



Survey on Impact of COVID-19 on Enterprises

Report on Results of Second Survey (11-22 May 2020)

TURKONFED



TUSIAD

3 June 2020

Introduction and Methodology

- Business for Goals Platform (B4G) organized an online survey for enterprises on 11-22 May 2020. As a follow-up to the survey of 23-27 March 2020, this is the second one to assess the impact of COVID-19 on enterprises.
- The survey was administered online over the nationwide network of TURKONFED and TUSIAD, founders of Business for Goals Platform.
- A total of 619 enterprises that participated in the survey responded to 26 questions about the impact of COVID-19 Crisis on enterprises, their prediction about evolution of the crisis and the kind of measures they need.
- Among the respondents, 30% are micro-, 30% small-, 23% medium- and 17% large-scale enterprises. The same questionnaire was administered to Syrian-owned enterprises through the United Nations Development Programme (UNDP) which elicited responses from 32 enterprises.
- As the survey relies on convenience sampling, derived generalizations need to be interpreted as revealing patterns, not as representative.
- Some of the questions also asked in March survey are given by the relevant tables. To allow a sounder comparison, March responses were weighted by enterprise scale and sector against May distribution, and provided comparatively in summary findings.

Part 1: Impact of COVID-19 Crisis on Enterprises (Damage Control)

- The rate of enterprises which fully stopped operations dropped from March to May, and 39% of enterprises reduced their operations. In March, 31% of enterprises reported full-stop against 22% in May survey. 27% continued at same level whereas 12% increased operations.
- The impact of crisis on enterprises went down, though only slightly, from March to May. 85% of enterprises reported adverse impact in March, whereas 78% did so in May. The hardest hit were micro enterprises at 69% whereas the rate was 31% for large ones.
- While enterprises in general experienced loss in business volume, 53% lost business volume by more than half. Regionally, top losses in sales were 90% in East Anatolia, Southeast Anatolia and Black Sea, followed by 86% in Istanbul.
- Half of the enterprises have difficulty in procuring inputs for their products and services.
- Half of the enterprises have difficulty in payments, with 17% in serious difficulty. 48% of those in Accommodation and Food Service reported serious difficulty, whereas only 7% in Manufacturing Industry did so.
- 33% of micro enterprises reported serious difficulty in payments whereas only 2% of large enterprises did so.
- 76% of respondents reported no change in workforce. A large majority of enterprises which reported more than 50% reduction in workforce were micro- and small-scale enterprises.
- 48% of enterprises reported that their working capital could carry them forward at most three months if COVID-19 Crisis continued. 22% reported insufficient working capital or would suffice for one month at most .
- Syrian-owned enterprises were hit harder by the crisis. 38% of Syrian-owned enterprises reported full-stop of operations in May. The rate is 30% for micro- and small-scale enterprises and 22% for all scales across Turkey.

Summary of findings (2) *(Assessment for the period covering 11-22 May 2020)*

Part 2: Adaptation Strategies and State Aids

- 64% of enterprises deferred new investments and growth plans. About half received state aids, and 47% obtained new loans or restructured existing ones.
- 44% of respondents received aid for short-time working allowance. Such aid penetrated in a short time even through micro enterprises. Accordingly, 51% of small- and medium-scale enterprises and 56% of large enterprises received such aid.
- 41% of enterprises had more than half of their workforce able to telework.
- COVID-19 Crisis was reported to have higher impact particularly on women workers due to increased domestic responsibilities such as child care, care of ailing family member, hygiene and food safety. 34% of enterprises reported that circumstances brought on by COVID-19 Crisis affected women more adversely than it did men. Such perception was more pronounced in enterprises with women managers.
- More than 70% of enterprises took basic physical measures. There is need to build capacity in identifying potentially infected persons, imposing max capacity limits etc.
- Diversifying sales channels and starting e-commerce will be leading strategies for enterprises to cope with the crisis.

Part 3: Future Projections, Needs and Intervention Priorities

- Recovery projections of enterprises have change significantly since March. Those which thought the crisis would impact 2021 and beyond increased from 11% in March to 48% in May.
- Enterprises, by their current risk perception, view this crisis as a crisis of domestic and foreign demand, rather than a financial one. Low domestic and foreign demand (contraction in export markets) stood out as areas of risk.
- 51% of micro- and small-scale enterprises are not prepared against a second wave. For Syrian-owned enterprises, the rate is 78%.
- 62% of enterprises need postponement of mandatory payments. 38% of enterprises need short-term working capital infusion.
- 68% of enterprises think their sectors will significantly change after COVID-19 pandemic. A larger part of small-scale enterprises think so.

Scope of survey: Issues inquired with enterprises

Part 1: Impact on Enterprises (Damage Control)

1. Enterprise operational status as of May 2020
2. Impact level of COVID-19 Crisis on enterprise
3. Change in sales in March and April compared to previous year
4. Disruptions in supply chains and associated impact
5. Difficulties in paying mandatory expenses e.g. wages, taxes, rents and bills
6. Capacity to pay
7. Enterprise solvency if COVID-19 Crisis continues
8. Change in workforce size due to COVID-19 Crisis

Part 2: Adaptation Strategies and State Aids

1. Financial measures introduced to alleviate the impact of crisis and direct or indirect aid from institutions
2. Filing and outcome of application for aid for short-time working allowance
3. Telework experience; Ratio of employees able to telework
4. Adaptive difficulties of employees (disaggregated by gender) to new working conditions
5. Physical measures introduced to alleviate the impact of crisis
6. Strategies contemplated for implementation during the crisis
7. Trends of engaging in e-commerce

Part 3: Future Projections, Needs and Intervention Priorities

1. Predictions on likely time of recovery
2. Debts in foreign exchange and risk assessment for May-September 2020
3. Preparedness for a second wave of COVID-19
4. State aids needed
5. Consulting services needed
6. Expectations of change in sector in post-COVID-19 environment
7. Status of Syrian-owned enterprises

Questions for describing enterprises

1. Sector
2. City/region
3. Year founded
4. Scale / workforce size
5. Ratio of women employees
6. Ratio of women managers
7. Clientele (B2B-B2C-Public)
8. Foreign trade engagement status
9. Digitalisation level (broadband, cloud subscription, digital payment)
10. Syrian-owned enterprises

Descriptive features of respondent enterprises (1)

- Enterprises in various sectors in 47 provinces assessed the impact of COVID-19 Crisis in response to an online survey administered by Business for Goals Platform on 11-22 May 2020.
- A total of 619 enterprises participated in the survey. While most regions of Turkey were represented, 29% of 619 respondents were from Istanbul, 29% Aegean, 15% Marmara (excl. Istanbul), and 10% Mediterranean. **(Figure 1)**
- Respondents mostly included micro enterprises and SMEs. Among the respondents, 30% are micro-, 30% small-, 23% medium- and 17% large-scale enterprises. **(Figure 2)**
- 37% of the respondents operate in Manufacturing Industry, 11% in Wholesale and Retail Trade, 11% in Construction and 33% collectively in Education, Healthcare, Finance etc. services. **(Figure 3a)**
- By Manufacturing Industry subsectors, participation is rather diverse. 14% respondents operate in Non-Metallic Mineral Manufacturing, and 13% in each of Machinery and Equipment, Textiles and Apparel, and Metal Manufacturing. 65% of respondents in Manufacturing Industry are in 5 subsectors at similar ratios. **(Figure 3b)**
- Compared to the previous survey, a higher number of respondents to the present survey are in Manufacturing Industry, and large enterprises make up a larger part. For regional distribution, Istanbul and Aegean have higher concentration of respondents.

Figure 1: Distribution by region

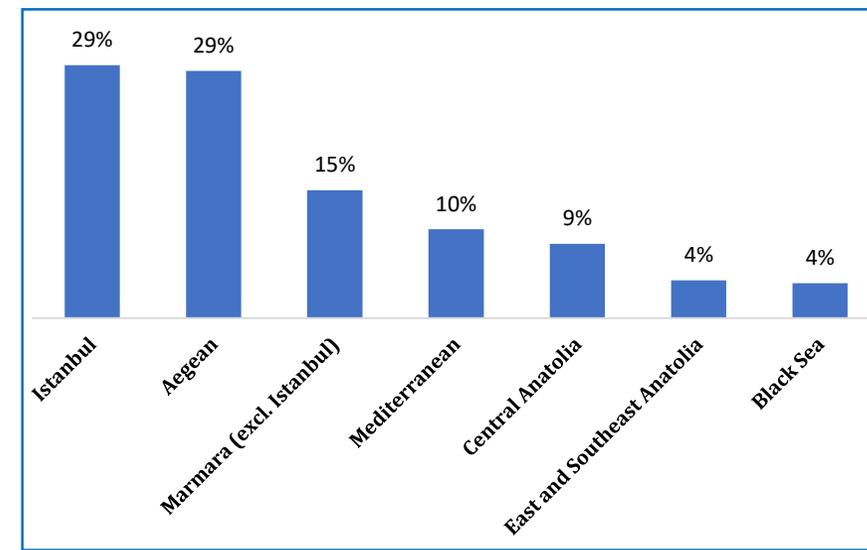


Figure 2: Distribution by enterprise scale (workforce)

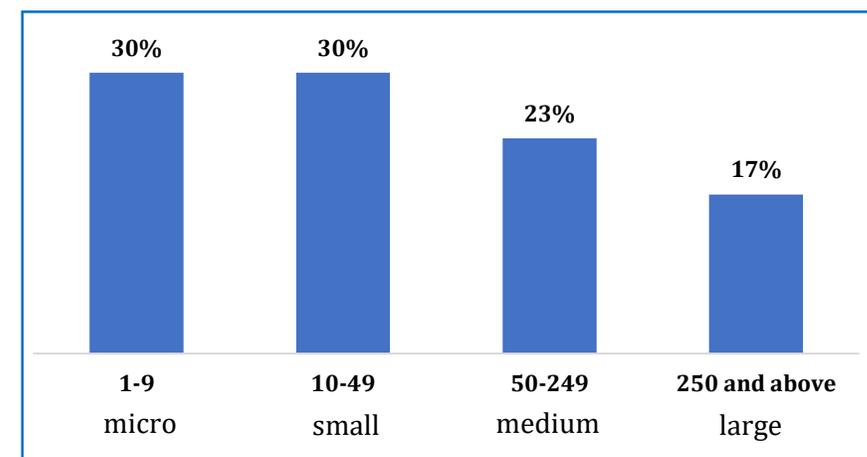


Figure 3a: Distribution by sector

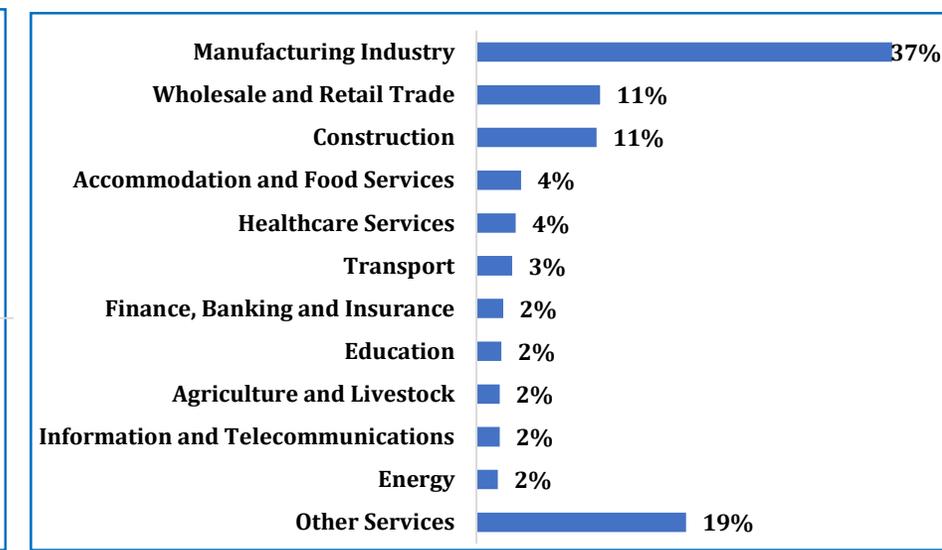
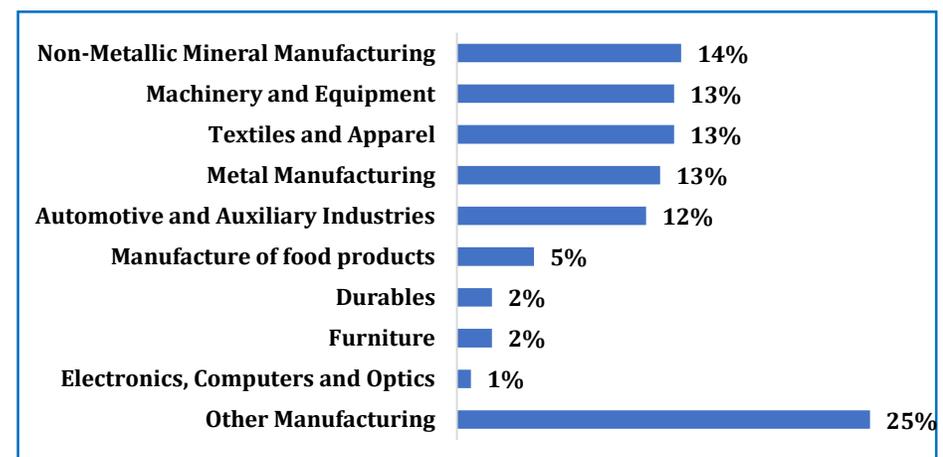


Figure 3b: Manufacturing Industry – subsectors



Descriptive features of respondent enterprises (2)

A number of descriptive questions were asked to capture how various segments of enterprises were affected by COVID-19. Accordingly:

- Of respondent enterprises, 27% have women more than half of workforce. Overall, women's ratio ranges from 10 to 50%. **(Figure 4)**
- Of 619 enterprises, 36% have women equal to or more than men in senior management. Those with more than half make up 14% of the sample. 48% of such enterprises are micro. **(Figure 5)**
- 54% of enterprises are at least 20 years of age. The oldest was founded in 1912, and those founded in the past decade make up 21% of respondents. 13% were founded in the past 5 years.
- As for clientele, 62% define their customers as other enterprises (B2B), 30% as consumers (B2C), and 8% public (B2G).
- Of 619 enterprises, 43% engage in neither import nor export, and 35% engage in both.
- A large majority of enterprises reported having high-speed internet infrastructure. 44% had subscribed cloud systems, and 40% had digital payment infrastructure such as virtual POS.

