month, good crisis management requires a new set of decisions. Again approximately 60% of businesses made the right decision at the right time. The 3 key business decisions for perpetuating crises are:

1. Second expense cut
2. Analyze new demands and needs
3. Team reorganization

► Within the first 30 days, businesses have very good reflexes regarding demand and need analysis (88%), but almost half of them did not take the right steps regarding team organization (48%) and further cutting expenses (48%). **(Figure 6)**

Figure 6: Decisions made in the first 30 days



► Most common demand and need analysis practices include: stock analysis & management, sector and policy analysis, supply chain management, gaining consumers' confidence, searching for new products/ services, R&D and e-commerce development. **(Figure 7)**

► To further cut expense and shore up their cash, most common practices include: new loans, loan payments deferral, credit closure, debt restructuring, and lowered deferred payment sale. **(Figure 7)**

► Most common practices to restructure the team include: use of annual leaves, HR decisions revision. **(Figure 7)**

► Businesses also engaged in practices that served several purposes: short-term work allowance, purchase plan revision, minimized HR benefits and lobbies for free trade areas.

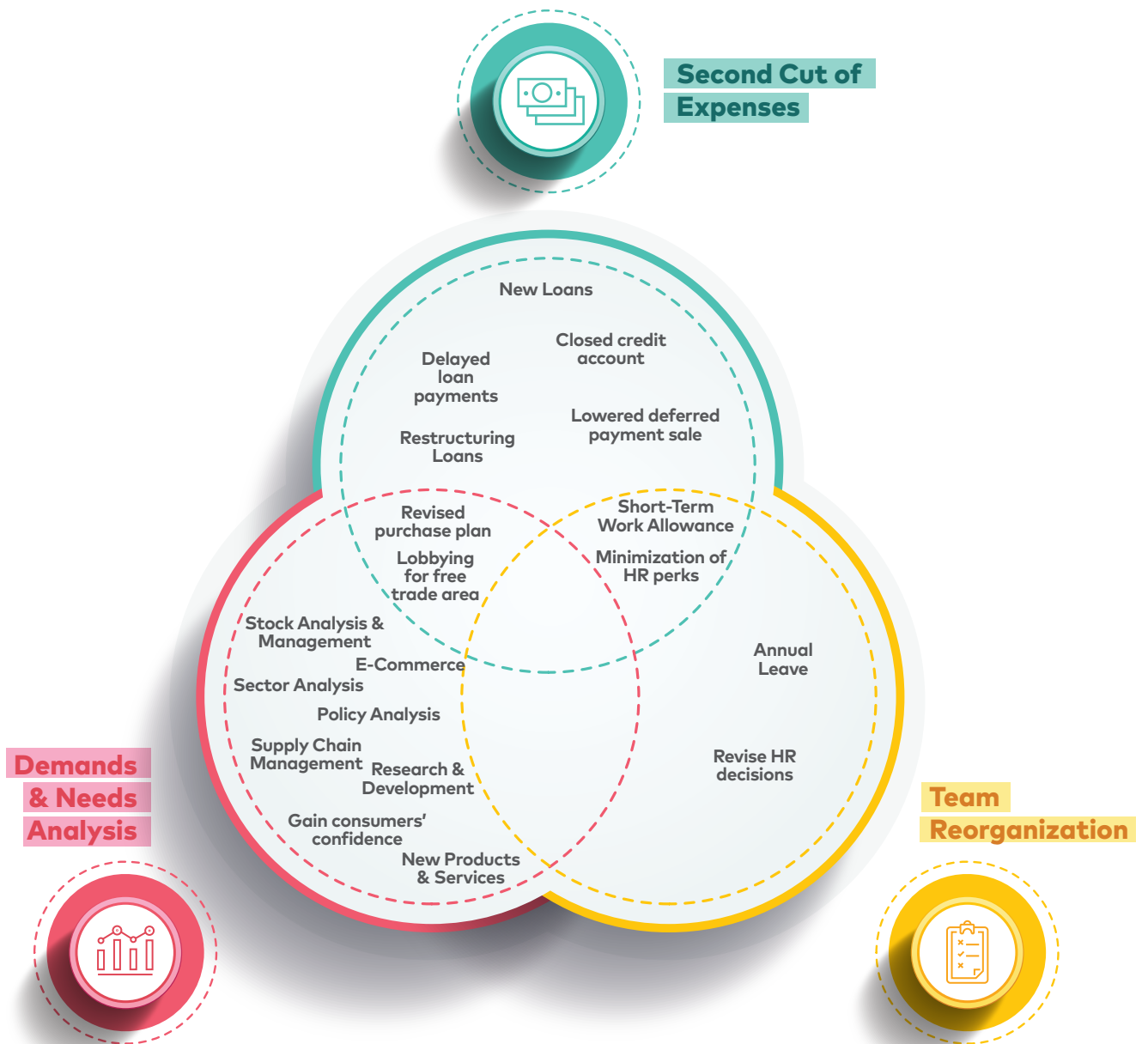


Figure 7: Breakdown of decisions made in the first 30 days

7 - Phase 2 - Recovery (6 months)

Once a business has a positive outlook and expect turnover to increase, they can shift from crisis management to recovery. The business should plan for a 6-month period to establish a new demand and supply balance. 54% of business had the right plan for the first 3 months and 66% for the second 3 months, indicating a potential to shorten and strengthen recovery. The 3 key business decisions for recovery are:

1. Identifying new needs & demands
2. Revise the business model
3. Build a new supply

► To identify the new demand, most businesses correctly look into client behaviors and sectoral tendencies (both 82%). But around half of businesses do not look into policy decisions (55%), a key factor to understand the demand (Figure 8)

Figure 8:
Topics they follow
to identify new
demand

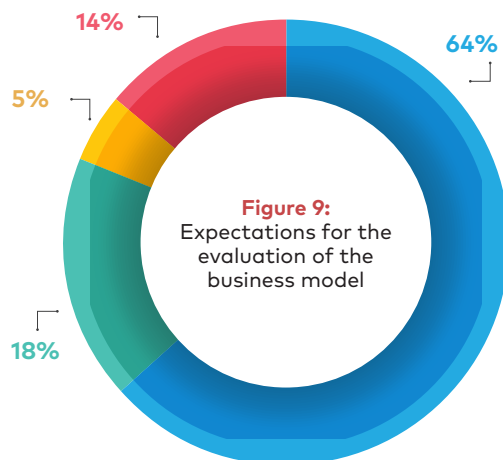
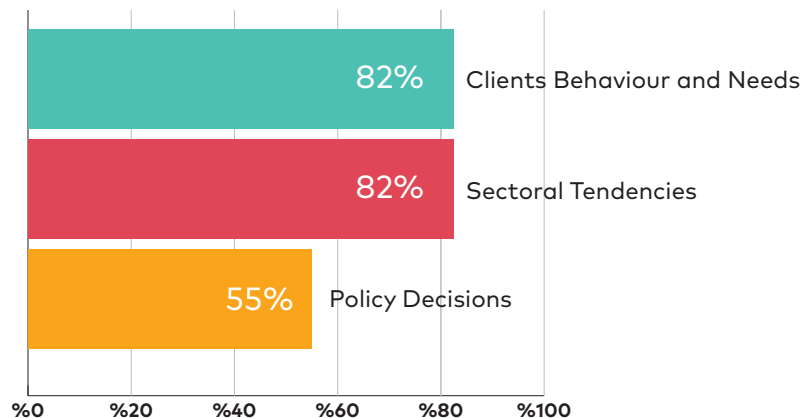


