

Impact of COVID-19 Crisis On Enterprises

Q4 Survey (21 Dec 2020 - 15 Jan 2021)
Final Report

TURKONFED



TUSIAD

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Introduction and Method

- The Business for Goals Platform conducted an enterprise survey via telephone between 21 December 2020 and 15 January 2021. It was the third survey aiming to investigate the effects of COVID-19 crisis on the enterprises, following the survey conducted between 23-27 March 2020 and 11-22 May 2020.
- The survey was conducted in 12 provinces distributed over 12 statistical regions based on the sample representing Manufacturing Industry, Wholesale-Retail Trade, Construction and Service sectors (Accommodation and Food, Transport and Storage and other services) in terms of business size. While determining the sample of the study, enterprise scale distributions were made in accordance with TURKSTAT annual industry and service statistics 2017, and provincial sample distributions were made according to SSI statistics 2020. The enterprises were selected randomly from the enterprise database of Kuantum Research Company which conducted the field study. In order to increase the number of enterprises reached, an announcement was issued through the Business for Goals Platform's network which brought in additional electronic responses. The survey was completed with the participation of a total of 610 enterprises.
- The survey included more than 30 questions asked to enterprise managers about the effects of COVID-19 crisis on enterprises, their predictions about the course of the crisis and what measures need to be taken.
- Of respondents, 34% are micro-, 34% small-, 23% medium- and 9% large-scale enterprises.
- Survey results were weighted according to the data from Turkey considering the distribution of enterprises by sectors and their size by the number of employees.
- Responses given to some questions asked in Q1 (March) and Q2 (May) surveys are included in the relevant tables comparatively. The responses given in the previous surveys were weighted by firm size and sector distribution in Turkey for a better comparison. While interpreting the comparisons, it should be noted that Q4 survey was conducted using a different method than Q1 and Q2 surveys conducted online and that the observations in all three surveys belonged to different enterprises even though they were in the same sector and were the same size.

The survey and analyses were conducted with content and technical support provided by Policy Analytics Lab (PAL).

Executive Summary (1)

Part 1: Impact of COVID-19 Crisis on Enterprises

- Although the impact of COVID-19 on enterprises seems to be reduced to a certain extent, it is becoming rather chronic. 41% of enterprises reported COVID-19 crisis affected them to a great extent (4 out of 4) at the end of Q4 of 2020, whereas 35% reported it affected them (3 out of 4). The level of impact of COVID-19 crisis systematically declined as the impact values went down to 3.5 for Q1 survey, 3.3 for Q2 survey, and 3.1 for Q4 survey.
- Micro- and small-scale enterprises continue to experience the impact of COVID-19 crisis more adversely. While the rate of highly affected micro-scale enterprises rises up to 51%, highly affected large-scale enterprises goes down to 38%. Q2 survey yielded similar results. The survey conducted in May 2020 revealed that the 50% of enterprises reported they were highly affected, whereas 69% of micro-scale enterprises did so. However, 50% of the manufacturing and transportation-storage enterprises reported they were highly affected, diverging from the general average.
- The enterprises experienced contraction in the business volume the last year, continuing in Q4 2020. 68% of enterprises reported a decrease in business volume compared to the same quarter of the previous year, and 67% a decrease compared to the previous quarter of the same year as well. 70% and 73% of micro- and small-scale enterprises had a contraction, respectively, whereas 85% of the transportation and storage sectors did so.
- The impact of the volume contraction on employment is becoming intensified. 57% of enterprises reported a loss of workforce, which went up to 20% in Q2 survey. 54% of enterprises reported a loss of workforce in three major provinces, whereas 64% did so in other cities. 63% of enterprises with women workers comprising more than half the total employees reported a loss in workforce.
- 6% of enterprises with a balanced female-male employees ratio reported the decrease in male employment was higher, whereas 13% reported the decrease in female employment was higher.
- 90% of enterprises think that the contraction in volume is related to the effects of COVID-19, whereas 85% makes a connection between the workforce loss and COVID-19.
- 20% of enterprises reported they failed to make compulsory payments, whereas 30% of micro-scale enterprises, and 5% of large-scale enterprises did so. 41% of enterprises reported their working capital would carry them forward at most a quarter if COVID-19 Crisis continued.
- On a closer examination, the capital structures of exporting and e-commerce enterprises are strong, and those working with public customers are weak in comparison.

Executive Summary (2)

Part 2: Coping Strategies and Government Aids

- 50% of enterprises had export contraction as a result of the reduction in foreign demand, whereas 15% could increase exports.
- COVID-19 crisis forced 7% of enterprises to start e-commerce. 39% of enterprises had e-commerce turnovers increased during this period, whereas 31% had them decreased. 87% of enterprises that started e-commerce in this period state reported would continue to do so in the post-COVID-19 era.
- Telework practices could not have been adopted by most enterprises. It was only 13% of the employees who had the opportunity to work remotely. Telework practices are much more common in large-scale enterprises. Even though 21% of enterprises reported they would continue to do remote work even if the effects of COVID-19 end, the low speed of the internet and improper working conditions at home stand out as the major difficulties to that end.
- During COVID-19 pandemic, employees' responsibilities outside work increased, which caused them to have difficulties in their businesses. 47% of enterprises reported this was why their employees had difficulties working. They also reported women employees had more difficulty during this period. 41% of enterprises with approximately the same number of male and female employees reported women had more difficulty in working than men did due to the increased responsibilities outside work.
- Investments stopped and enterprises tried to survive with measures such as short-time working allowance and credit. 72% of enterprises took precautions and postponed investments and growth plans. 59% of enterprises benefited from the short-term working allowance.

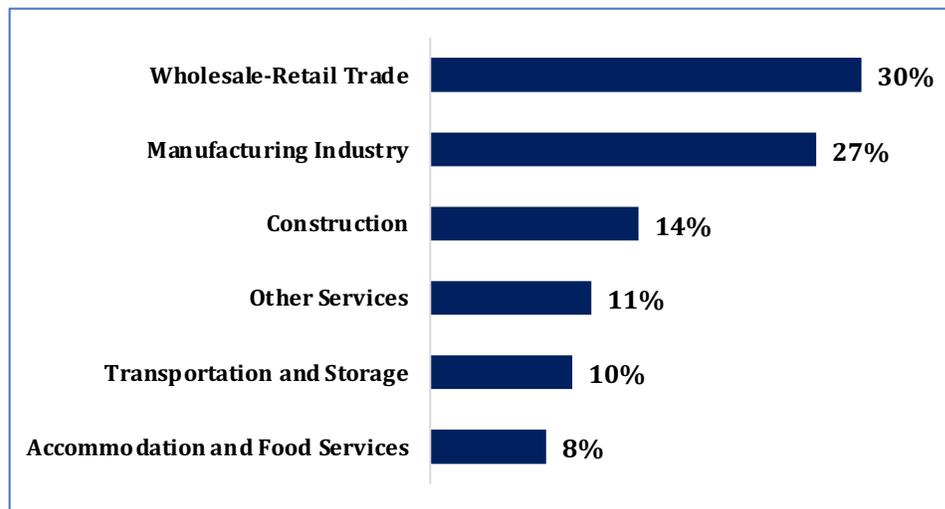
Part 3: Future Projections, Needs and Intervention Priorities

- The enterprises, by their risk perceptions, conclude that COVID-19 not only brought domestic and foreign demand crisis but it also caused financial instability. 37% of enterprises sees lack of domestic demand as high risk, 36% not collecting receivables, and 35% not finding qualified workforce.
- It stands out that the loss of skilled labour was seen as low risk in Q2 survey, which was deemed high risk in Q4 in line with the increased loss of employment.
- Inflation is considered to be the most limiting factor to the performance of enterprises. 54% of enterprises reported inflation imposed limitations on their activities. Lockdown is another limiting factor, especially for service and manufacturing sectors.
- Half of enterprises were very concerned about the effects of the crisis, whereas only 36% were fully prepared for a second wave pandemic. It is noteworthy that enterprises that reported they were not prepared for the pandemic were affected more by the crisis.
- While 31% of enterprises foresee that the negative effects of the pandemic will completely go away in the next 6 months, 39% think that it will take at least a year.