Figure 4: Distribution by ratio of women employees

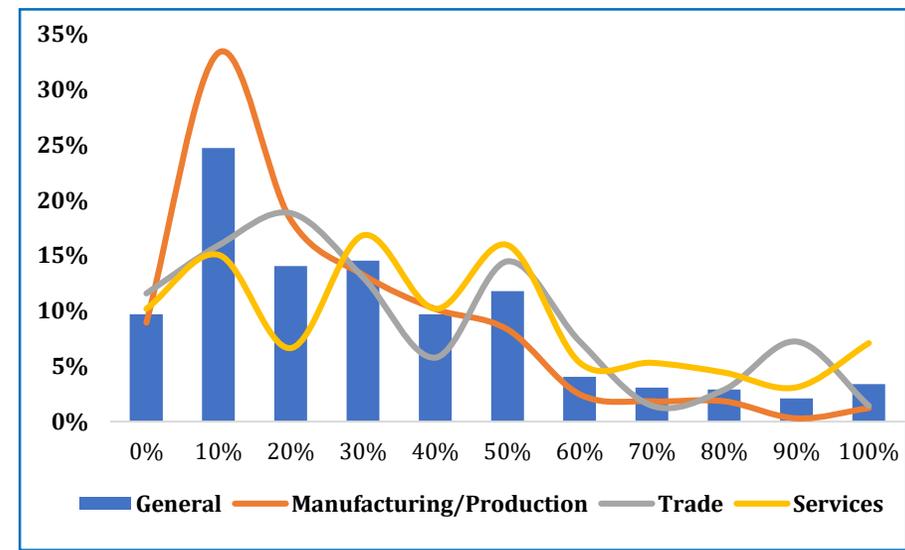
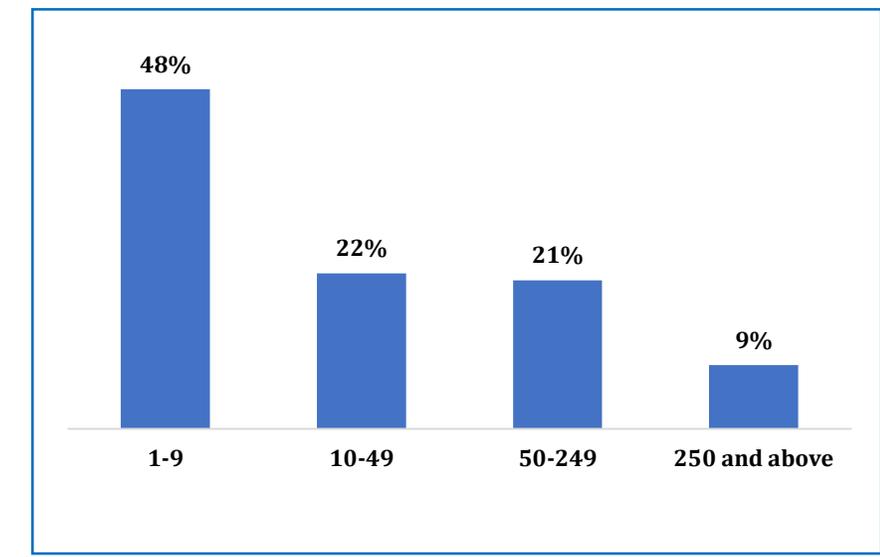


Figure 5: Distribution of enterprises with women majority in senior management by scale



By year founded

54% 1912-2000
25% 2001-2010
21% 2011-2020
13% in last 5 years

By clientele

62% B2B – Enterprises
30% B2C – Consumers
8% B2G – Public

By foreign trade engagement

43% neither import nor export
35% both import or export
16% export
6% import

By digitalisation

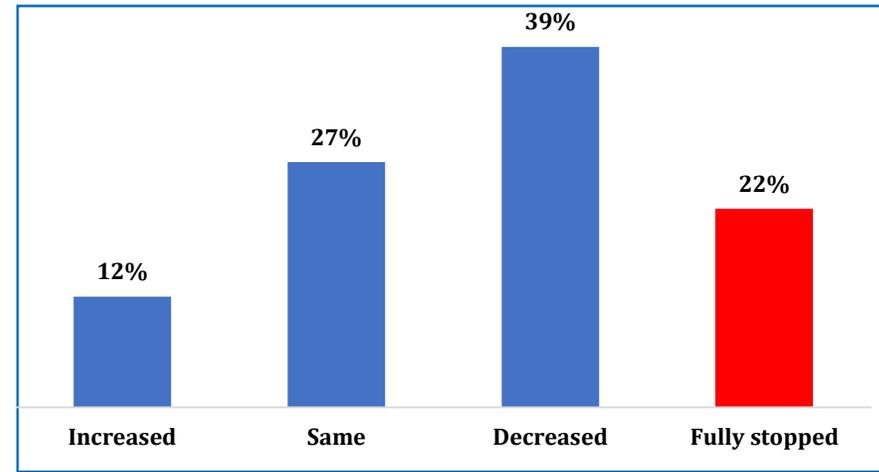
93% high-speed internet
44% cloud systems
40% digital payment infrastructure.

Part 1:
Impact of COVID-19 Crisis on Enterprises
(Damage Control)

The rate of enterprises which fully stopped operations dropped from March to May, and 39% of enterprises reduced their operations.

- 61% of respondents stopped or reduced their operations.
- In March, 31% of enterprises reported full-stop against 22% in May survey. 38% of respondents reduced operations, 27% continued at same level whereas 12% increased operations. **(Figure 6)**
- Micro- and small-scale enterprises fared worse than medium- and large-scale enterprises in terms of stopping operations. 35% of micro- and 24% of small-scale enterprises stopped operations. **(Figure 7)**
- Other Regions* consisting of underdeveloped regions appeared to have the highest rate of operational stoppage. 28% of enterprises in these regions reported full-stop of operations. Istanbul at 22% is at national average. **(Figure 8)**
- Operational stop rates by sector is led by Accommodation and Food Service at 72%, Education 50% and Construction 27%. 30% Businesses selling to consumers (B2C) were more adversely affected.

Figure 6: Operational status of enterprises compared to April



Operational status by clientele

30% B2C - Consumers

20% B2G - Public

18% B2B - Other enterprises

Fully stopped their operations in May.

Figure 7: Fully-stopped enterprises by scale

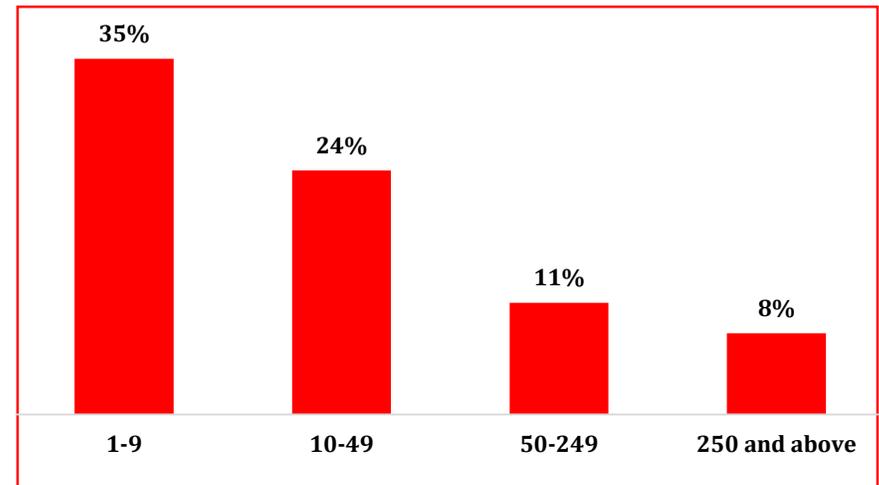
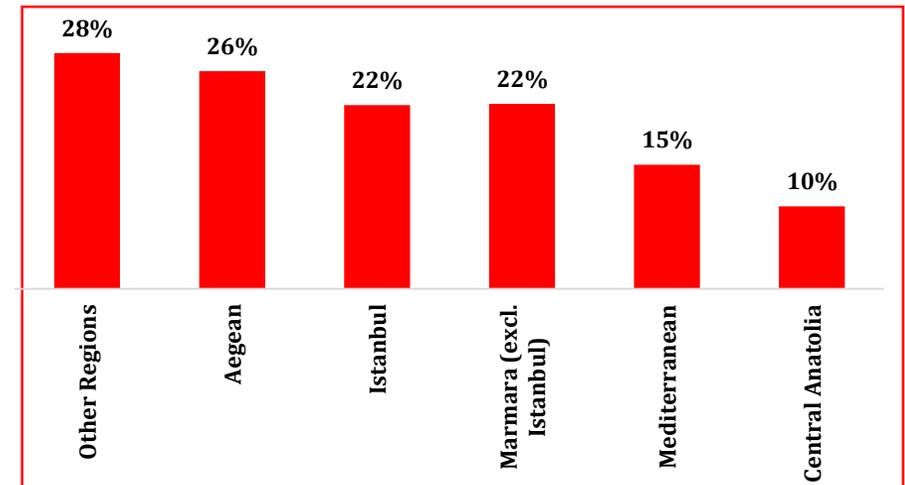


Figure 8: Fully-stopped enterprises by region*



* As East Anatolia, Southeast Anatolia and Black Sea did not individually have sufficient observations, they were lumped together as 'Other Regions'.

The impact of crisis on enterprises went down, though only slightly, from March to May. 86% of enterprises reported adverse impact in March, whereas 78% did so in May.

- The rate of enterprises substantially impacted by COVID-19 Crisis was smaller in May (50%) than in March (61%). **(Figure 9)**
- The nationwide rate was 50% for enterprises substantially impacted, 57% in Aegean and 49% in Marmara, and with the lowest rate in Central Anatolia (37%). **(Figure 10)**
- Enterprise scale in terms of workforce size is inversely related to the impact from COVID-19 Crisis. Micro enterprises had the highest rate of substantial impact at 69% whereas the rate was 31% for large-scale ones. **(Figure 11)**
- March survey in contrast showed that 78% of micro enterprises and 54% of large-scale ones were substantially impacted.

Figure 9: March* and May surveys: To what extent has COVID-19 Crisis impacted your enterprise

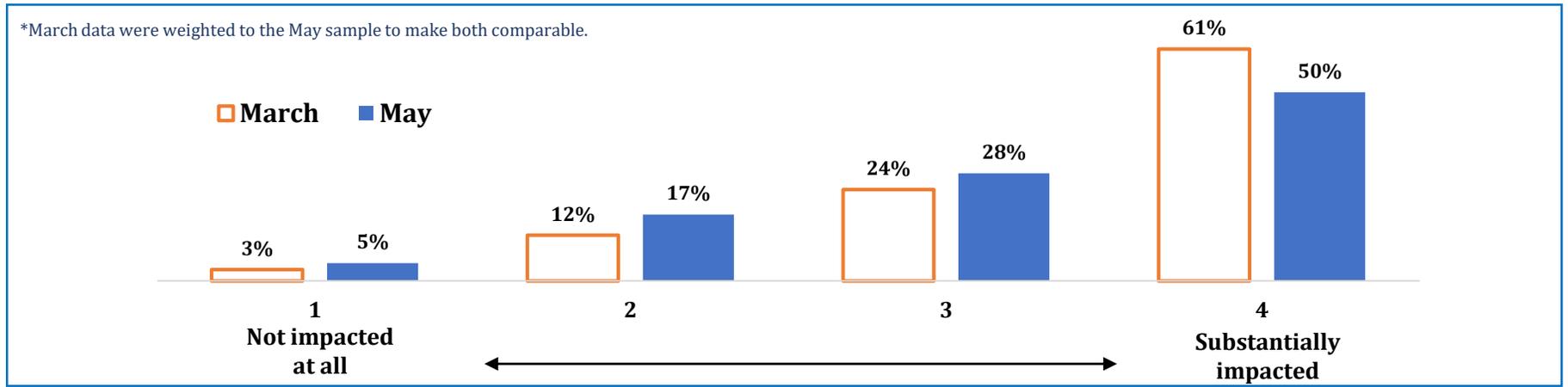


Figure 10: Enterprises substantially impacted by COVID-19 Crisis by region

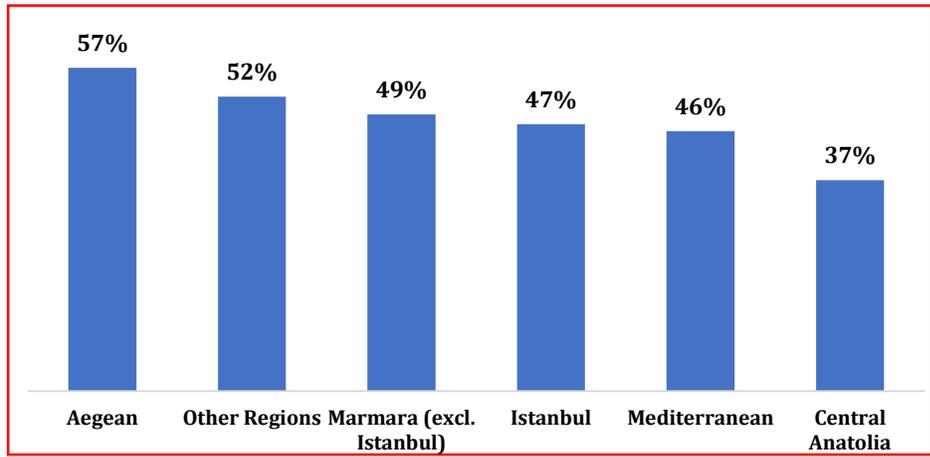
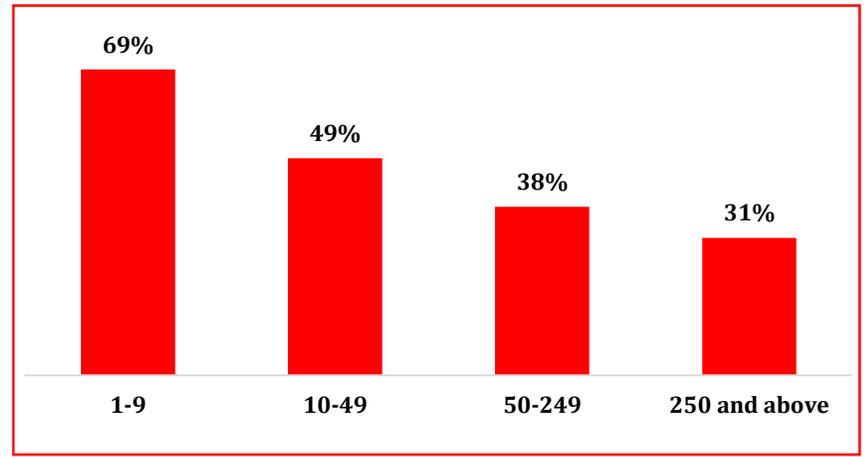


Figure 11: Enterprises substantially impacted by COVID-19 Crisis by scale



While enterprises in general experienced loss in business volume, 54% lost business volume by more than half.