Figure 9:
Expectations for the
evaluation of the
business model

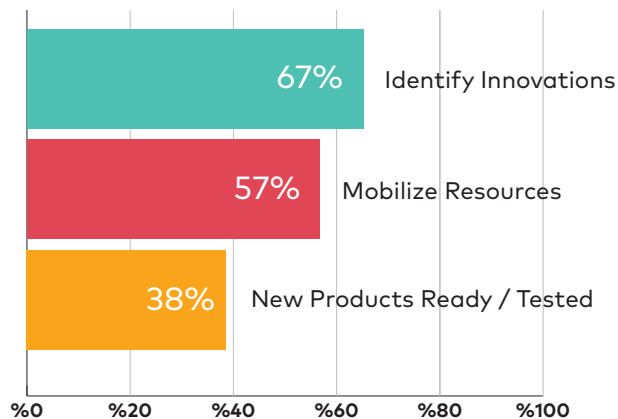
- Mix of new and existing business model
- Revise existing business model
- Develop new business model
- Resume

► 86% correctly understand the need for a business model revision, much needed after a crisis of such magnitude. Most businesses revise the existing model and engage in a new business (64%). Others either revise the existing business model (18%) or develop a new business model (5%).

(Figure 9)

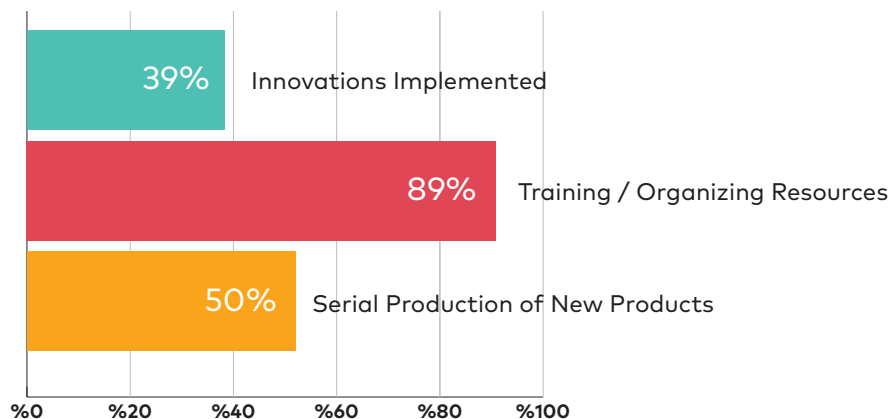
► To start recovery, 67% of business plan to work on their innovation but only 57% plan to work to mobilize necessary resources and 38% on testing new products. These three actions are complementary and should be done as soon as the business has a positive outlook on its revenues (Figure 10)

Figure 10: New demand & offer (0-3 months)



► To complete recovery, businesses shall plan to anchor these initiatives. While 89% plan to work on resources, only 50% plan to move to serial production of new products and 39% see the innovation locked in. These figures indicate a potential to improve the recovery of businesses. (Figure 11)

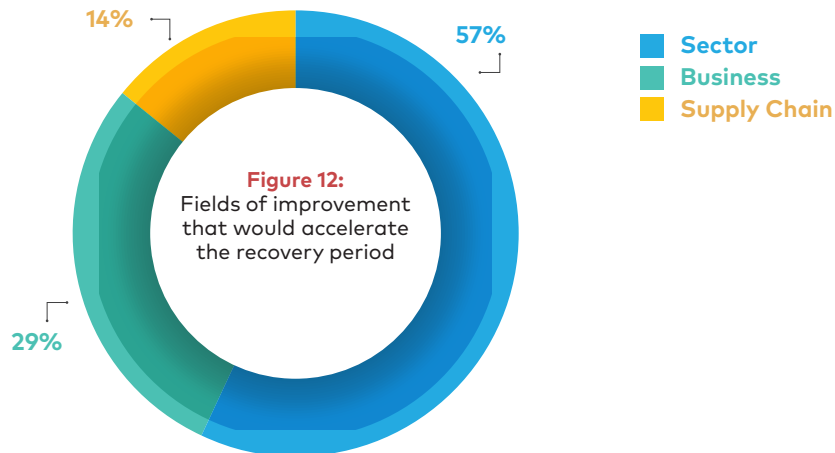
Figure 11: New demand & offer (3-6 months)



8 - Phase 3 - (New) Normal (3 years)