Descriptive features of respondent enterprises (1)

- A total of a 610 enterprises operating in various sectors across 12 different provinces that participated in the telephone survey conducted between 21 December 2020 – 15 January 2021 evaluated the effects of COVID-19 crisis.
- 30% of the respondents operate in wholesale-retail trade, 27% in manufacturing industry, 14% in construction, 11% in other services, 10% in transportation and storage, and 8% in accommodation and food services. We had the opportunity to analyse survey data by sector thanks to diversity. **(Figure 1)**
- 37% of the respondents that participated in the survey conducted in Q2 of 2020 operated in manufacturing, 29% in other services, and 11% in the wholesale retail trade. 4% of the respondents operated in the accommodation and food services, 3% in transportation and storage.
- Respondents mostly included micro-scale enterprises and SMEs. By the number of employees, 34% of the respondents are micro-, 34% small- and 23% medium-scale enterprises. Large-scale enterprises constituted 9% of the respondents. **(Figure 2)**. Similarly, 83% of the respondents that participated in Q2 survey were micro-scale enterprises and SMEs.
- 77% of the respondents are from three major provinces. 53% of enterprises are from Istanbul, 12% Izmir, 11% Ankara. 23% of the respondents are located in other provinces. 58% of Q2 survey included enterprises from 3 major provinces.
- 11% of the respondents had no female employees. The average ratio of female employees was 31% across the enterprises in Turkey. 47% of enterprises had a ratio of female employees below this rate. 39% of enterprises had a ratio of female employees of 31% to 50%, whereas enterprises had an average ratio of female employees of 34%. **(Figure 3)** Respondents to Q2 survey had a ratio of female employees of 31%.

Distribution by sector (Figure 1)

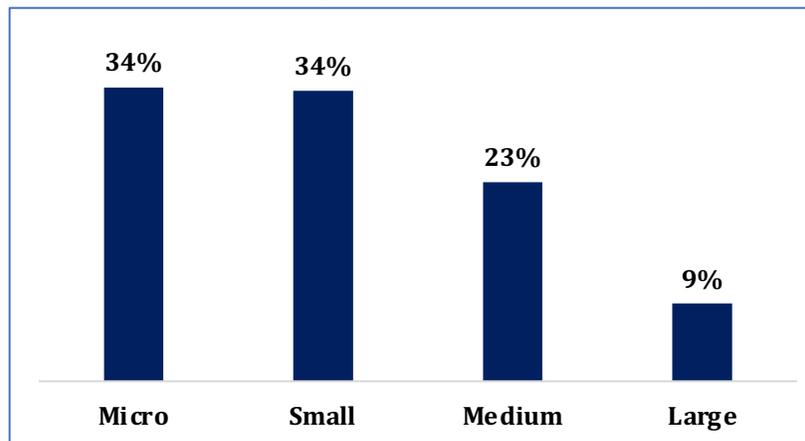


Regional distribution of enterprises

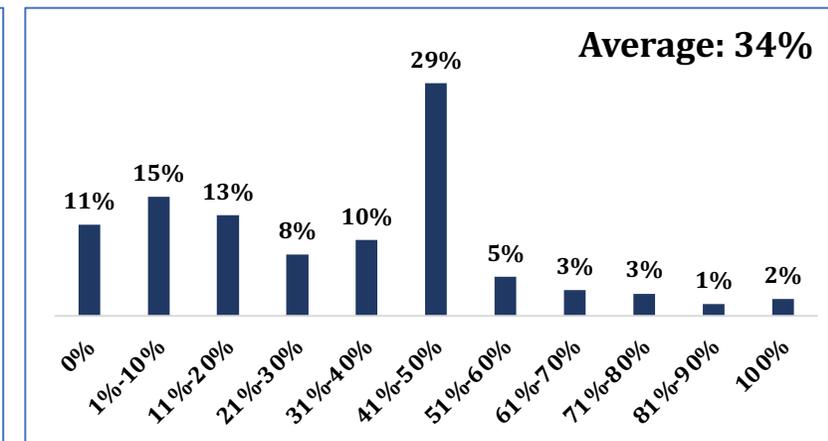
77%
Three major provinces
(Istanbul, Ankara, Izmir)

23%
Other provinces*

Distribution by enterprise scale (workforce) (Figure 2)



Distribution by ratio of female employees (Figure 3)



* Other provinces: Adana, Balıkesir, Kayseri, Trabzon, Zonguldak, Diyarbakir, Erzurum, Malatya

Micro: Companies with 1-9 employees
Medium: Companies with 50-249 employees

Small: Companies with 10-49 employees
Large: Companies with 250 and above employees

Other services include Education Services, Finance, Insurance, Banking, Health Services, Information and Telecommunication Services.

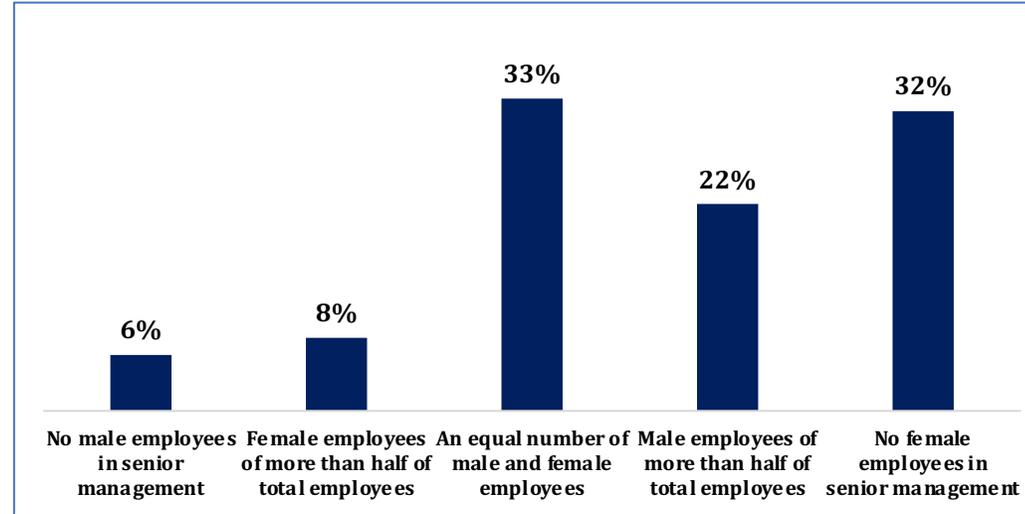
Descriptive features of respondent enterprises (2)

To shed light on the effects of COVID-19 crisis on different types of business segments, the survey included descriptive questions. Accordingly:

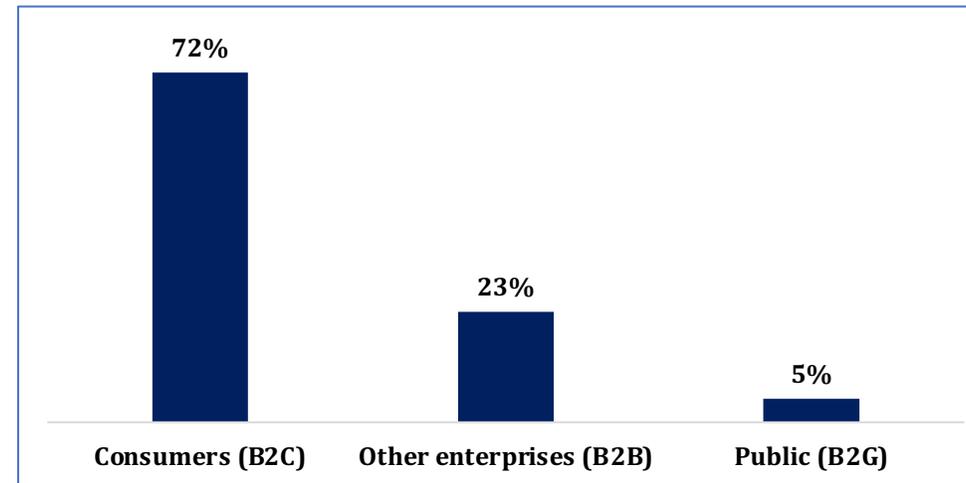
- 14% of the survey respondents have female managers more than male managers (enterprises with female employees comprising more than half of the managers and those with). 33% of enterprises have an equal female-male manager ratio, whereas 54% of enterprises have male managers more than half of the total number of managers. **(Figure 4)**
- 72% of enterprises have clients most of whom are consumers. 23% of enterprises mostly sell products and services to other enterprises, 5% sell goods and services mainly to the public sector. **(Figure 5)**
- 22% of survey respondents are export enterprises whereas 38% operate in the manufacturing industry and 19% in wholesale-retail trade.
- 23% of enterprises sell products or services on the internet (e-commerce), whereas 27% of those operating wholesale-retail trade and 23% of the manufacturing enterprises did so.

Note: The results graphics involves the weights calculated using scale and sector information to acquire the values representing the general population from the survey data obtained thanks to the sample.

Gender distribution of senior management (Figure 4)



Distribution by clientele (Figure 5)



Distribution of export enterprises

of enterprises:

- 22% Manufacturing**
- 38% Wholesale-retail trade**
- 19% Export**

Distribution of e-commerce enterprises

of enterprises:

- 23% Manufacturing**
- 23% Wholesale-retail trade**
- 27% e-commerce**

E-commerce's share of total turnover is 13%

* The sum of numbers may not be equal to 100% due to rounding.

Part 1:

Impact of COVID-19 Crisis

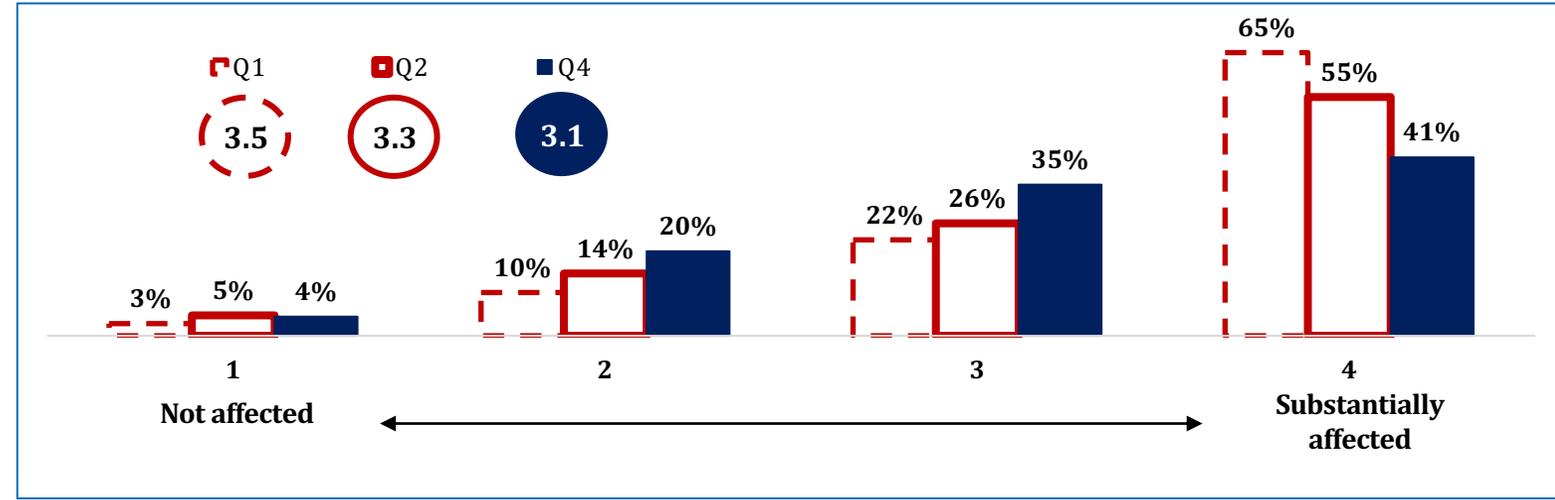
On Enterprises

Although the impact of COVID-19 seems to be on the decline, it is becoming chronic for micro- and small-scale enterprises.

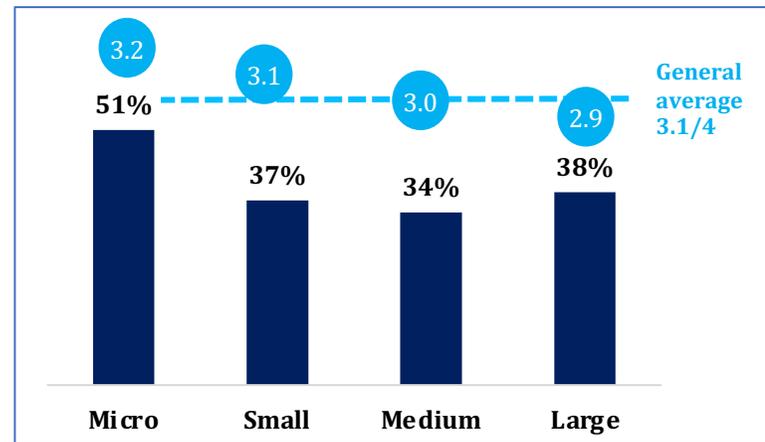
Small scale enterprises, and the ones that operate in manufacturing, transportation and tourism sectors are affected more adversely as compared to the average.