- 82% of respondent enterprises reported shrinking business volume in March and April compared to same months previous year. **(Figure 12)**
- 66% of enterprises with shrinking business volume had shrinkage by 50% or higher. This rate was about same in March survey. **(Figure 13)**
- Of 7% which reported growing business volume, 81% had growth by less than 50%. **(Figure 14)**
- The top loss in business volume occurred at 90% in Other Regions* consisting of regions already with small share in GDP, followed 86% in Istanbul.
- By enterprise scale, 89% of small-scale enterprises reported shrinking business volume, whereas 75% of medium- and large-scale enterprises did so.
- 89% of enterprises with consumers as prime clientele (B2C) reported shrinking business volume, whereas 79% of those with other businesses (B2B) did so.
- Similar difference occurred by foreign trade engagement. 86% of enterprises not engaging in foreign trade reported shrinking business volume, whereas 79% of those engaging in foreign trade did so.

Figure 12: How did your business volume in March and April change on a year-on-year basis?

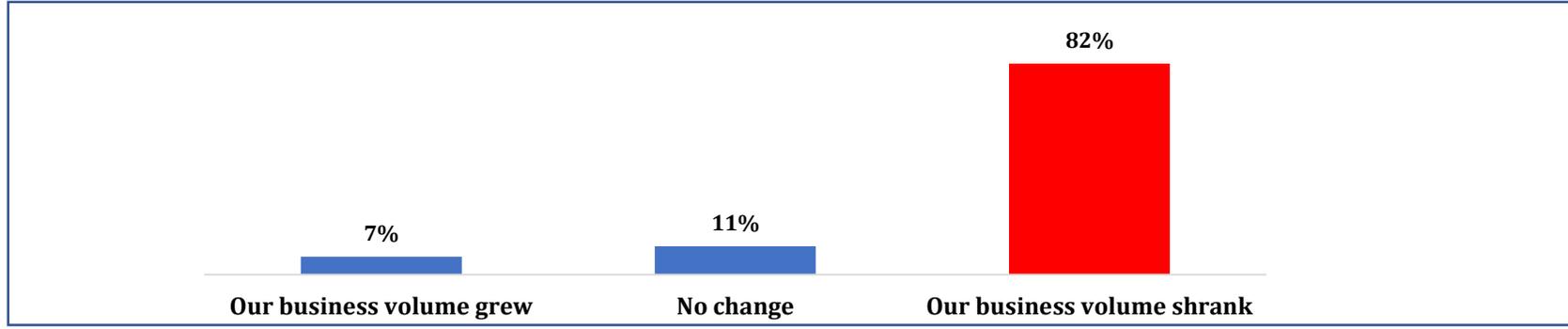
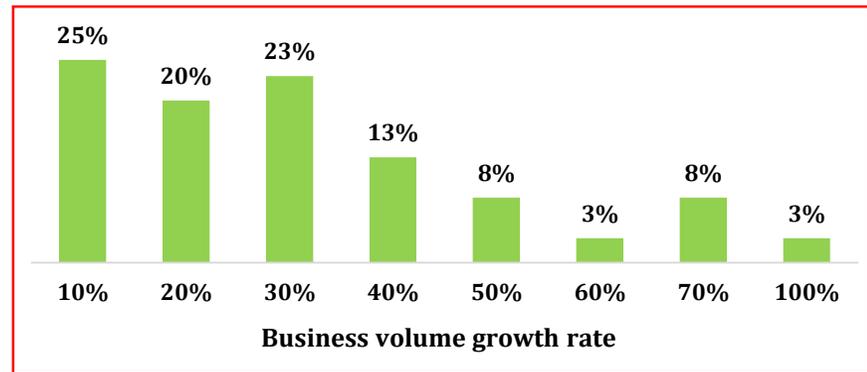
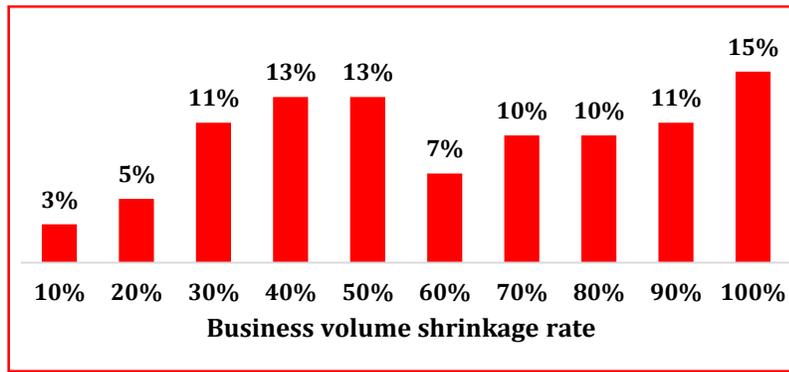


Figure 13: If your business volume shrank, how much? Figure 14: If your business volume grew, how much?



Rate of enterprises with shrinking business volume by various categorisation

By region	By enterprise scale	By clientele	By foreign trade engagement
90% Other Regions	89% Small	89% B2C (Consumers)	86% not engaging in foreign trade
86% Istanbul	87% Micro	79% B2B (Enterprises)	79% engaging in foreign trade
84% Central Anatolia	75% Medium and Large	78% B2G (Public)	

* As East Anatolia, Southeast Anatolia and Black Sea did not individually have sufficient observations, they were lumped together as 'Other Regions'.

Half of enterprises have difficulty in procurement.

- 82% of March respondents thought their supply chains would be negatively impacted, whereas 47% of May respondents reported difficulties in supply chains. **(Figure 15)**
- 22% May respondents reported serious difficulty in procuring supplies essential for products and services, whereas an equal rate of enterprises reported no difficulty. **(Figure 15)**
- 27% of enterprises in Aegean and 19% of those in Istanbul reported serious difficulty in procurement. **(Figure 17)**
- By enterprise scale, the larger the scale, the smaller is the rate of enterprises having difficulty in supply chains. 33% of micro enterprises had such difficulty, whereas 10% of large scale ones did so. **(Figure 18)**
- Respondents thought that future disruptions in supply chains might be caused substantially by financing and payment problems. **(Figure 16)**

Figure 15: March survey: «How much do you think your supply chains will be impacted?», May survey: «Are you having difficulty in obtaining supplies essential for your products and services?»

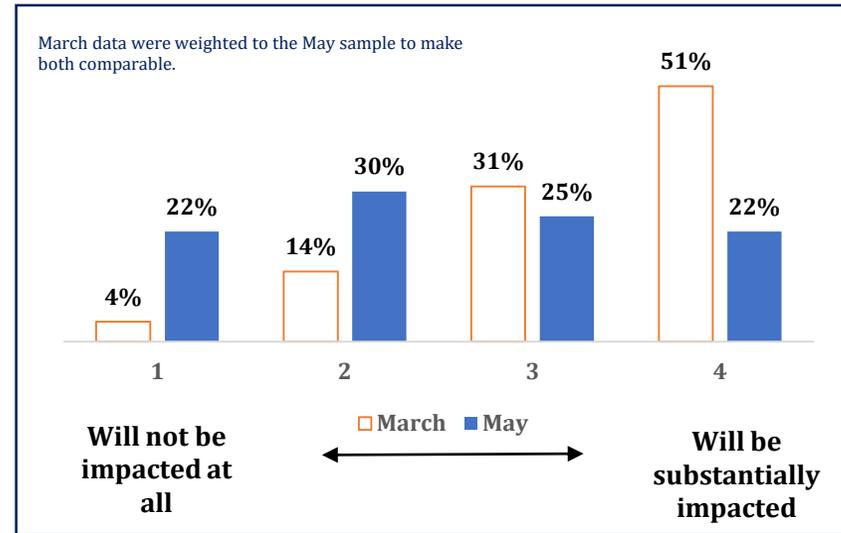


Figure 16: Do you think your supply chain will be impacted negatively in the future? Which factor will most impact your supply negatively?

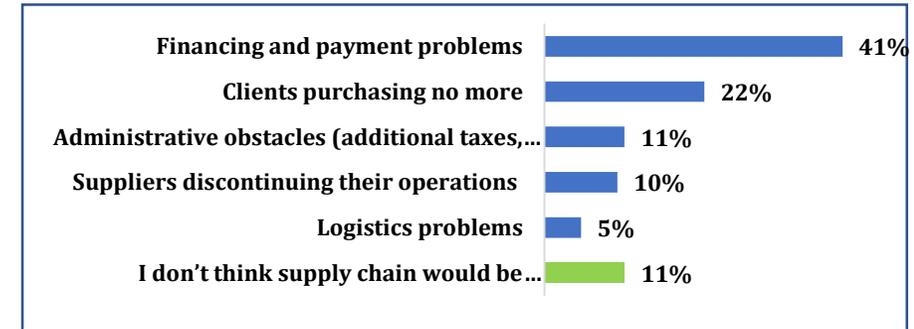


Figure 17: Enterprises having serious difficulty in procuring inputs by region (May)**

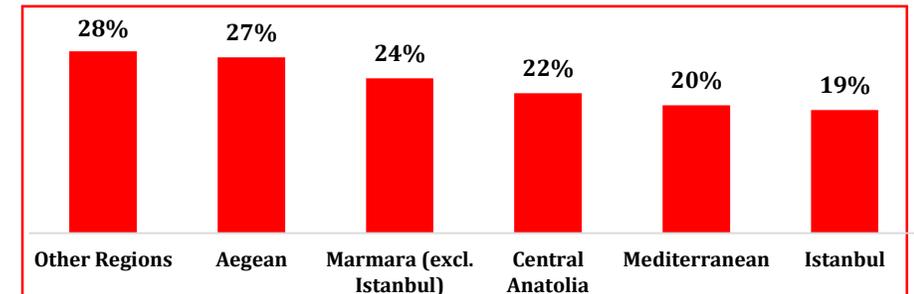
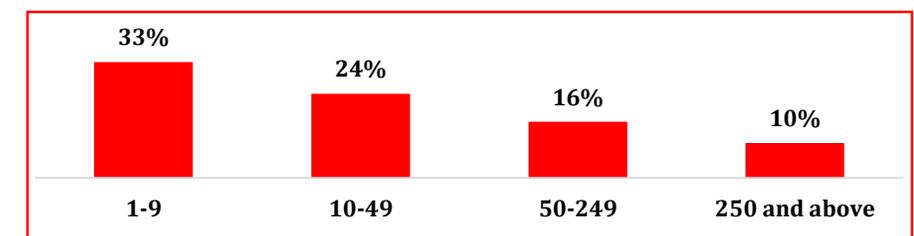


Figure 18: Enterprises having much difficulty in procuring inputs by enterprise scale (May)



* As East Anatolia, Southeast Anatolia and Black Sea did not individually have sufficient observations, they were lumped together as 'Other Regions'.

Half of the enterprises have difficulty in payments, with 17% in serious difficulty. Micro- and small-scale enterprises had more difficulty.

- 17% of enterprises reported serious difficulty in making obligatory payments such as salaries, taxes, rent, utilities, whereas %29 reported no difficulty. **(Figure 19)**
- By enterprise scale, there is significant difference. 33% of micro enterprises reported serious difficulty in payments, whereas 2% of large-scale ones did so. **(Figure 20)**
- By foreign trade engagement, 27% of enterprises not engaging in foreign trade reported serious difficulty in payments, whereas 9% of those engaging in foreign trade did so.
- There is significant difference by sector. 48% of enterprises in Accommodation and Food Service had serious difficulty, whereas 7% of those in Manufacturing Industry did so.
- For enterprises reporting serious difficulty payments by clientele, 25% of enterprises with consumers as prime clientele (B2C) reported serious difficulty, whereas 12% of those with other businesses (B2B) did so.

Figure 19: Are you having problems in making your obligatory payments such as salaries, taxes, rent, utilities etc.?

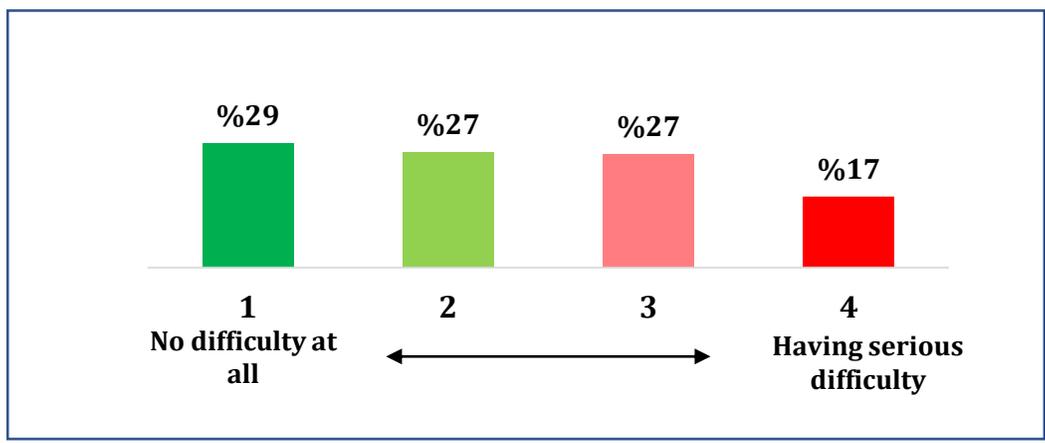
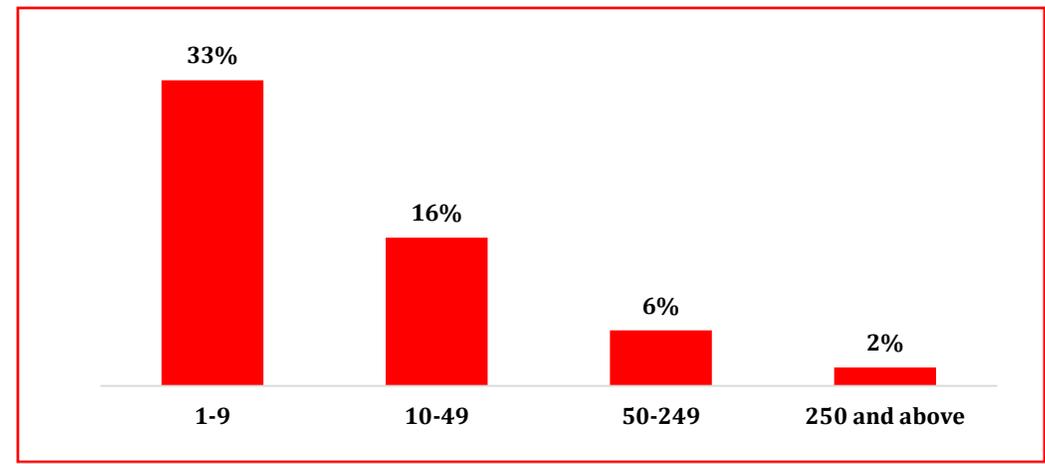


Figure 20: Enterprises having problems in making your obligatory payments such as salaries, taxes, rent, utilities, by enterprise scale



Enterprises having serious difficulty in payments by various categorisation

17% of all enterprises

By foreign trade engagement
 27% not engaging in foreign trade
 9% engaging in foreign trade

By sector
 48% Accommodation and Food Services
 23% Agriculture and Livestock
 7% Manufacturing

By clientele
 25% B2C (Consumers)
 17% B2G (Public)
 12% B2B (Other Enterprises)

About half of enterprises reported sufficient working capital for at most another quarter if COVID-19 Crisis continued

- 48% of enterprises reported that their working capital could carry them forward at most 3 months if COVID-19 Crisis continued. 22% reported insufficient working capital or would suffice for one month at most. **(Figure 21)**
- For enterprises with insufficient working capital or sufficing for one month at most by enterprise scale, 32% of micro enterprises reported their working capital would not suffice in the short-term, whereas only 6% of large-scale ones did so. **(Figure 22)**
- there are significant differences in solvency by various categorisations. 24% of those in Services reported insufficient working capital in the short-term, whereas 19% in Trade did so. 28% of enterprises not engaging in foreign trade enterprises and 18% of those engaging in foreign trade reported the same problem.