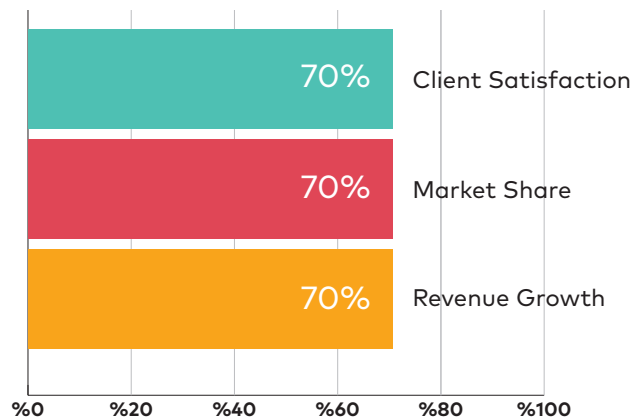
The 6 interactive sessions clearly showed that businesses were either in "crisis" or "recovery", and no business was in normal phase. As a result, the sessions helped identify tendencies for the new normal.

► Businesses rely on changes at different level to recover. The tendencies regarding what is most influential on their recovery are: sector level improvements (57%), their internal business dynamics (29%) and their supply chains (14%). **(Figure 12)**

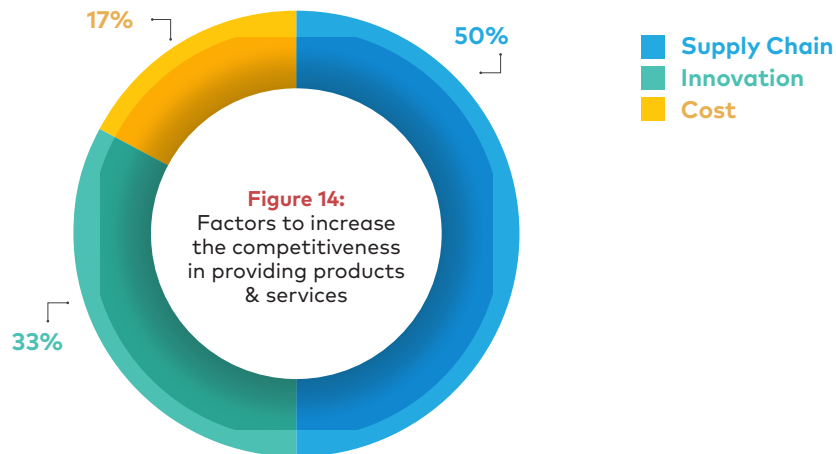


► Businesses take various indicators to measure their success. The tendencies in terms of priorities are, client satisfaction, market share and revenue growth, all considered of equal importance. **(Figure 13)**

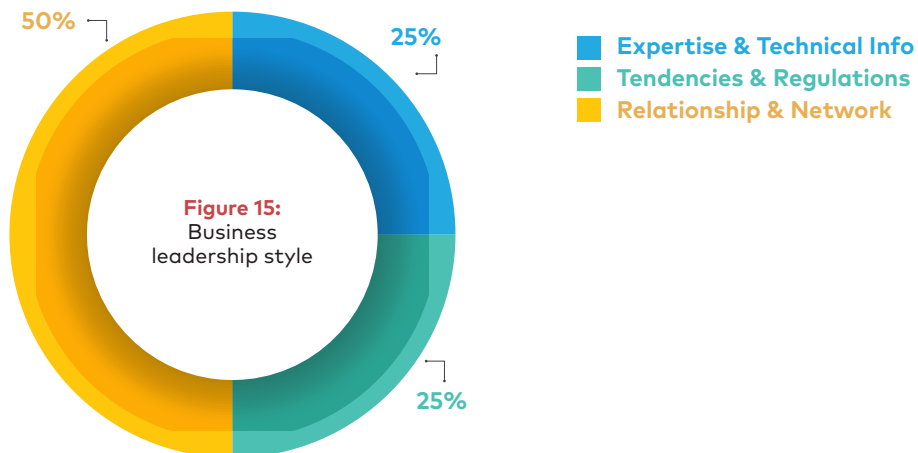
Figure 13:
Indicator for
recovery success