- 41% of enterprises reported COVID-19 crisis affected them severely (4 out of 4), and 35% (3 out of 4) reported it just affected them at the end of Q4 of 2020. **(Figure 6)**
- The impact of COVID-19 crisis systematically decreased, with Q1 survey showing 3.5; Q2 3.3 and Q4 3.1. Within this period, the ratio of enterprises reported "it substantially affected them" decreased from 65% to 41%, whereas the ratio of those which ticked 3 on a 4-point scale increased from 22% to 35%. **(Figure 6)**
- Especially micro- and small-scale enterprises were affected by COVID-19 crisis more adversely. Whereas the impact of COVID-19 crisis on micro-scale enterprises increased to 3.2, its impact on large-scale enterprises decreased to 2.9. 41% of enterprises reported they were substantially affected by COVID-19 crisis, whereas 51% of micro-scale enterprises did so. Q2 survey yielded similar results. The survey conducted in May 2020 revealed that 50% of enterprises reported they were substantially affected, whereas 69% of micro-scale enterprises did so. **(Figure 7)**
- There are also remarkable changes in the impact across sectors. The rate of enterprises that reported they were substantially affected increased to 50% of the manufacturing and transportation-storage enterprises and 47% of the accommodation and food services enterprises. Q2 survey showed that 98% of the accommodation and food services enterprises reported they were substantially affected and 41% of the manufacturing enterprises did so. **(Figure 8)**
- It was 38% of other services and wholesale-retail trade enterprises that were substantially affected by the crisis. Q2 survey revealed the rates of 44% and 63%, respectively. The construction sector was the one that was relatively mildly affected in Q4. 26% of the construction enterprises reported they were greatly affected. **(Figure 8)**

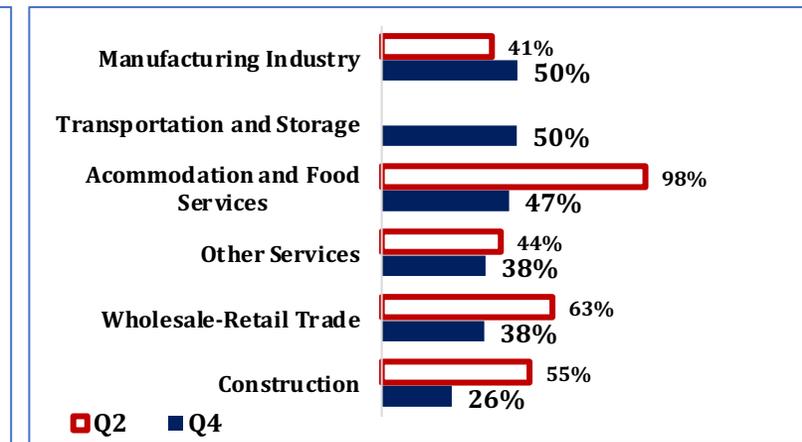
To what extent has COVID-19 Crisis impacted your enterprise? (Figure 6)



Ratios of enterprises (4) that were substantially affected by COVID-19 crisis by enterprise scale (Figure 7)



Ratios of enterprises (4) that were substantially affected by COVID-19 crisis by enterprise scale (Figure 8)



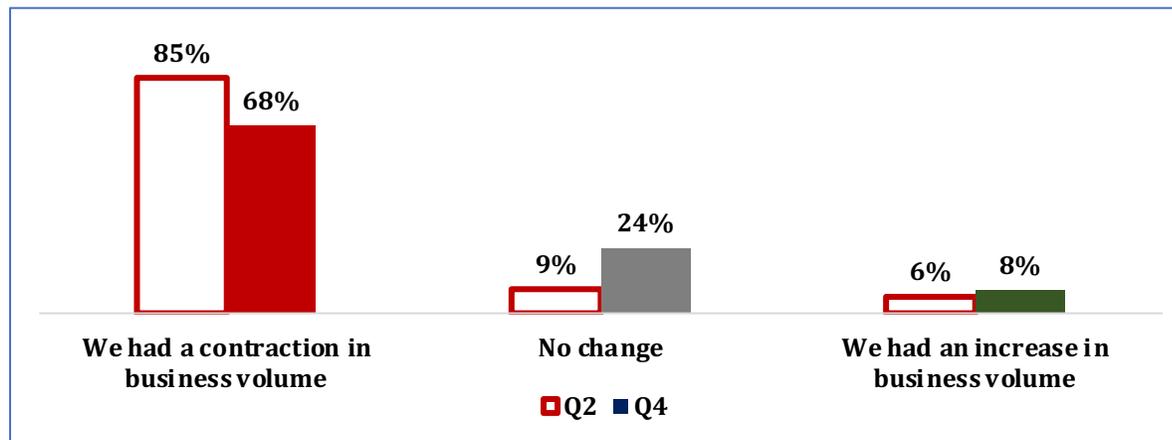
Q2 survey lacked a sufficient number of observations for the transportation and storage sector.

Negative effects of the crisis on employment rates tend to increase towards year-end.

Enterprises deem COVID-19 crisis responsible for the contraction they are experiencing.

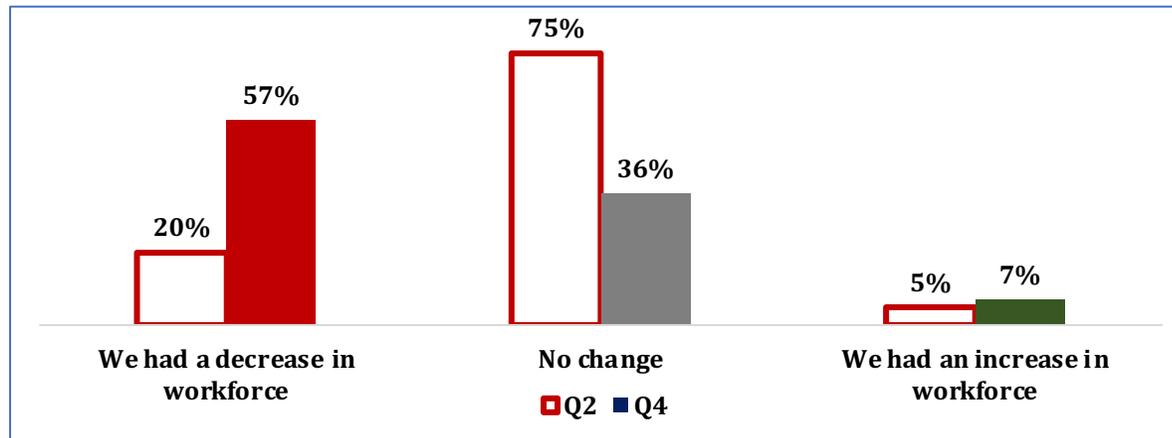
- 68% of enterprises reported they had a contraction in business volume compared to the same period of the previous year in Q4 of 2020, whereas Q2 survey showed that 85% of enterprises experienced contraction. The rate of enterprises which reported stability increased from 9% to 24% in Q2. The ratio of enterprises that reported a growth in business volume was 6% in Q2 and 8% in Q4. **(Figure 9)**
- 90% of enterprises deemed COVID-19 responsible for the contraction in business volume.
- As the contraction in business volume caused by COVID-19 crisis continues, labour losses will probably increase, too. 57% of enterprises reported they had a decrease in the workforce in Q4, whereas 20% did so in Q2. The ratio of enterprises that reported stability in the workforce was 75% in Q2 and 36% in Q4. **(Figure 10)**
- 85% of enterprises deemed the impact of COVID-19 crisis responsible for the loss of workforce. The survey respondents were asked to choose the most relevant options below that might be the cause of loss of workforce and turnover: (i) impact of COVID-19 (ii) economic factors other than COVID-19, (iii) company issues, (iv) competitive industry conditions. Most enterprises opted for COVID-19 related options and disregarded the rest.