Figure 21: How longer will your enterprise’s working capital be sufficient if COVID-19 Crisis is to continue?

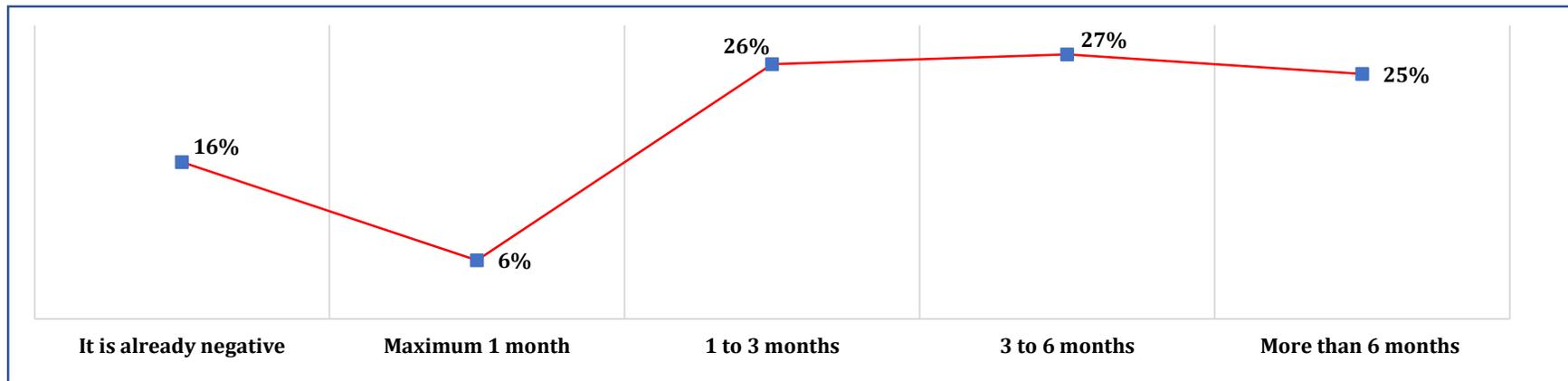
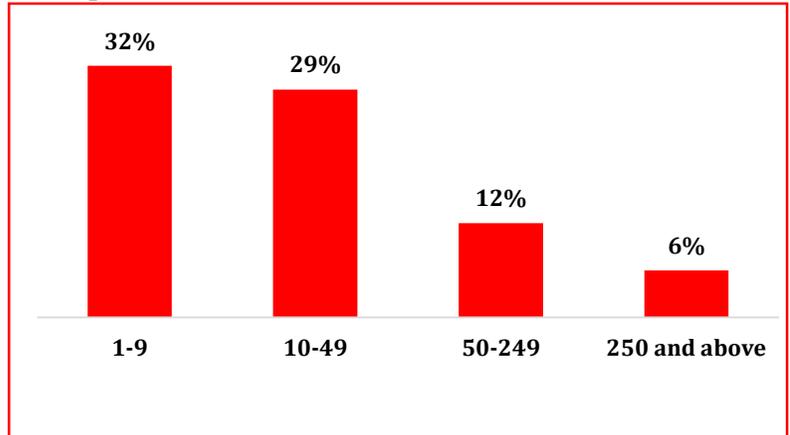


Figure 22: Enterprises with insufficient working capital or sufficing for one month at most, by enterprise scale



Enterprises with insufficient working capital or sufficing for one month at most, by various categorisation

24% Services	24% B2C (Consumers)
21% Manufacturing	22% B2B (Other enterprises)
19% Trade	17% B2G (Public)
28% not engaging in foreign trade	30% Mediterranean
18% engaging in foreign trade	26% Aegean
	16% Istanbul

Micro- and small-scale enterprises constituted the majority of those whose workforce was reduced by more than 50%.

- The impact of employment protection measures was substantially observed in March to May 2020. 76% of respondent enterprises reported no change in workforce size upon COVID-19 Crisis, whereas only 20% reported decrease. **(Figure 23)**
- 5 of the 13 large-scale enterprises which laid off workers laid off 30% of their workforce.
- Services sector led the layoffs by 21% of enterprises, whereas the rate was 14% for those in Trade. **(Figure 25)**
- 25% of enterprises in Marmara (excl. Istanbul) reported decrease in workforce, whereas this rate was 14% in Istanbul. **(Figure 26)**

Figure 23: Did your workforce size change upon COVID-19 Crisis?

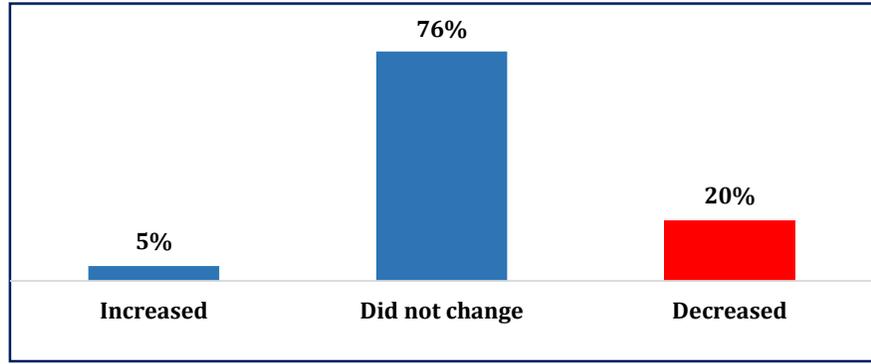


Figure 23a: How much did your workforce size decrease?

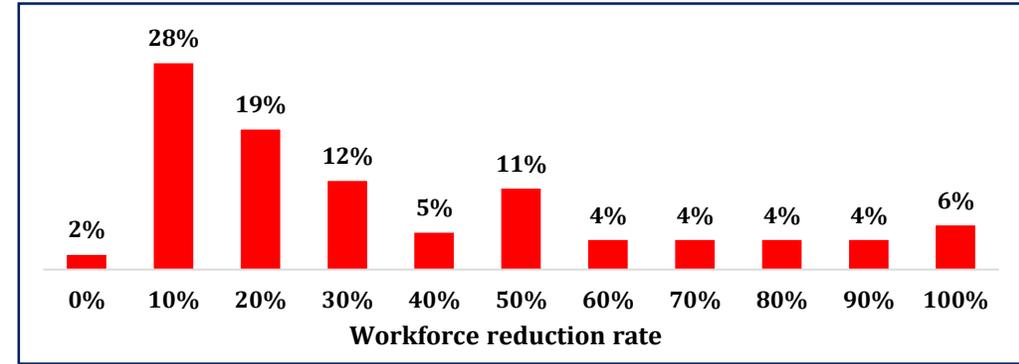


Figure 24: Enterprises with decreasing workforce size by enterprise scale

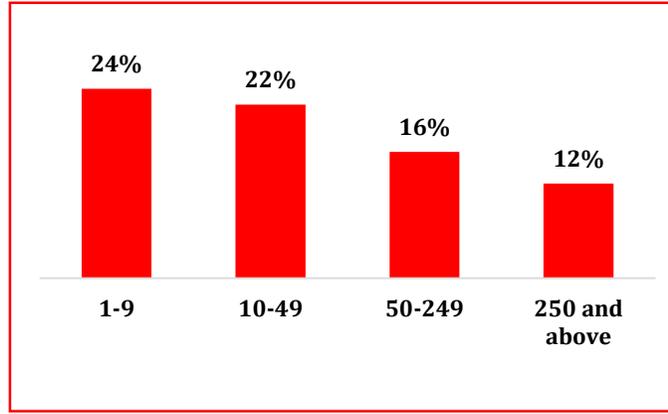


Figure 25: Enterprises with decreasing workforce size by enterprise sector

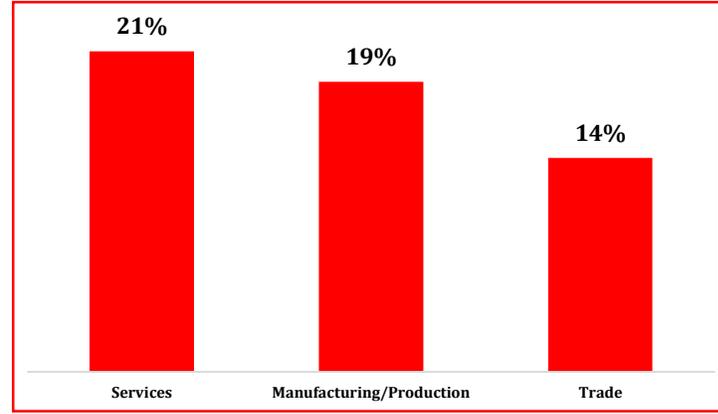
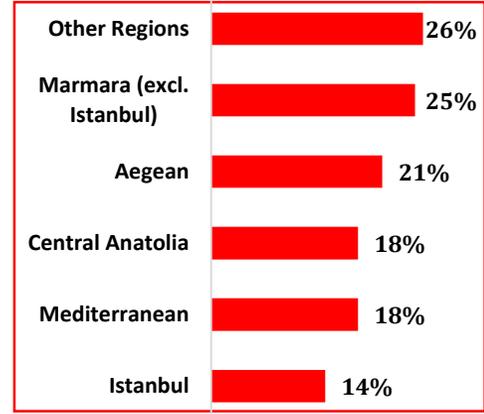


Figure 26: Enterprises with decreasing workforce size by region



* As East Anatolia, Southeast Anatolia and Black Sea did not individually have sufficient observations, they were lumped together as 'Other Regions'.

Part 2: Adaptation Strategies and State Aids

64% of enterprises deferred new investments and growth plans; and 47% obtained new loans or restructured existing ones.

- Enterprises introduced various financial measures to alleviate the impact of the crisis. A large majority (64%) deferred investments and growth plans to alleviate the impact of COVID-19 Crisis. 47% of enterprises obtained new loans or restructured existing ones, 42% reduced costs of input and 26% reduced labour costs. **(Figure 27)**
- 44% of enterprises reported receiving short-time working allowance from the State. 34% reported receiving support from banks and payment institutions. **(Figure 28)**

Figure 27:* What financial measures did your enterprise take to mitigate the impact of COVID-19 Crisis?

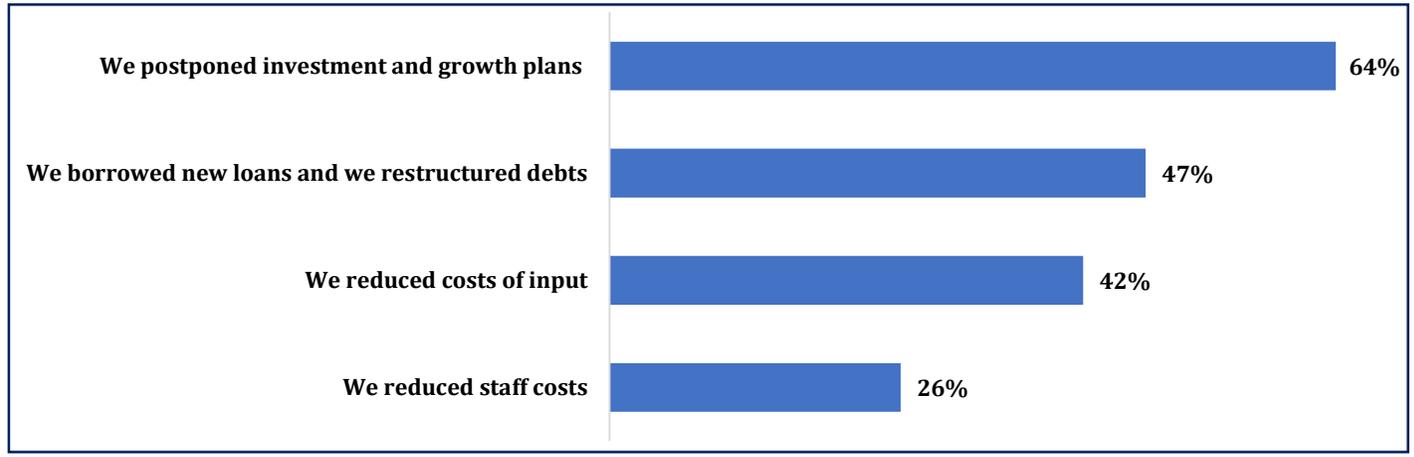
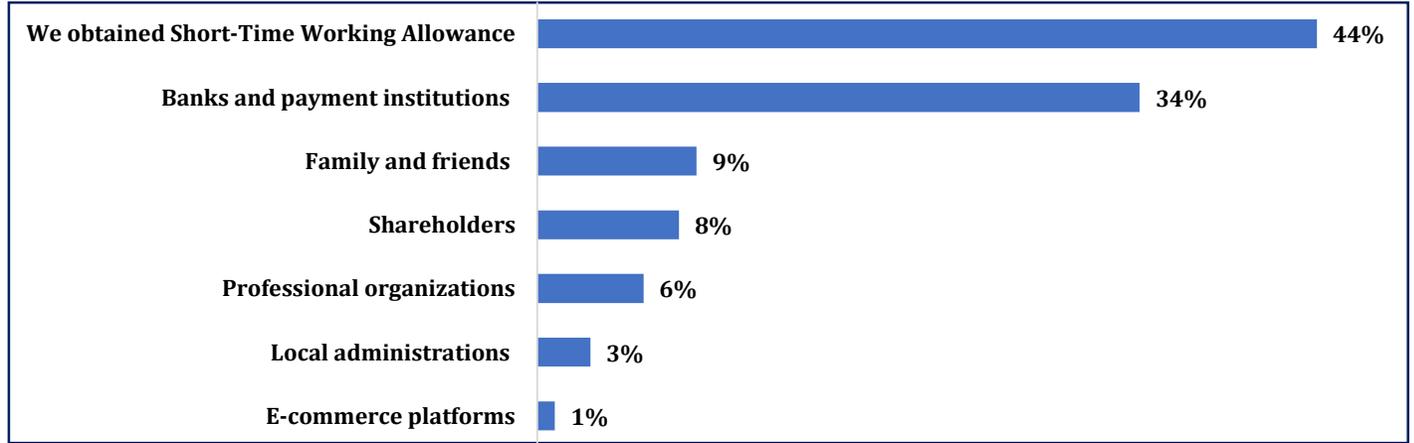


Figure 28:* From which of the following institutions did your enterprise get direct or indirect support (facilitation of business processes, postponement of repayments etc.) to cope with COVID-19 Crisis?