► The tendencies in terms of what contributes to their competitiveness show supply chain (50%), innovation (33%) and lower cost (17%) as the most important factors **(Figure 14)**



► Similarly, tendencies about their leadership style indicate that business owners favor relationships & network (50%), expertise & technique (25%), and knowledge of trends & regulations (25%). **(Figure 15)**

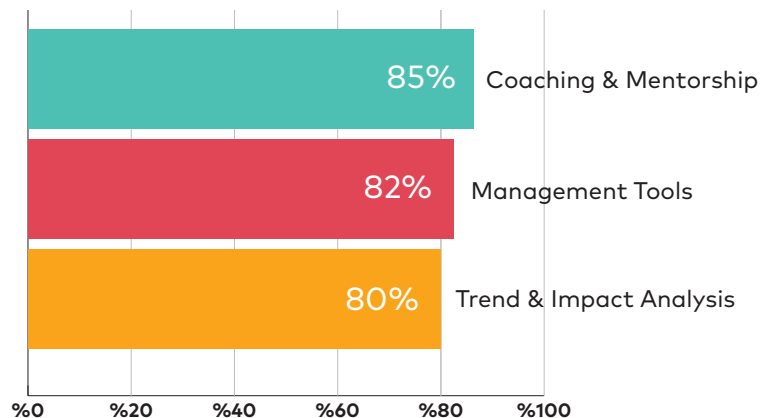


9 - Demand for Support from Business Associations

Businesses express need for support from business associations for both crisis and recovery phases. The emphasis is both on leadership and business actions. The focus should be on economic decisions rather than health and workplace safety.

► What businesses need most from business associations is training & coaching (85%), management tools (indicators, dashboards, etc.) (82%) and analytics (such as trend & impact analysis) (80%) **(Figure 16)**

Figure 16:
Business
association
area of support



► For training & coaching, suggestions include financial training, experience sharing, empathy and business continuity. **(Figure 17)**

► For management tools, suggestions include insurance, Personal Protective Equipment (PPE), financial support packages, and ways to move from impact to opportunity into opportunities. **(Figure 17)**

► For analytics, suggestions include trend & impact analysis and information sharing. **(Figure 17)**

► Businesses have also suggested ideas that serve multiple functions, such as cyber-literacy, partnership support, best practice workshops and lobbying.