Changes in business volume in Q2 and Q4 compared to the same quarter of the previous year (Figure 9)



90% of enterprises deemed COVID-19 responsible for the contraction in business volume

Changes in workforce in Q2 and Q4 compared to the same quarter of the previous year (Figure 10)



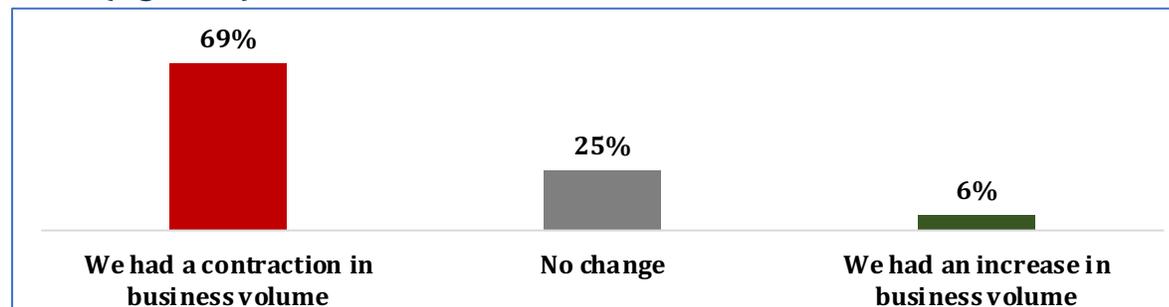
85% of enterprises deemed the impact of COVID-19 crisis responsible for the loss of workforce.

Enterprises with a higher rate of female employees were affected more by the contraction in business volume and shrinking employment.

Companies with a rate of female employees of more than 50% deemed the impact of COVID-19 crisis responsible for the drop in business volume.

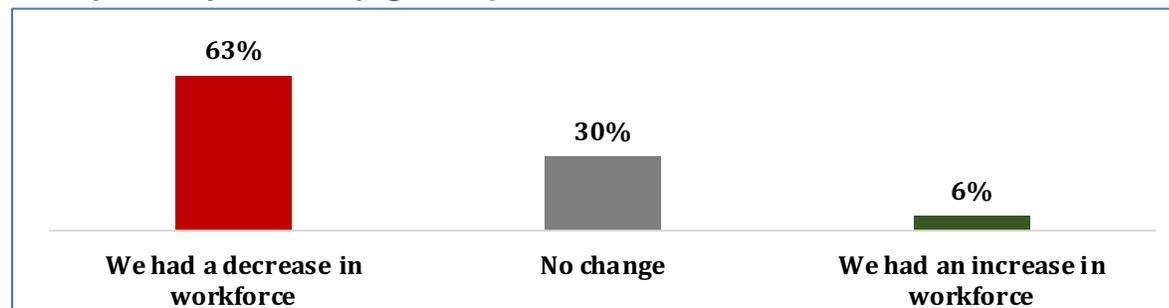
- The enterprises with a higher rate of female employees (more than 50%) were affected more by the contraction in business volume and shrinking employment.
- 69% of enterprises with a rate of female employees of more than 50% reported they had a contraction in business volume compared to the same period of the previous year in Q4. 25% reported stability, 6% an increase in business volume. **(Figure 11)**.
- 96% of enterprises with a rate of female employees of more than 50% deemed the impact of COVID-19 crisis responsible for the drop in business volume.
- 63% of enterprises with a rate of female employees of more than 50% reported a decrease in business volume, whereas 30% stability, and 6% an increase. **(Figure 12)**.
- 92% of enterprises with female employees of more than 50% deemed the impact of COVID-19 crisis responsible for the loss of workforce.
- 35% of enterprises with a rate of female employees of more than 50% had a drop in business volume by more than 50%. Likewise, 34% of enterprises with a higher rate of female employees had a drop in business volume by more than 50%.
- Looking at the reduction in employment rates by gender in enterprises with a rate of female employees of 30-70%*, 6% of enterprises had a higher rate of decline in the male labour force. 13% of enterprises had a higher rate of decline in the female labour force. 81% of enterprises reported an almost equal rate of decline in the male and female labour force. **(Figure 13)**

Changes in business volume in enterprises with a rate of female workforce of 30% - 70% (Figure 13)



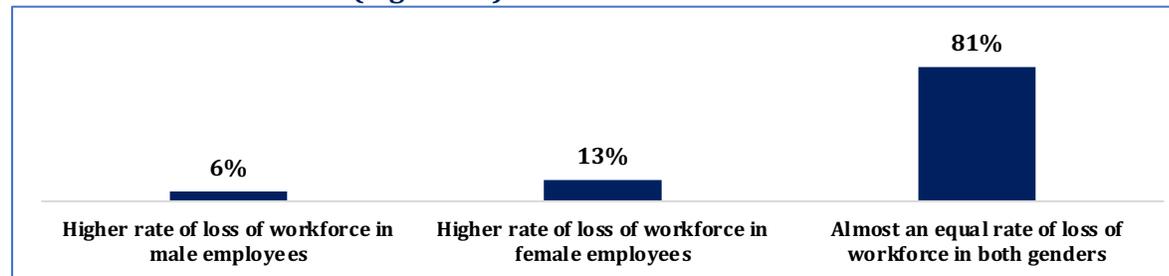
96% of enterprises with a rate of female employees of more than 50% deemed the impact of COVID-19 crisis responsible for the drop in business volume.

Workforce changes in enterprises with a rate of female workforce by more than 50% on a year-on-year basis (Figure 12)



92% of enterprises with female employees of more than 50% deemed the impact of COVID-19 crisis responsible for the loss of workforce.

Changes in loss of workforce by gender in enterprises with a rate of female workforce of 30%-70% (Figure 13)

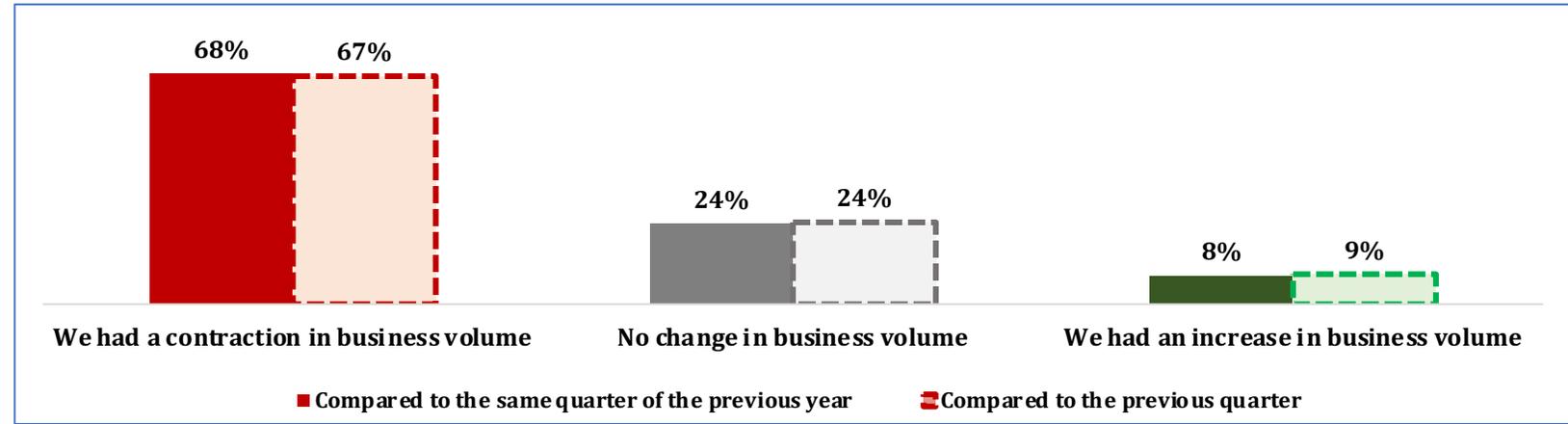


* The grouping was to analyse the results for the enterprises with a balanced gender distribution.