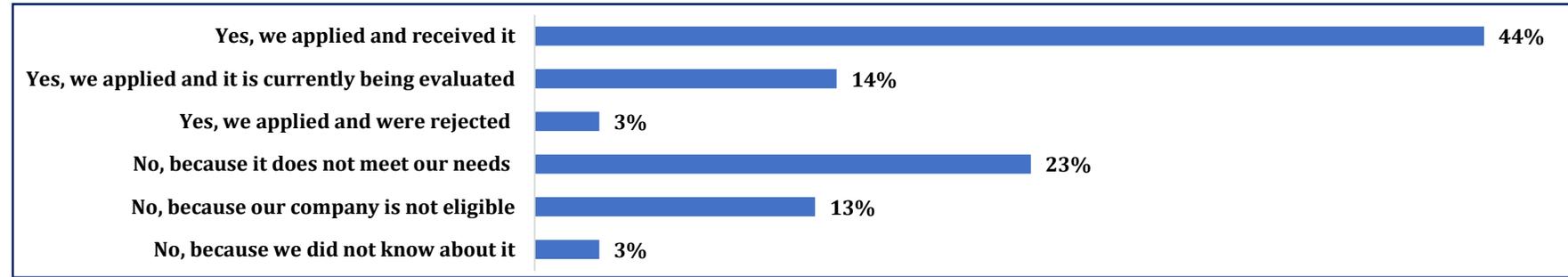
* As more than one choice may be marked, the sum total may exceed 100%..

**It is the combination of two responses about debts, i.e. obtained new loan or restructured existing ones.

44% of respondents received aid for short-time working allowance. Such aid penetrated in a short time even through micro enterprises.

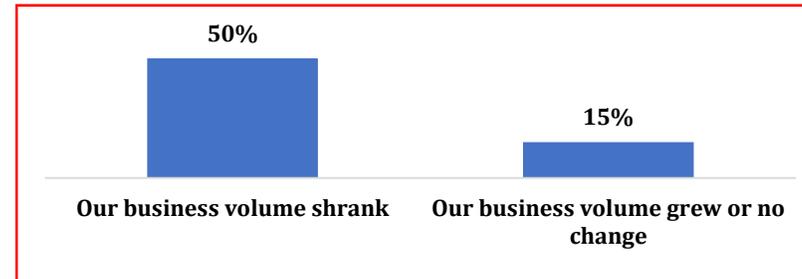
- 61% of enterprises reported filing application for short-time working allowance, whereas the remaining 39% did not file because it would not meet their needs or they would not fulfil the eligibility criteria. Of those which filed application for short-time working allowance, 72% received it, whereas 5% were declined. **(Figure 29)**

Figure 29. Did you apply for Short-Time Working Allowance, and what was the result?



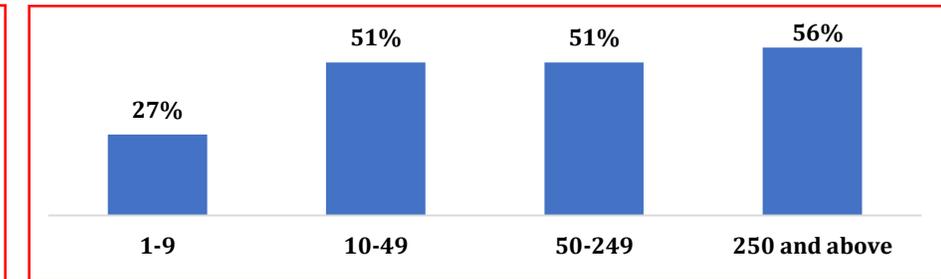
- Considering the change in business volume due to the crisis, those which received short-time working allowance were mostly those in need. 50% of enterprises with shrinking business volume were able to receive this aid. **(Figure 30a)**

Figure 30a: Enterprises obtaining short-time working allowance by change in business volume



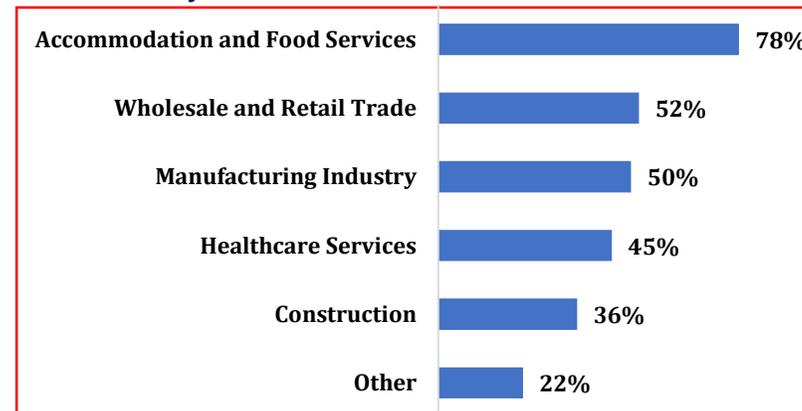
- Short-time working allowance penetrated in a short time even through micro enterprises. 51% of small- and medium-scale enterprises and 56% large-scale enterprises received such aid, whereas the rate was only 27% for micro enterprises. **(Figure 30b)**

Figure 30b: Enterprises obtaining short-time working allowance by enterprise scale



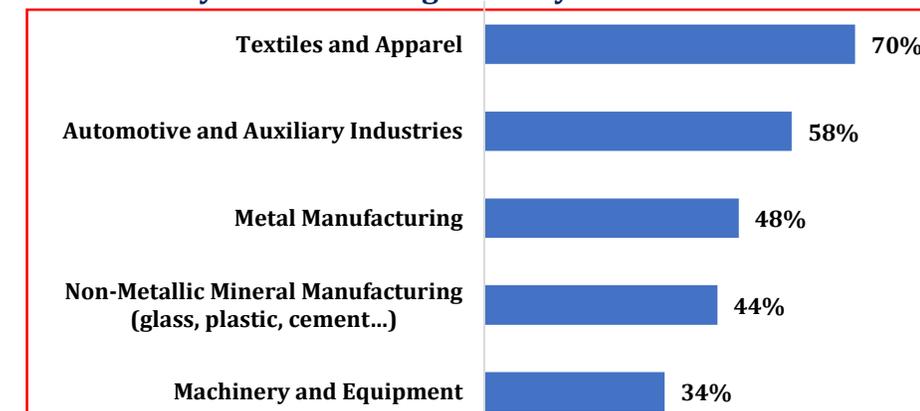
- In Manufacturing Industry, Wholesale and Retail Trade, Accommodation and Food Services, more than 50% of enterprises received short-time working allowance. The rate was 45% for Healthcare and 36% for Construction. **(Figure 30c)**

Figure 30c: Enterprises obtaining short-time working allowance by sector



- For subsectors of the Manufacturing Industry, Textiles and Apparel and Automotive stood out particularly in receipt of such aid. **(Figure 30d)**

Figure 30d: Enterprises obtaining short-time working allowance by Manufacturing Industry subsectors



41% of enterprises had more than half of their workforce able to telework.

- March survey revealed that 50% of respondent enterprises lacked, whereas 40% had, adequate infrastructure and digital means for teleworking. **(Figure 32)**
- 41% of all respondents had more than half of their workforce were teleworking. The rate was 61% in Istanbul, whereas it was as low as 13% in Mediterranean. **(Figure 31a)**
- There is an inverse relation between enterprise scale and teleworking rate. **(Figure 31b)**

Figure 31: What is the percentage of your employees who teleworked through April 2020?

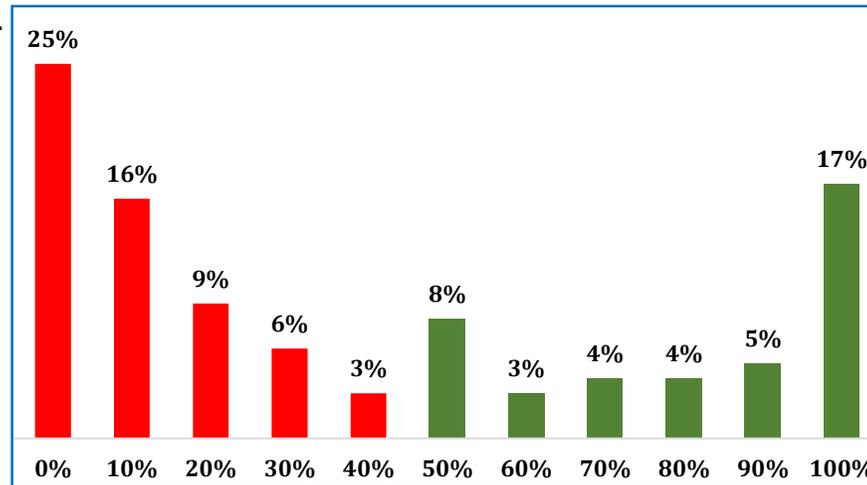


Figure 31a: Enterprises with more than half of workforce teleworking, by region**

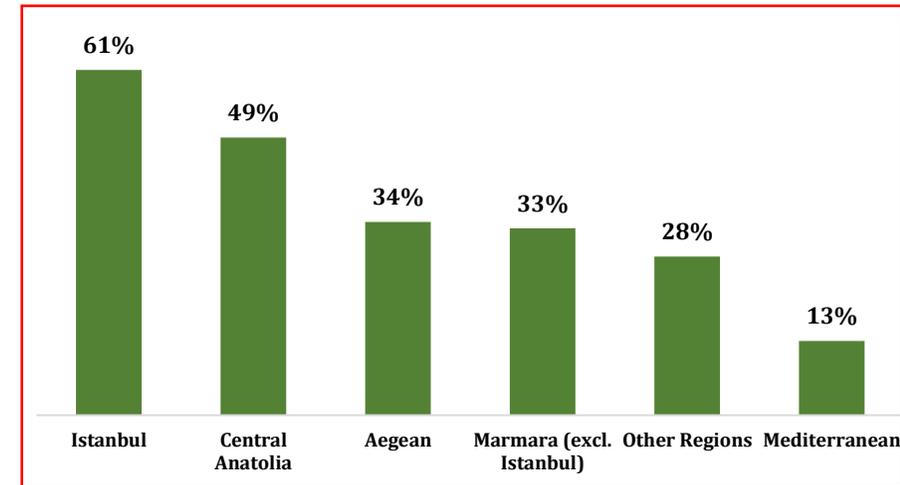
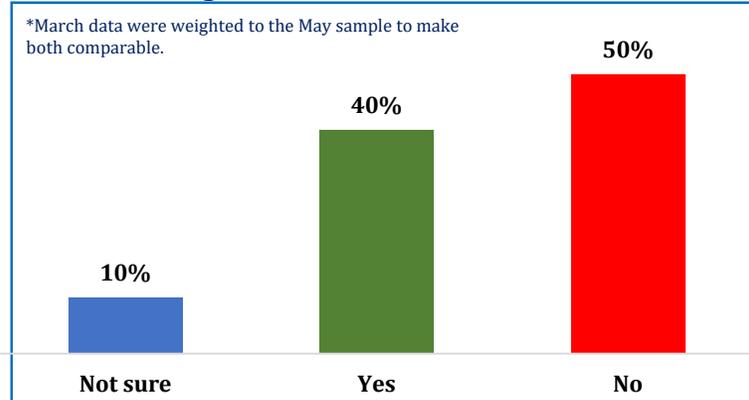


Figure 32: March* survey: «Are infrastructure and digital means of your enterprise adequate for telecommuting?»

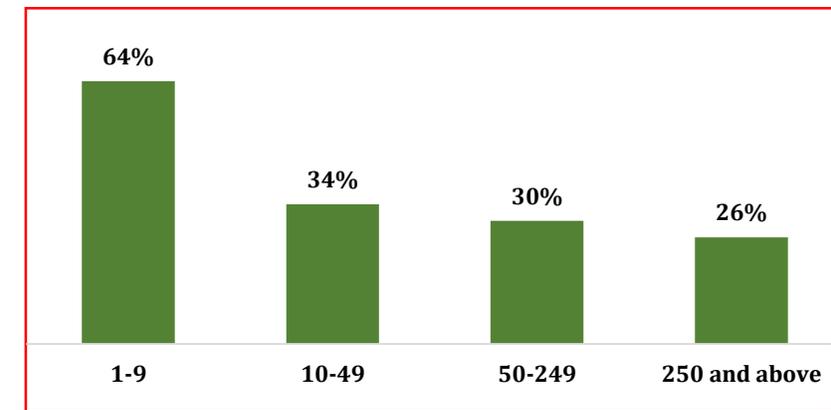


Digitalisation level and telework

More than half of the workforce can telework in 43% of enterprises with advanced digital infrastructure

More than half of the workforce can telework in 30% of enterprises with poor digital infrastructure

Figure 31b: Enterprises with more than half of workforce teleworking, by enterprise scale



**As East Anatolia, Southeast Anatolia and Black Sea did not individually have sufficient observations, they were lumped together.

COVID-19 Crisis was observed to impact women workers more adversely.