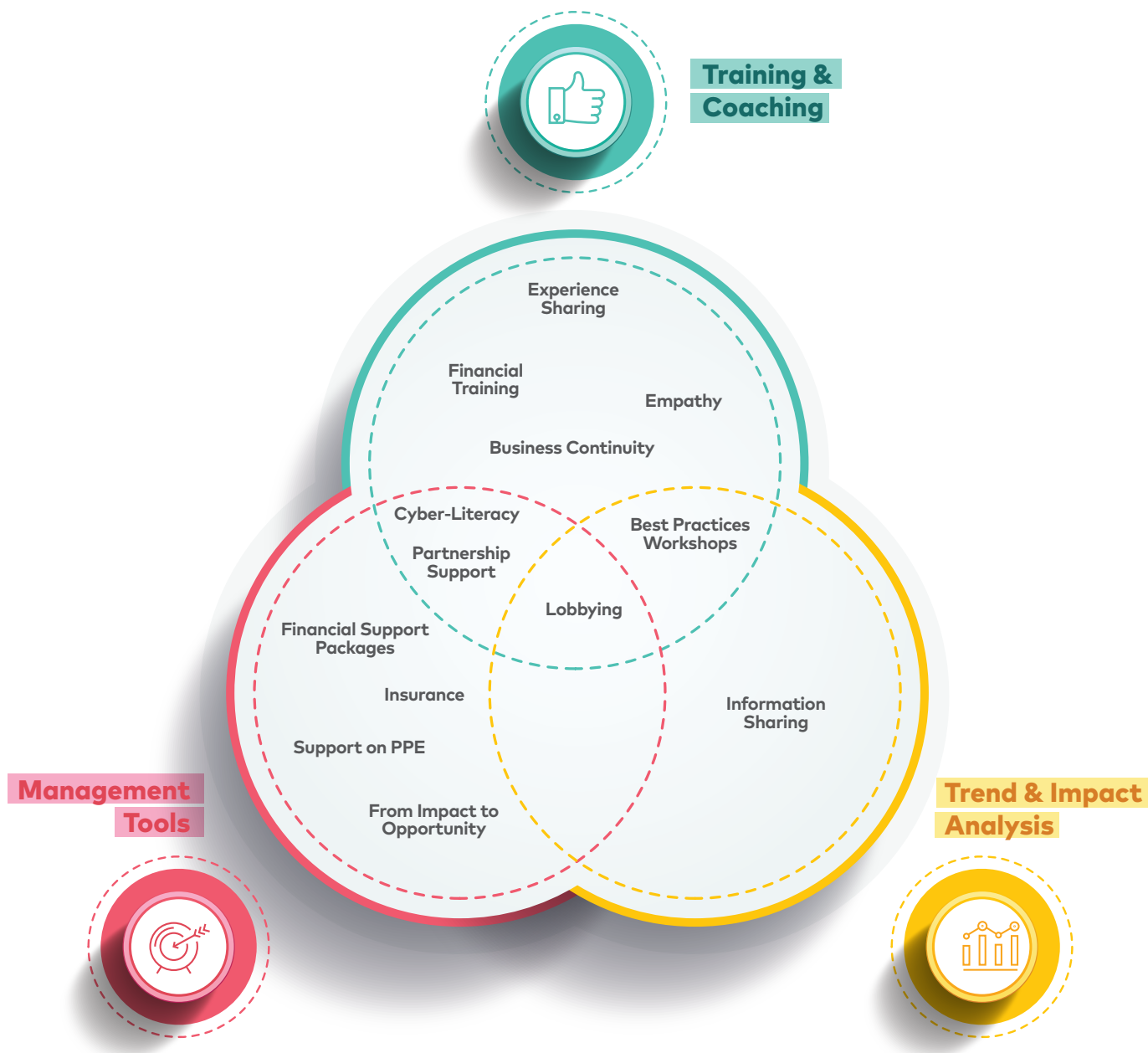


Figure 17: Breakdown of business association areas of support

10 - Conclusions

Businesses express need for support from business associations for both crisis and recovery phases. Past disaster experience indicate that decision-making is the single most important factor for building resilience. This report is part of a Tactical Toolkit to support businesses make "the right decision at the right time".

The BAs play a role as connectors between businesses and policy makers. The focus of the present work is to share the right business actions, for both crisis management and business recovery, and how BAs can provide support. According to the research conducted during the months of May and June, majority businesses were still on crisis, some moved to the recovery phase.

The tactical tool can be used for any disaster as it is adaptable to various types of impact. For the pandemic, the impact on businesses happens on three levels. This report covers all impacts of pandemic but focuses on the impact on economy.

Impact on health:

- (1) Professional hazard,
- (2) Workplace safety, and
- (3) Tracking & Privacy

Impact on economy:

- (1) Cost & revenues,
- (2) Employment and
- (3) Sector dynamics;

Impact on mental health:

- (1) Decision-making,
- (2) Productivity & creativity and
- (3) Dangerous behaviors.

In all four countries (Turkey, Italy, the United Kingdom and South Korea) business associations are ill equipped for crisis management and business recovery. Their activities during Covid-19 were on an ad hoc basis, based on their institutional capacity and network. Turkish BAs showed strong ownership and agility, moving crisis management among their strategic priorities and acting fast such as a nationwide risk perception survey within the first 10 days.

Businesses strive for survival and performance during crises. There are three key actions they need to take within the first 10 days (and if the crisis is longer, again around day 30):


- (1) Cutting cost,
- (2) Shifting focus of their activities towards research and development, and
- (3) Developing alternative working arrangements.