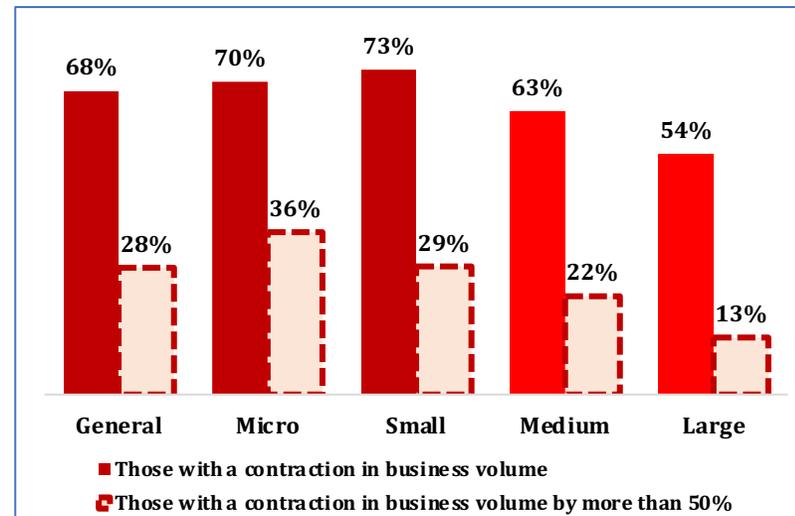
Compared to the same Q last year (before COVID-19), 70% of micro- and small-scale enterprises had shrinking turnover, whereas only 54% of large-scale enterprises did so.

- In Q4 of 2020, 68% of the respondents reported they had a contraction in business volume compared to the same quarter of the previous year. 24% of the respondents reported stability, 8% reported they had contraction in business volume. **(Figure 14)**
- There was a reduction in business activities for the last year, which continued in Q4. 67% of enterprises reported they had a shrinkage in business activities compared to the previous quarter. **(Figure 14)**
- 28% of enterprises had a decrease in business volume by more than 50% compared to the previous year. **(Figure 15)**
- The survey shows that micro- and small-scale enterprises had a contraction in business volume above the general average. 70% of the micro- and 73% of the small-scale enterprises reported they had a contraction in business volume, whereas only 63% of medium-scale and 54% of large-scale enterprises did so. The survey yielded similar results with the enterprises reporting they had a contraction in business volume by more than 50%. 36% of micro-scale enterprises reported they had a contraction in business volume by more than 50%, whereas only 29% of small-, 22% of medium- and 13% of large-scale enterprises did so. **(Figure 15)**
- 85% of transportation and storage enterprises, 72% of wholesale-retail trade enterprises, and 71% of those operating in accommodation and food services reported they had a contraction in business volume compared to the previous year. 44% of enterprises operating in accommodation and food services and 36% of wholesale-retail trade enterprises reported they recorded a decrease in turnover by more than 50%. These three sectors had a contraction rate above the general average. **(Figure 16)**
- 35% of companies with a higher rate of female employment (more than 50% of the total labour force) reported a decrease in business volume by more than 50%.

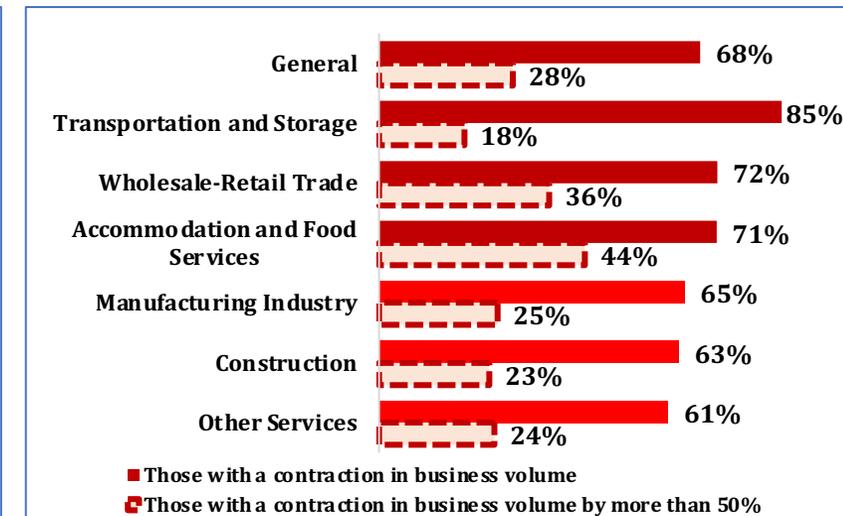
What kind of a change did you experience in business volume (turnover) compared to the previous quarter or on a year-on-year basis? (Figure 14)



Enterprises with a decrease in business volume by enterprise-scale compared to last year (Figure 15)



Enterprises reporting a contraction in business volume on a year-on-year basis (Figure 16)

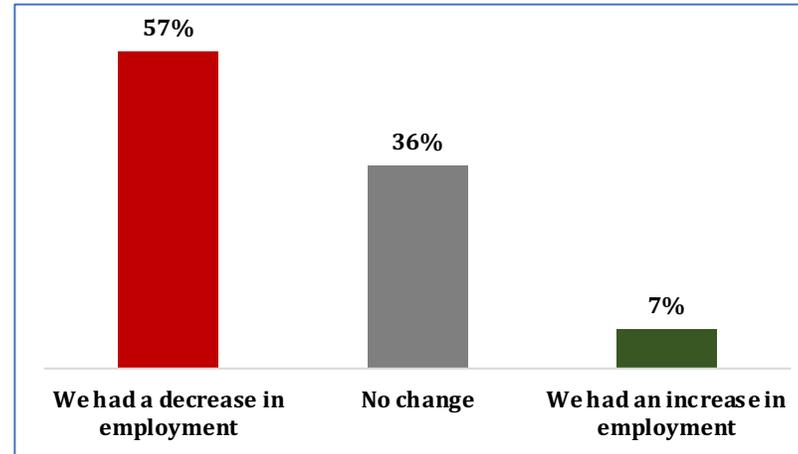


Contraction in business volume has a negative impact on the employment rates.

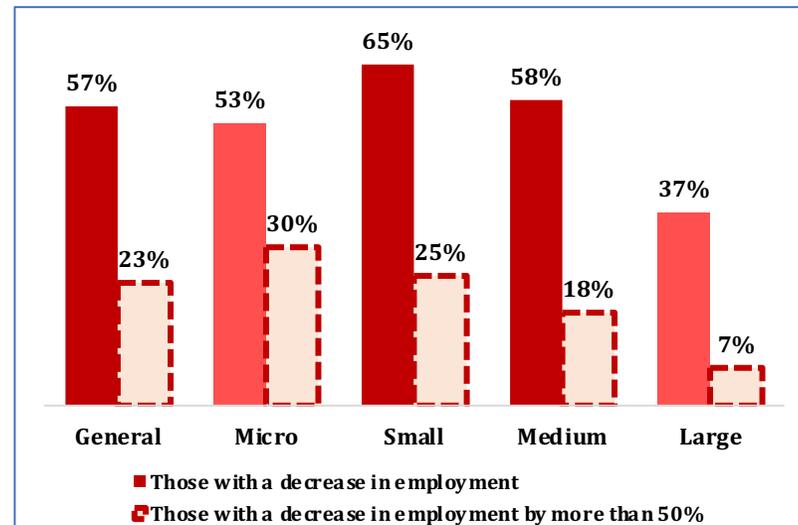
In 2020, 57% of enterprises had a decrease in workforce, whereas 7% reported an increase.