- COVID-19 Crisis was reported to have higher impact particularly on women workers due to increased domestic responsibilities such as child care, care of ailing family member, hygiene and food safety. 33% of enterprises reported that their employees have difficulty in carrying out their work due to their growing responsibilities at home resulting from COVID-19 Crisis . **(Figure 33)**
- 34% of enterprises which so reported indicated also that women workers were more adversely affected by the said circumstances, whereas 21% indicated that men were more adversely affected. **(Figure 34)**
- Half of the enterprises with equal numbers of women and men in senior management reported that women were much more affected due to domestic responsibilities. By sector, particularly the women workers in Healthcare faced more difficult conditions. On the other hand, the fact that enterprises with higher ratio of women managers reported higher impact on women might be indicative of gender-sensitive awareness and perspective in such enterprises particularly on work-private life balance and domestic responsibilities. **(Figure 34a, 34b)**
- 70% of enterprises which had difficulty in executing operations introduced such measures as leave, reduced workload and flex-work. **(Figure 35).**

Figure 33: Did your employees have difficulty in carrying out their work due to their growing responsibilities at home resulting from COVID-19 Crisis?

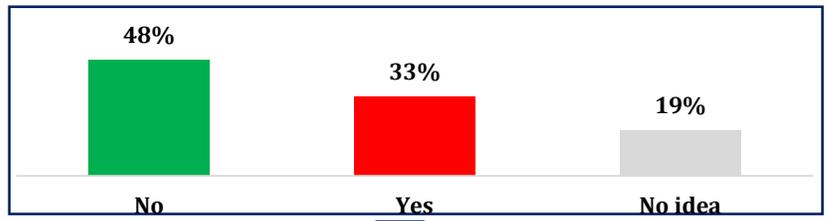


Figure 34: Did women or men have more difficulty?

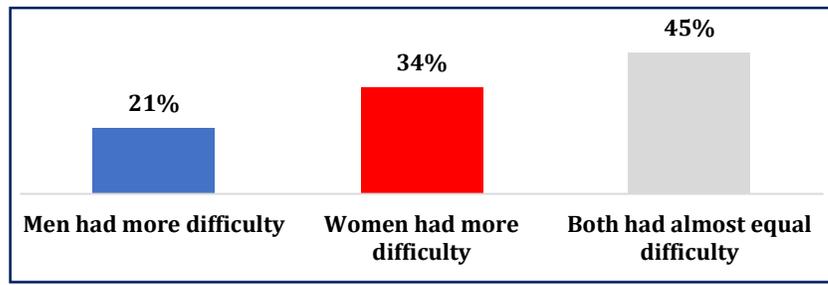
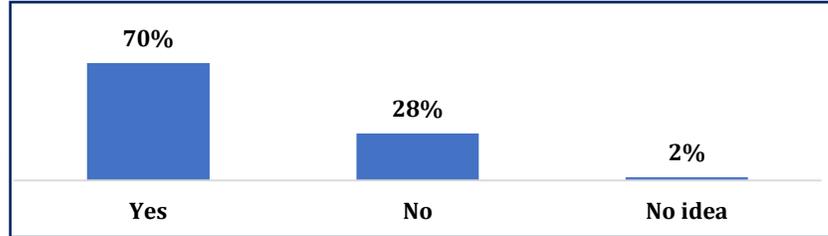
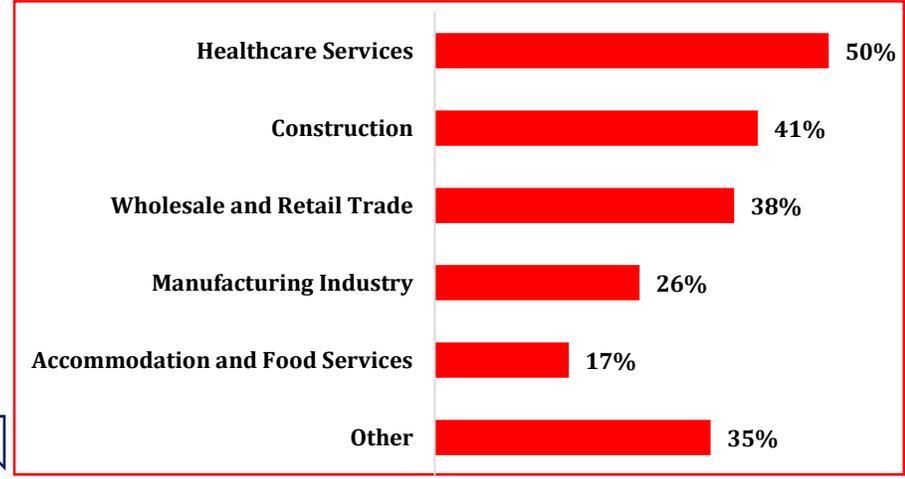


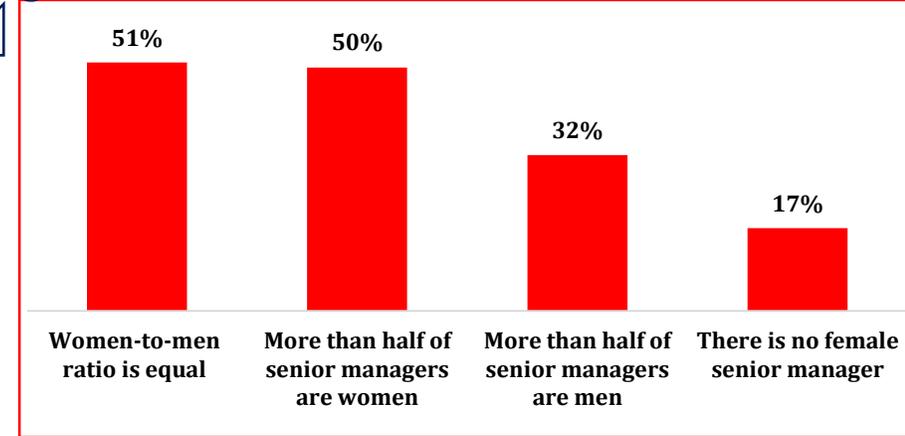
Figure 35: Have you introduced such measures as leave, reduced workload and flex-work?



34a. «Women had more difficulty» by sector

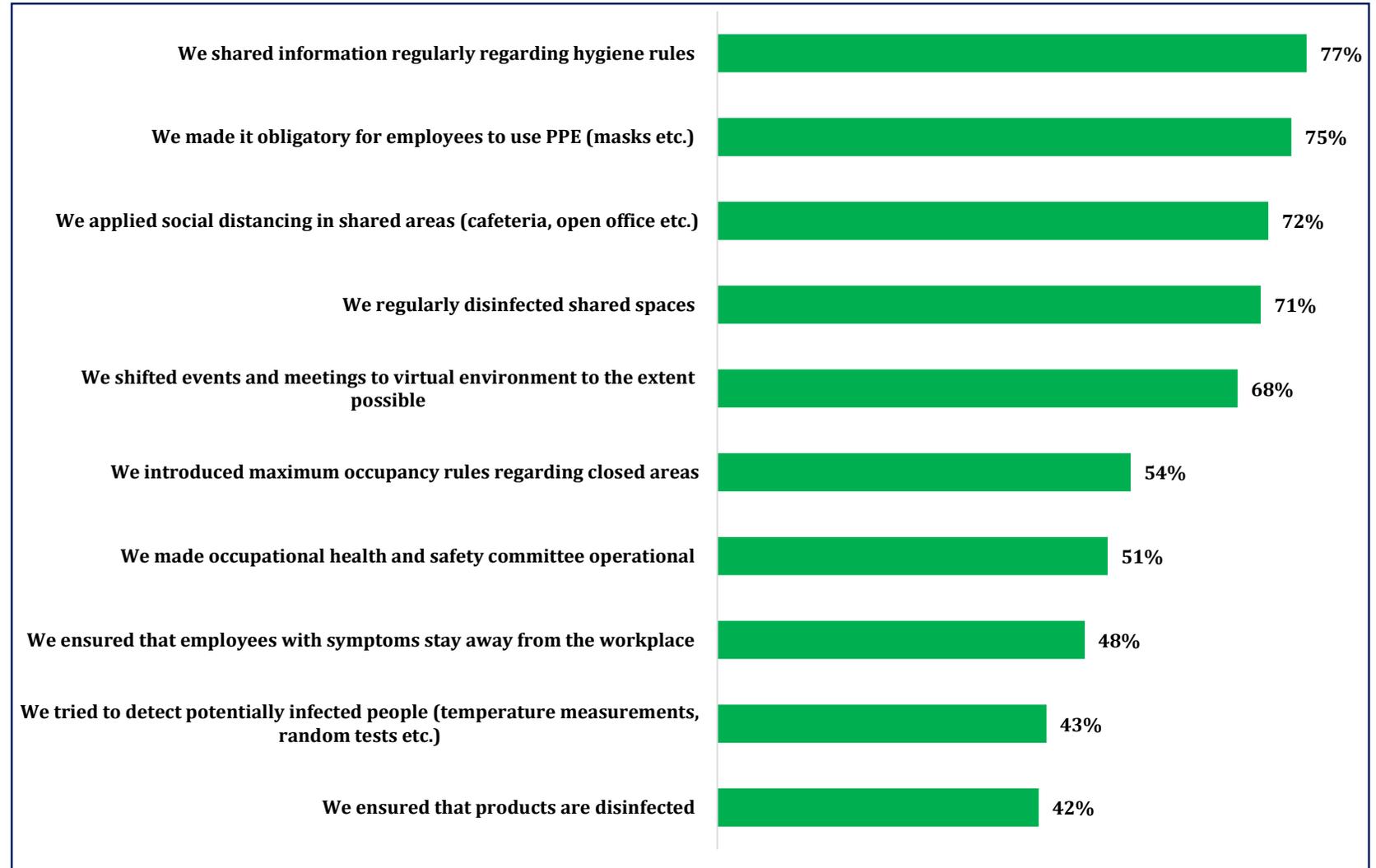


34b. «Women had more difficulty» by senior management gender ratio



More than 70% of enterprises took basic physical measures. They need, however, to step up physical measures to allow return to work.

Figure 36:* Which physical measures did your enterprise take to mitigate the impact of COVID-19 Crisis?



* As more than one choice may be marked, the sum total may exceed 100%..

- In addition to financial measures, about 70% of enterprises made it mandatory for employees to wear protective equipment, provided information on hygiene rules, disinfected common areas, and 68% moved events and meetings to online to the extent possible.
- 51% of enterprises made the occupational health and safety committee more active ; 48% kept symptomatic workers away from workplace; 43% tried to identify potentially infected workers by fever control and testing; and 42% disinfected products.
- On the other hand, the fact that only 40% of enterprises took some of the physical measures that were considered the basic elements of return to work and inquired in the survey, pointed to the need for capacity-building for return to work. It is concluded that capacity needs to be built particularly on identifying potentially infected workers, implementing maximum capacity limits etc. **(Figure 36)**

Diversifying sales channels and starting e-commerce will be leading strategies for enterprises to cope with the crisis in the future.

- When enterprises were asked what they were planning to do during and after COVID-19 Crisis, 58% wanted to diversify sales channels, 34% wanted to strengthening professional networks and building partnerships with other enterprises, and 32% wanted to engage in e-commerce. **(Figure 37)**
- 76% of 619 respondent enterprises reported that they had never engaged in e-commerce to date, and 5% started e-commerce upon the outbreak of COVID-19 Crisis. **(Figure 38)**
- On a closer examination, 40% of enterprises which engaged in e-commerce in Healthcare sector did start such service upon the outbreak of COVID-19 Crisis. This rate was 29% in Construction, 21% in Wholesale and Retail Trade and 18% in Manufacturing Industry. **(Figure 39)**

Figure 37: Which of the following are you planning to do during or after COVID-19 Crisis?

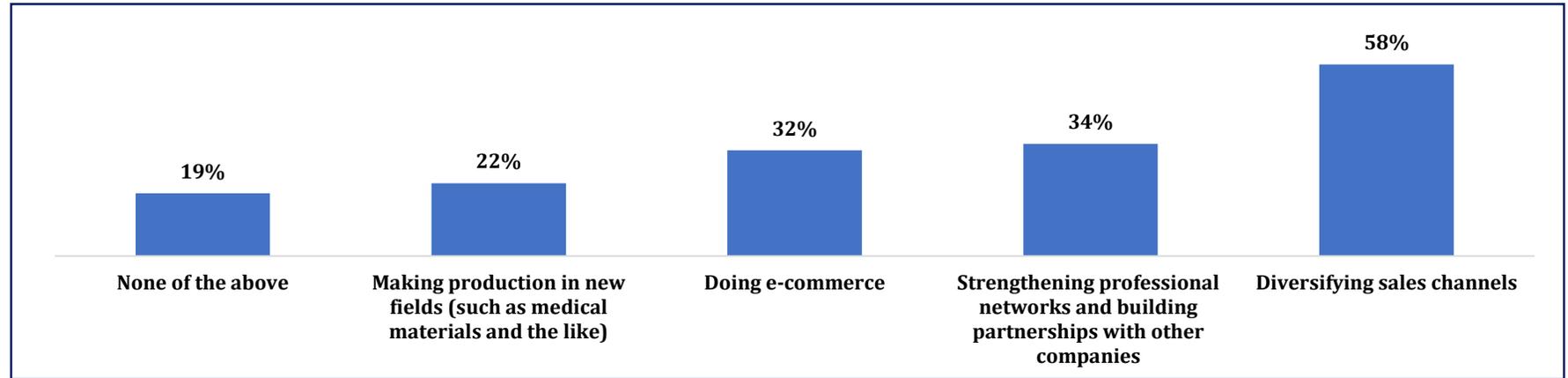


Figure 38: Is your enterprise involved in e-commerce? Did your enterprise start e-commerce before or after COVID-19 Crisis?