Findings show that approximately 60% of participating businesses took the right decision at the right time.

Businesses strive for a new demand & supply balance to recover. There are three key actions they need to take within the first quarter and then during the second quarter:

- (1) Identify new needs and demands,
- (2) Revise their business models and
- (3) Build a new supply.

Findings show that 54% of the participating businesses had right planning in the first 3-month period and 66% of them did in the following 3-month period. These findings point out that the recovery period will be short and



strong. Approximately 60% of participating businesses took the right decision at the right time during recovery.

Businesses are in crisis and recovery phase and the shift to the new normal phase depends on changes in different levels. The tendencies regarding what is most influential on their recovery are: sector level improvements (57%), their internal business dynamics (29%) and their supply chains (14%). As all businesses were either in crisis or recovery phase, the findings on the new normal phase should be considered as tendencies.

The findings indicate that Turkish BAs are moving in the right direction to provide added value to their members during crisis and recovery. In all four countries (**Turkey, Italy, the United Kingdom and South Korea**) business associations are ill equipped for

crisis management and business recovery. Turkish BAs showed a strong sense of ownership with agility and flexibility and strategically prioritized crisis management.

Businesses were very receptive to the support provided by BAs during the months of May and June 2020. They also identified key areas where they would like to receive more support:

- (1) Training & coaching,
- (2) Trend & impact analysis and
- (3) Management tools.

These needs need to be further sorted and prioritized but they are well aligned with the expected areas of support. Businesses also suggested BAs to focus on the economic impact (rather than health or mental health) and to focus both on leadership and business actions.

“Business associations are of critical importance among enterprises and policy makers. The study aims at sharing right business actions and reveal support processes of business associations both with regards to crisis management and business recovery.”

BAs play a key support role for crisis management and recovery. There are three areas of support expected from BAs for crisis management:

- (1) inform with situation updates,
- (2) mobilize resources and expertise and
- (3) put the crisis into perspective.

There also three areas of support expected from BAs for business recovery:

- (1) develop prospective trend analysis,
- (2) carry advocacy and
- (3) provide orientation.

Turkish BAs have a strong performance on all crisis functions and on orientation during recovery. Prospective analysis and advocacy could be improved.

As stated in TÜRKONFED's 2019 report on "SME resilience: new risks, new priorities", business resilience is one of the key elements of sustainability and competitiveness. It can be summarized as Resilience= Competitiveness – Risks + Adaptation.

At this time, TÜRKONFED works both on improving competitiveness, and adaptation capacity. This report is part of a resilience tactical toolkit that can be used for any disaster or crisis. TÜRKONFED's work started with a refugee crisis in 2018 and continued with floods in Istanbul and Bodrum in 2019, two earthquakes in Istanbul and forest fires in Izmir. They turned into concrete action towards the members in Elazig

earthquake and COVID-19 pandemic in 2020. TÜRKONFED added "Crisis & Crisis Management" as a sixth focus of its 5K vision (Institutionalization, Global Competitiveness, Inclusiveness, SMEs and Women).

This report shares the elements of a Tactical Toolkit to support businesses and BAs in crisis and recovery phases and aimed at adaptation capacity after COVID-19 period. Business resilience is a critical ability for Turkey to disengage from middle income and democracy trap. Countries that experience middle income trap may face delays on business recovery due to the lack of structural reforms or facing crises more frequently with negative impact due to democracy deficit.

Therefore, the studies will continue with developing new modules on Tactical Toolkit. The studies conducted so far and the findings presented in this report are pointing at the following priorities:

- (1) expand on the results of the current work to develop a business proposition for Turkish BAs and intermediary organizations (trade associations, sectoral associations, chambers of commerce), so they increase their institutional capacity,
- (2) develop new practices and tools and continue to provide technical support in different crises for all interested businesspeople (leaders), businesses and associations to benefit from and
- (3) in addition to increasing the coping capacity which would benefit in the medium term, focusing on long-term practices on risk reduction.

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