- 57% of enterprises reported they had a decrease in the workforce (employment) compared to the same quarter of the previous year. 36% of enterprises reported stability in the workforce, whereas 7% reported an increase. **(Figure 17)**
- 54% of enterprises located in three major provinces reported they had a decrease in employment rate, and 21% reported they had a decrease in employment rate by more than 50%. Other provinces were affected more adversely. The proportion of those which experienced unemployment in these provinces is 64%, and the proportion of those that had an unemployment rate of 50% is 30%. **(Figure 18)**
- 23% of enterprises reported a decrease in employment rate by more than 50%. **(Figure 19)**
- 53% of micro- and 65% of small-scale enterprises experienced a decrease in the employment rate. The proportion of micro- and small-scale enterprises experiencing a decrease in the workforce by more than 50% is 30% and 25% respectively, whereas 18% and 7% in medium- and large-scale enterprises did so. **(Figure 19)**
- 74% of the transportation and storage enterprises reported they experienced a loss of workforce, whereas the proportion of those which had a loss of workforce by more than 50% is 17%. 56% of enterprises operating accommodation and food services experienced a loss in employment rate, the proportion of those which had a loss in employment rate by more than 50% is 31%. **(Figure 20)**
- 34% of companies with a higher rate of female employment (by more than 50%) had a decrease in the workforce by more than 50%.

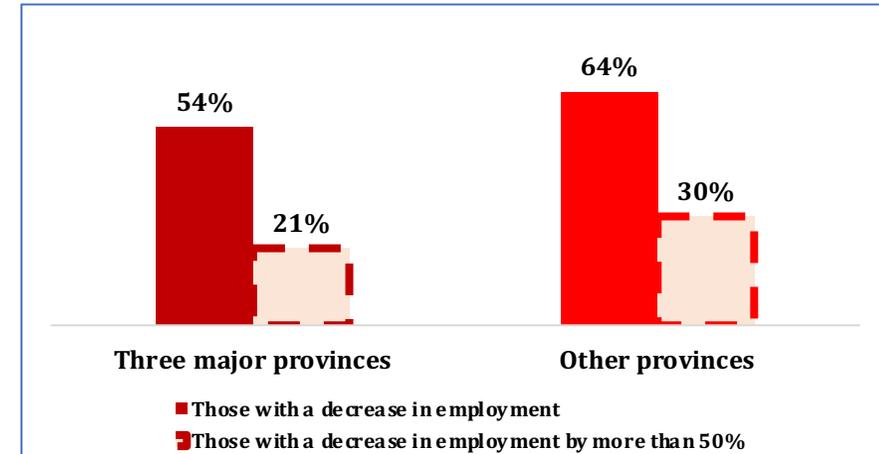
What kind of a change did you experience in workforce (employment) on a year-on-year basis? (Figure 17)



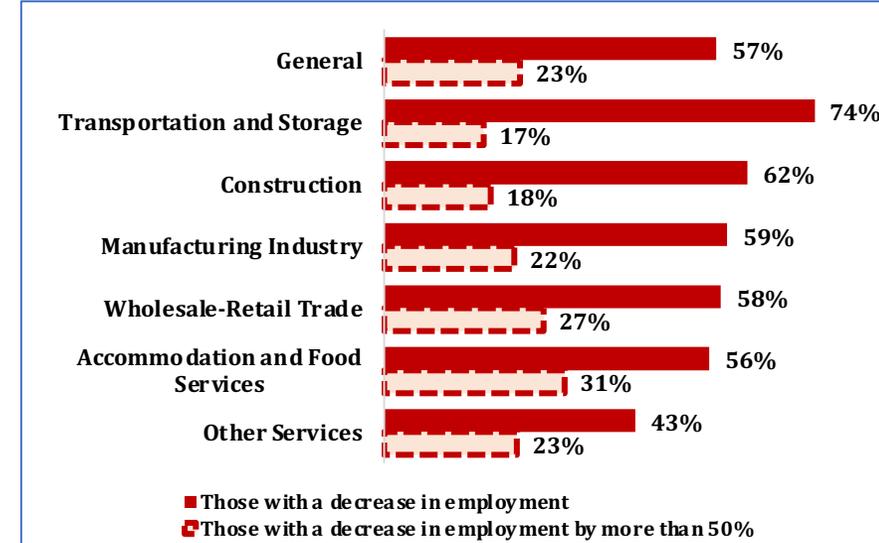
Enterprises with a decrease in workforce (employment) by enterprise size (Figure 19)



Enterprises with a decrease in workforce (employment) by region (Figure 18)



Enterprises with a decrease in workforce (employment) by sector (Figure 20)

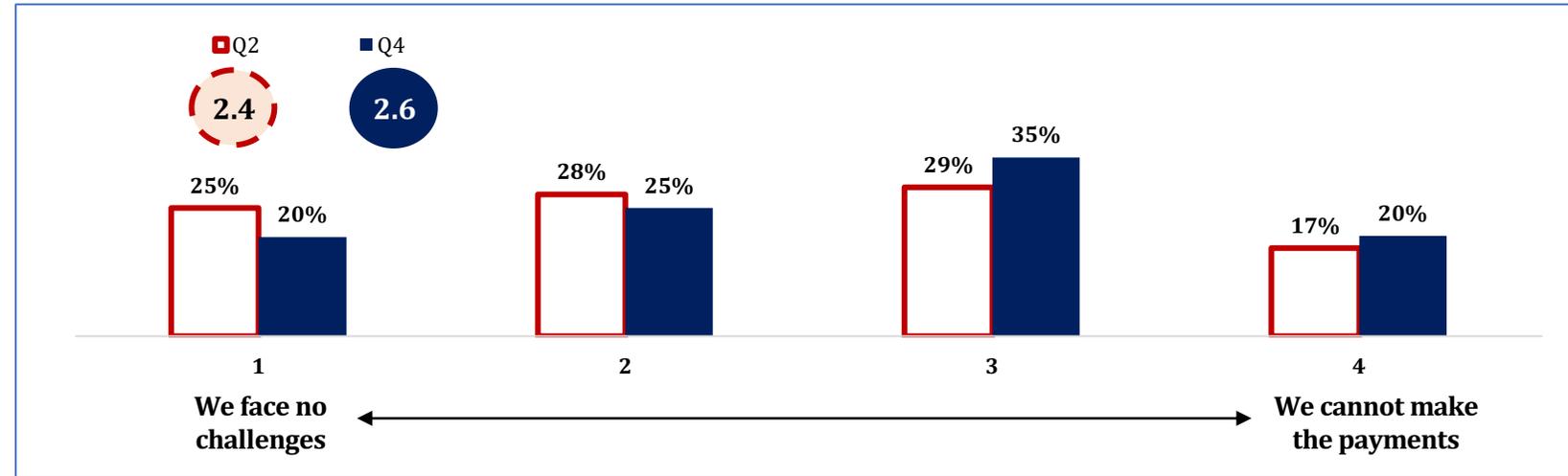


Enterprises have difficulty making compulsory payments, which intensifies the impact of the crisis, especially for micro-scale enterprises.