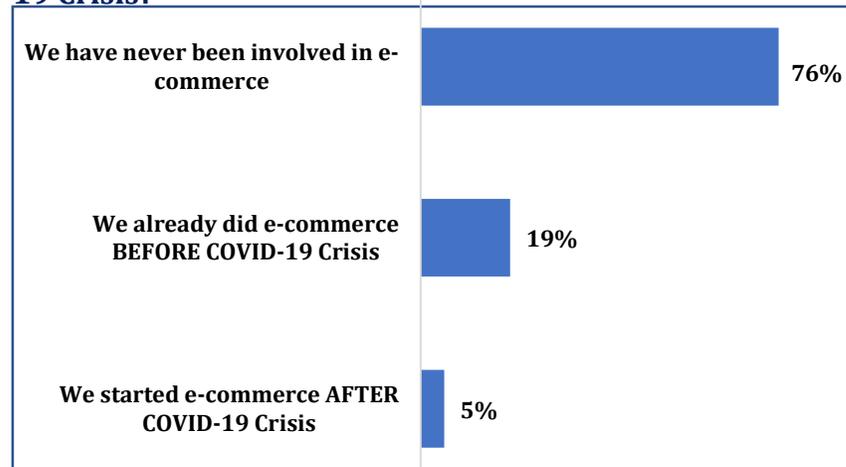
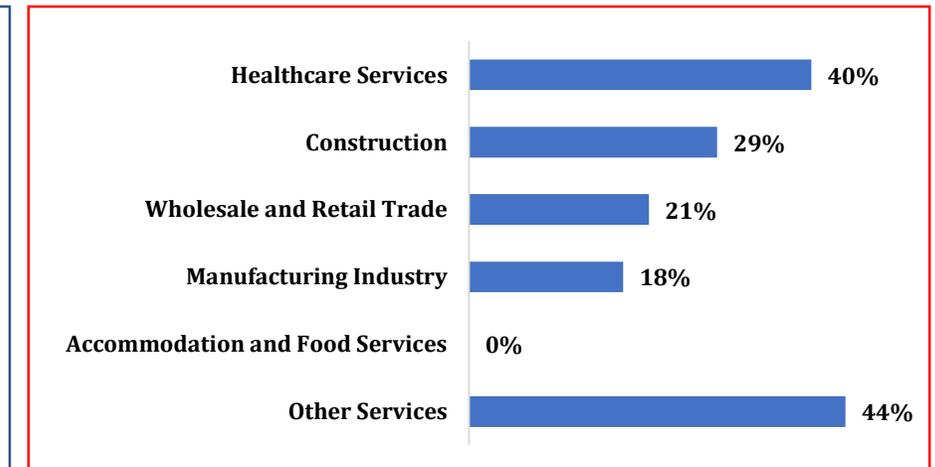


Figure 39: Enterprises starting e-commerce AFTER the outbreak of COVID-19 Crisis, by sector



Part 3: Future Projections, Needs and Intervention Priorities

Recovery projections of enterprises have change significantly since March, from an expectation of rapid recovery to a slow one.

- The responses in March survey on how long the impact of COVID-19 Crisis would bear on enterprises revealed a general perception that there would be steep decline followed by recovery through a swift rise. 53% of enterprises had expected reduced impact by no later than September 2020, and only 11% of enterprises predicted extension into 2021. **(Figure 40)**
- The responses in May survey to the same question revealed expectations of protracted impact. The rate of those which expected reduced impact by no later than September 2020 went down from 53% to 29% whereas those predicted extension into 2021 increased markedly from 11% to 48%. **(Figure 41)**
- The results show that the expectations of enterprises evolved from a rapid recovery to a protracted one.
- On the other hand, there is significant difference between enterprises by sector and by scale. Overall, 48% of all enterprises expected recovery in 2021, whereas 72% of those in Construction, 50% in Energy, and 43% in Manufacturing Industry did so. 55% of micro enterprises had such expectation in contrast to 45% of large enterprises.

Figure 40: March* survey: «How long do you estimate effects of Covid-19 crisis on your business will last?»

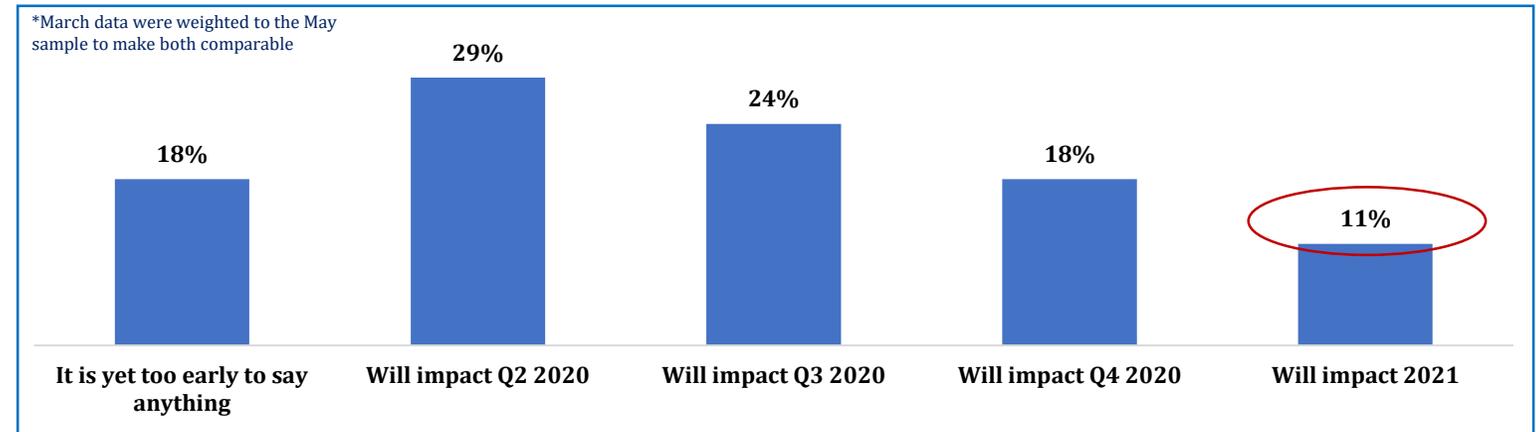
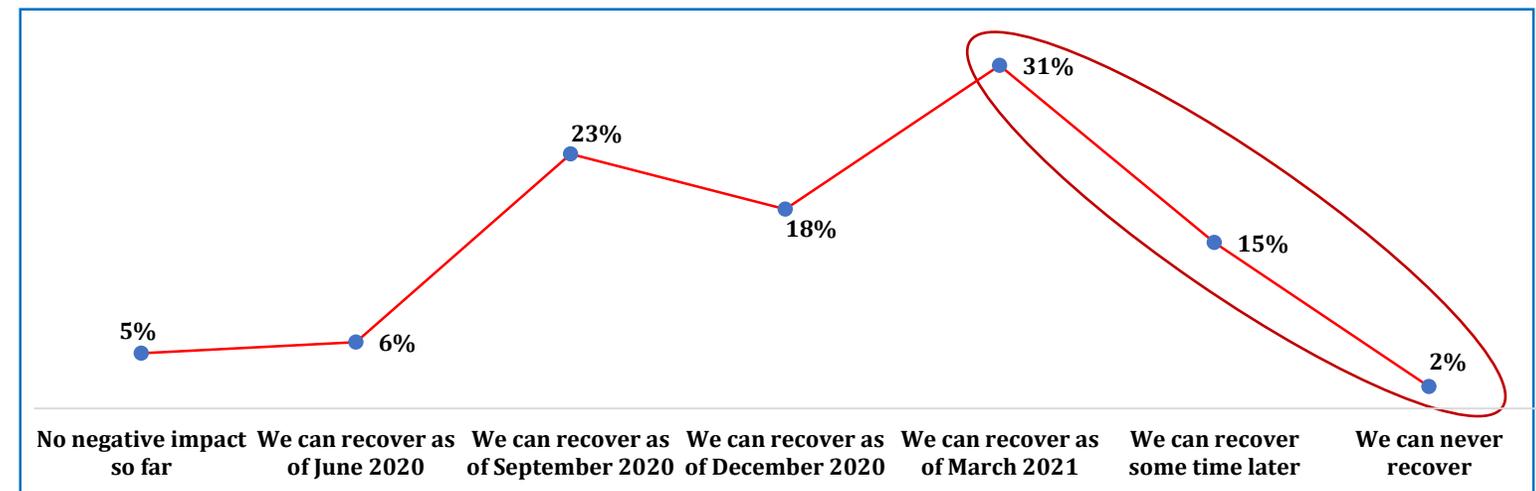


Figure 41: When do you predict the negative impact of COVID-19 Crisis on your enterprise will disappear completely?



Enterprises, by their current risk perception, view this crisis as a crisis of domestic and foreign demand, rather than a financial one. 59% of enterprises are not prepared against a second wave.

- To elicit inputs to prioritise short-term responses, enterprises were asked to rate their risk levels for May-September 2020.
- Overall, low domestic and foreign demand (contraction in export markets) stood out as highest risk areas. Investors' deferring investments is also viewed as high risk. **(Figure 42)**
- On the other hand, inability to repay debts or obtain loans were rated low risks by most enterprises.
- Disruptions in supply chains and productivity losses were viewed as medium threats by enterprises.
- All taken together, enterprises, by their current risk perception, view this crisis as a crisis of domestic and foreign demand, rather than a financial one.
- Another question inquired whether the enterprise is ready for a second wave of COVID-19 pandemic. 59% reported they were not ready. **(Figure 43)**
- 39% of enterprises reported debts in foreign currency. 31% reported that they could pay up their debts, whereas 8% stated they were not able. **(Figure 44)**

Figure 42: Please evaluate level of risks that you predict for May - September 2020

	Low Risk			High Risk
	1	2	3	4
Failure to repay debts	34%	26%	24%	17%
Failure to borrow / find loans	37%	24%	21%	18%
Insufficient international demand <small>(shrinkage in export markets)</small>	26%	17%	27%	30%
Insufficient domestic demand	9%	19%	37%	34%
Loss of qualified workforce	39%	32%	19%	9%
Disruption in supply chain	20%	36%	29%	16%
Efficiency losses	15%	32%	36%	18%
Lower investments by investors	15%	16%	36%	34%

Figure 43: Is your enterprise prepared for a second wave of COVID-19 pandemic?

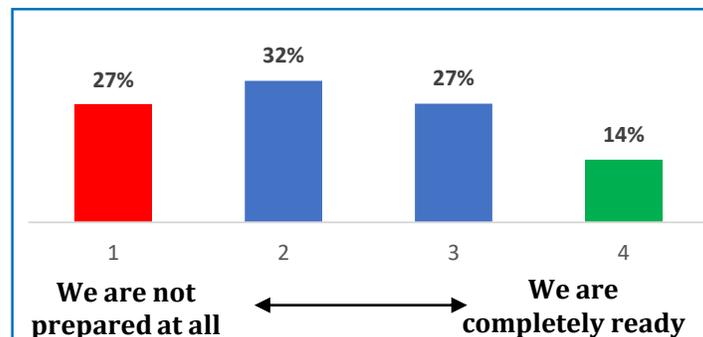
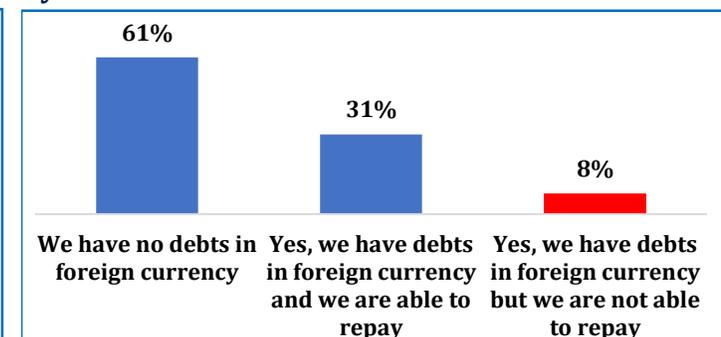


Figure 44: Does your enterprise have debts in foreign currency? Are you able to repay your debts?



A large majority of enterprises request postponement of mandatory public payments.

- To elicit inputs to prioritise short-term responses, enterprises were asked what they expected from the state and advisory services from the private sector.
- 62% of enterprises needed postponement of mandatory payments. 38% of enterprises needed short-term working capital infusion. This rate went up to 57% for enterprises who reported insufficient working capital, and 56% for enterprises who reported working capital sufficiency for at most one month. **(Figure 45)**
- 38% of enterprises needed expanded short-time working allowance. **(Figure 45)**
- As for advisory services for recovery, about 30% of enterprises needed advice on business continuity, prevention of potential infections, diversification of products and services, and workers' rights. **(Figure 46)**
- 22% of enterprises needed advice on foreign trade, logistic restriction and requirements. This rate was 36% for enterprises already engaging in foreign trade, and 7% for those not. **(Figure 46)**

Figure 45: State measures most needed by enterprises

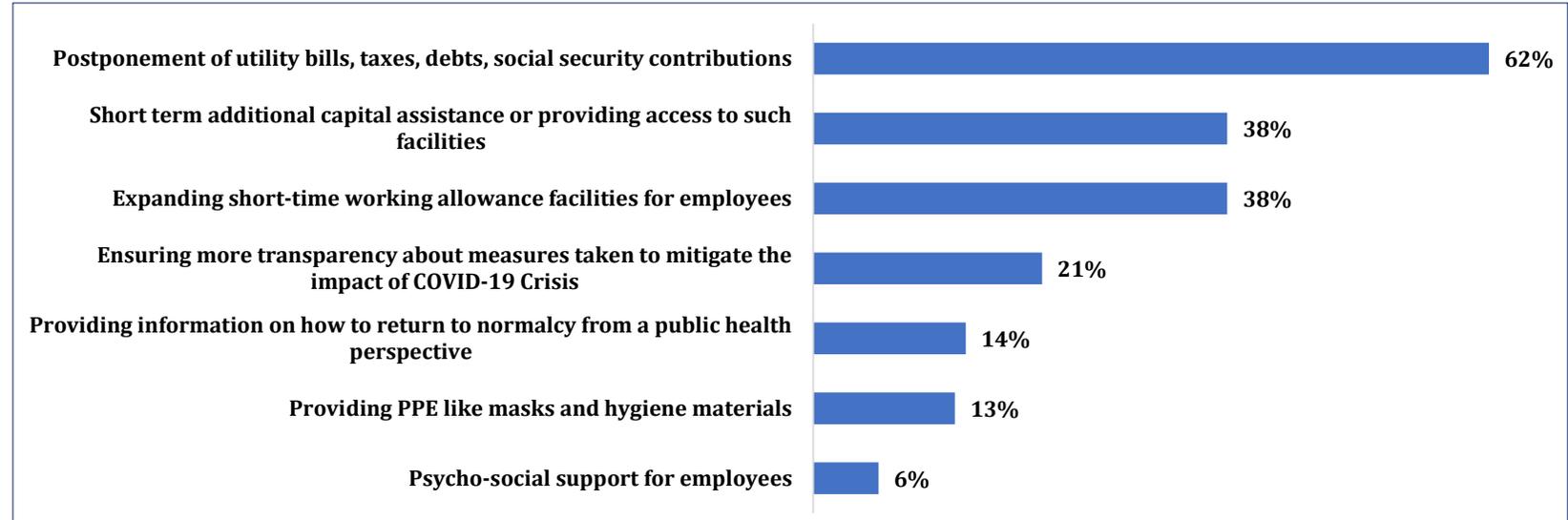
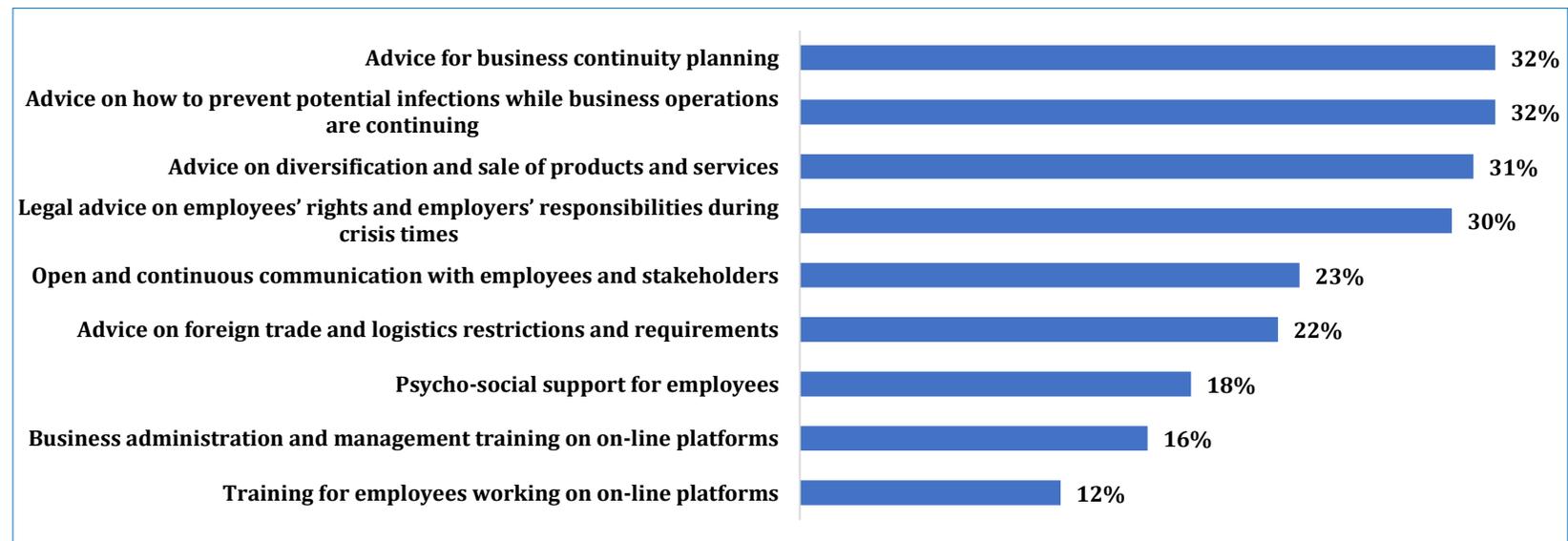


Figure 46: Advisory services most needed by enterprises



68% of enterprises think their sectors will significantly change after COVID-19 pandemic. Small-scale enterprises particularly have higher expectations of change.

- Respondents were finally asked about the extent to which their sector would change after COVID-19 pandemic, and to make an overall evaluation taking into account changes in elements such as competition dynamics, consumer behaviours, business models and modes of working.
- 24% of enterprises thought their sector would change significantly after the crisis, whereas only 5% thought all would remain the same. **(Figure 47)**
- The rate of those which thought the sector would entirely change varies by the operational status of enterprise. The rate was 49% for enterprises which fully stopped operations, whereas it was only 11% for those with no change in operational level. **(Figure 47a)**
- There is inverse relation between the rate of those which thought the sector would entirely change varies and the enterprise scale. 39% of micro enterprises thought everything would change, whereas 9% of large enterprises did so. **(Figure 47b)**

Figure 47. To what extent do you think your sector will change after COVID-19 pandemic? Please make an overall evaluation taking into account changes in elements such as competition dynamics, consumer behaviours, business models and modes of working.

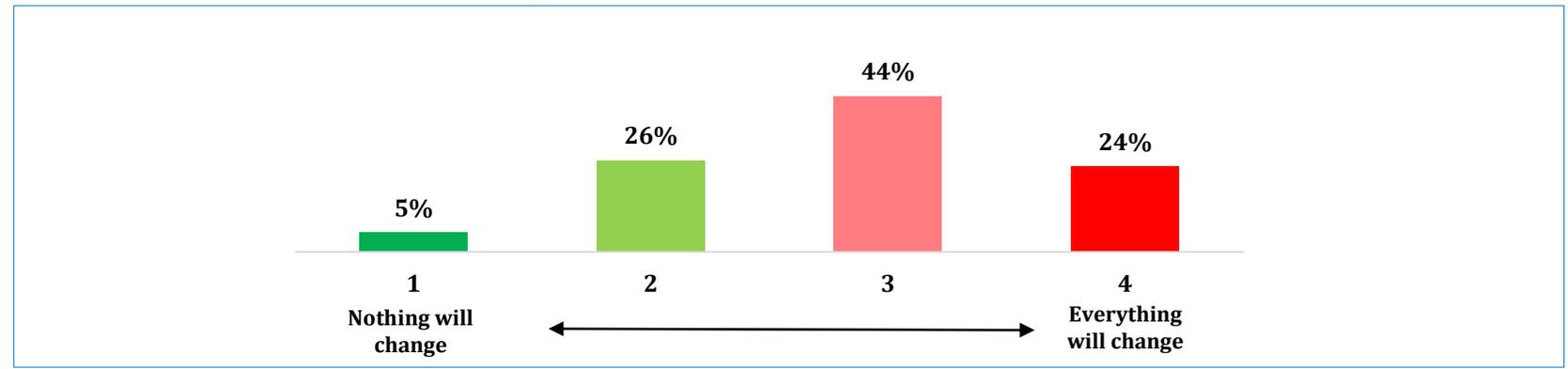


Figure 47a. Enterprises which thought the sector would entirely change by operational status

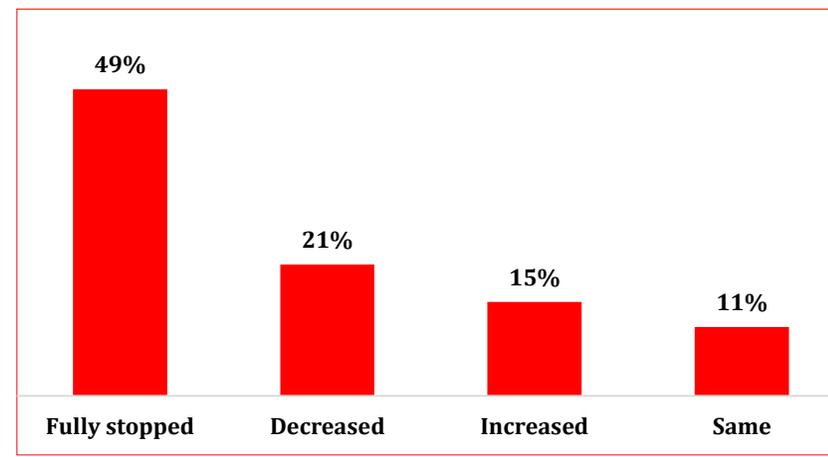
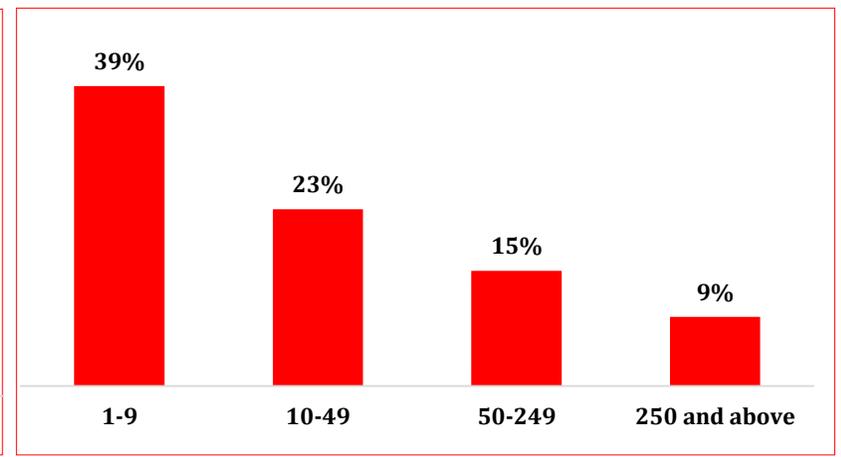


Figure 47b. Enterprises which thought the sector would entirely change by enterprise scale



Syrian-owned enterprises were hit harder by the crisis, they are less prepared against a second wave.

- The same questionnaire was administered to Syrian-owned enterprises which elicited responses from 32 enterprises. As these enterprises were mostly micro and small scale, their responses were compared to those micro and small scale enterprises within the 619 respondent enterprises.
- 38% of Syrian-owned enterprises reported full-stop of operations in May. This rate was 30% for Turkish enterprises of comparable scale. **(Figure 48)**
- To the question “to what extent has COVID-19 Crisis impacted your enterprise?”, 81% of Syrian-owned enterprises reported substantial impact, with none reporting no impact. To the same question, 70% of Turkish enterprises of comparable scale reported substantial impact, and 1% no impact. **(Figure 49)**
- Almost half of Syrian-owned enterprises reported they were not prepared at all for a second wave, whereas 19% of Turkish micro and small-scale enterprises gave the same response. **(Figure 50)**
- 41% of Syrian-owned enterprises reported insufficient working capital or would suffice at most for another month if the crisis continued. The rate was 30% among comparable Turkish enterprises. None of the Syrian respondents indicated working capital sufficiency beyond 6 months. **(Figure 51)**
- 81% of Syrian-owned enterprises were not aware of short-time working allowance, whereas 19% stated that they did not apply because they would not fulfil the eligibility criteria.

Figure 48: Operational status in May compared to April

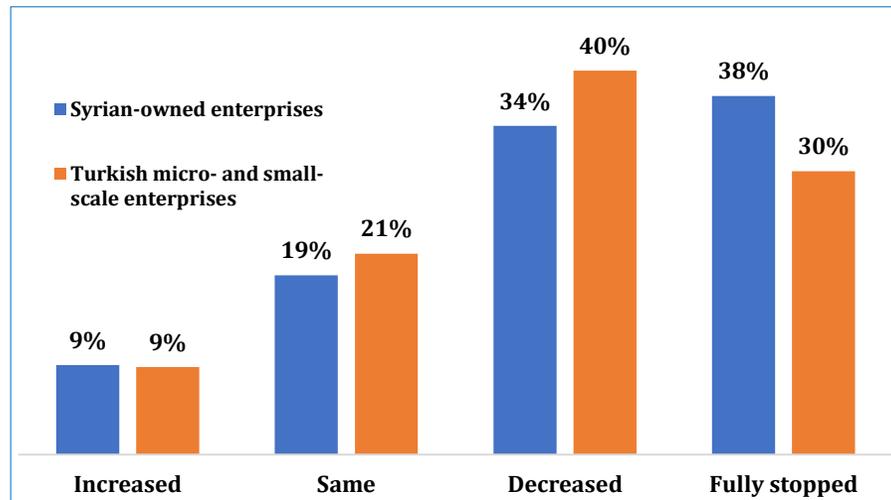


Figure 49: To what extent has COVID-19 Crisis impacted your enterprise

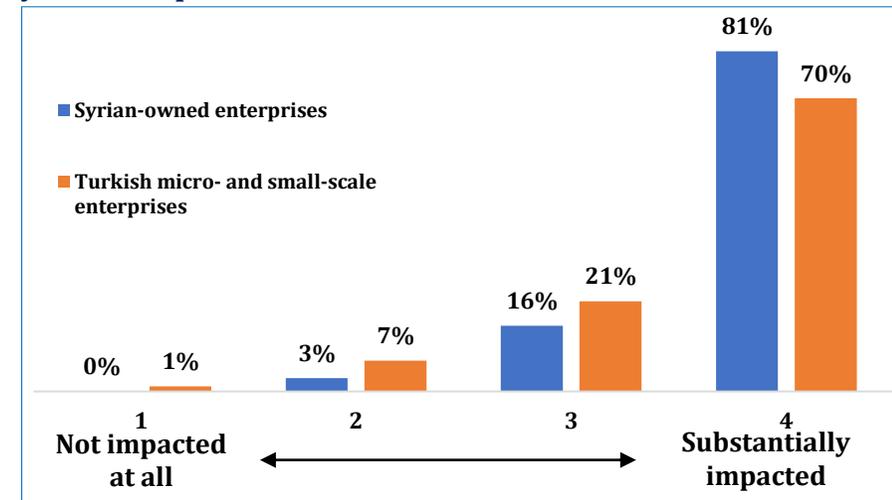


Figure 50: Is your enterprise prepared for a second wave of COVID-19 pandemic?

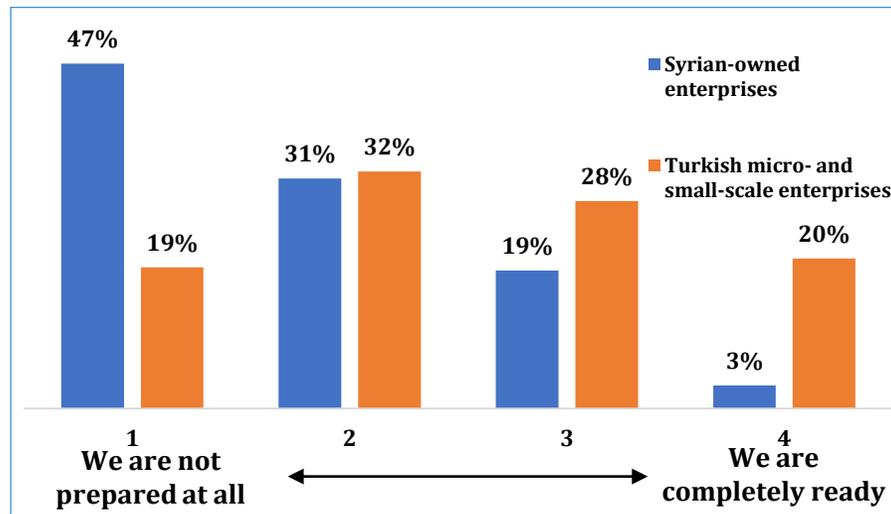


Figure 51: How longer will your enterprise’s working capital be sufficient if COVID-19 Crisis is to continue?