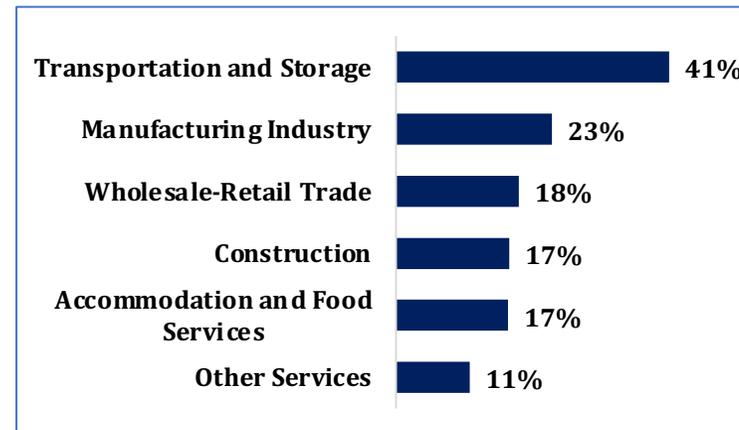
55% of enterprises have difficulties in making compulsory payments, whereas only 46% of enterprises did so in Q2 of 2020.

- At the end of Q4 of 2020, 20% of enterprises reported they could not complete payments (4 out of 4), 35% had difficulty in payments (3 out of 4). 45% of enterprises experienced no difficulties, while general difficulty level increased from 2.4 to 2.6 out of 4, which was an increase compared to Q2 survey. **(Figure 21)**
- Some sectors had more difficulty in making compulsory payments such as salaries, taxes, rent and invoices. 41% of the transportation and storage enterprises and 23% of manufacturing enterprises reported they could not complete payments, whereas the other services had the least difficulties. **(Figure 22)**
- Micro- and small-scale enterprises had more difficulties making payments. The difficulty level in compulsory payments is on average 2.8 and 2.6 out of 4 for micro- and small-scale enterprises, respectively. The average difficulty level is 2.6 across companies, whereas medium-scale enterprises had a difficulty level of 2.3 and large-scale enterprises 1.7. 30% of micro-enterprises and 19% of small-scale enterprises reported they failed to complete compulsory payments. 5% of large-scale enterprises did so. **(Figure 23)**

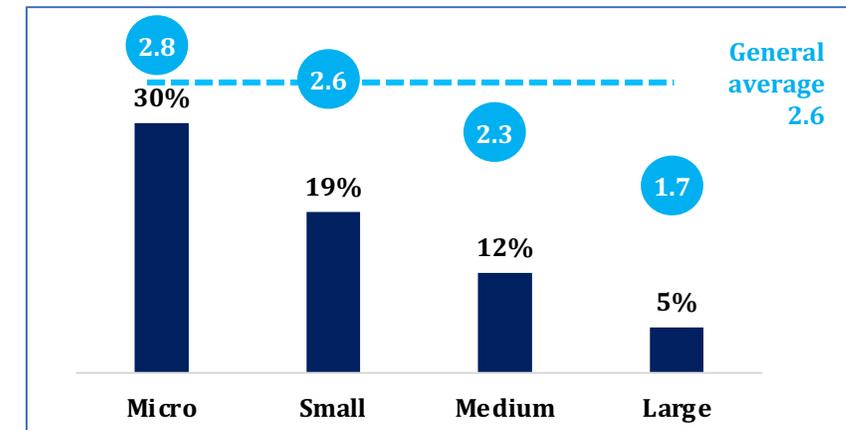
Are you having difficulty making your compulsory payments such as salaries, taxes, rent, invoices etc.? (Please choose a number between 1-4.) (Figure 21)



The proportion of those which reported "we could not make compulsory payments" (4) by sector (Figure 22)



The proportion of those that have difficulties in making compulsory payments (4) by enterprise size (Figure 23)

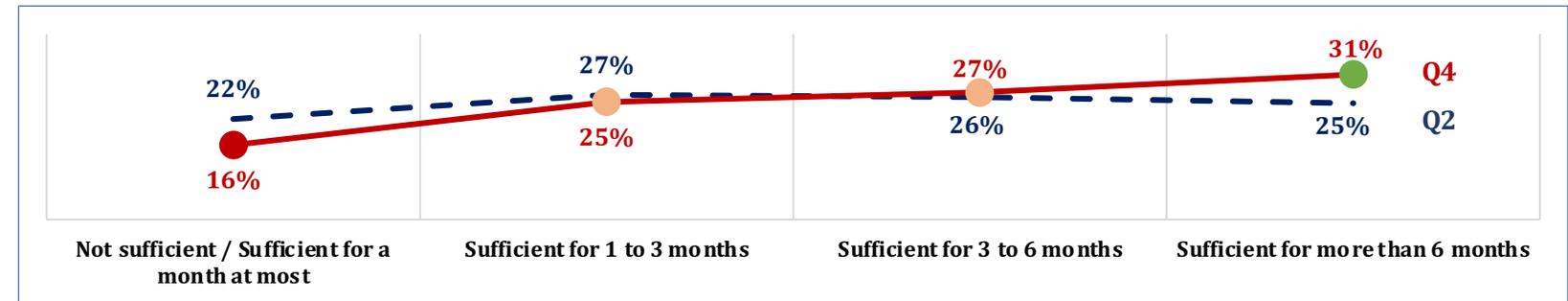


If COVID-19 crisis continues, the working capital of 68% of enterprises will carry them forward for 6 months at most.

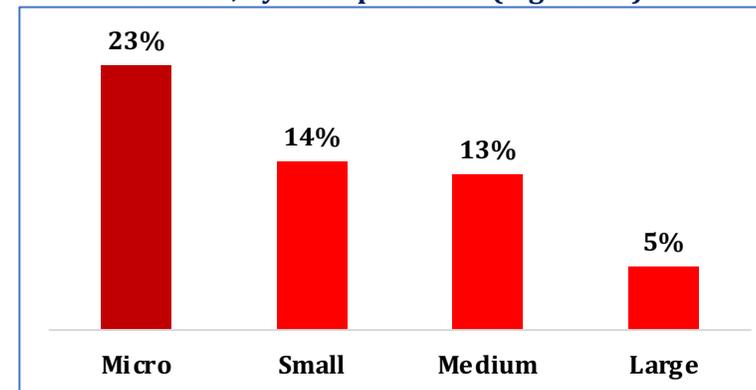
The enterprises engaging in import and export activities have a stronger capital structure.

- 41% of enterprises reported if COVID-19 crisis continued, their working capital would carry them forward for 3 months at most. 68% of companies reported it would carry them forward 6 months at most, whereas 75% reported so in Q2 survey. However, 16% of enterprises reported they already lacked a sufficient amount of working capital or that it would carry them forward for one month at most. **(Figure 24)**
- Enterprises that reported their capital would carry them forward for one more month at most constitute 5% of large-scale enterprises, whereas 23% for micro-scale enterprises did so. **(Figure 25)**
- 23% of enterprises operating in accommodation and food services reported their working capital would carry them forward for one month at most, whereas only 5% of transportation and storage enterprises did so. **(Figure 26)**
- The proportion of enterprises working with the public institutions, which reported their working capital would carry them forward for one month at most, is as high as 29%, whereas only 27% of enterprises had difficulty in making their compulsory payments. **(Figure 27)**
- 31% of all enterprises reported their working capital would carry them forward for more than 6 months, whereas 43% of export enterprises and 42% of e-commerce enterprises did so. **(Figure 28)**

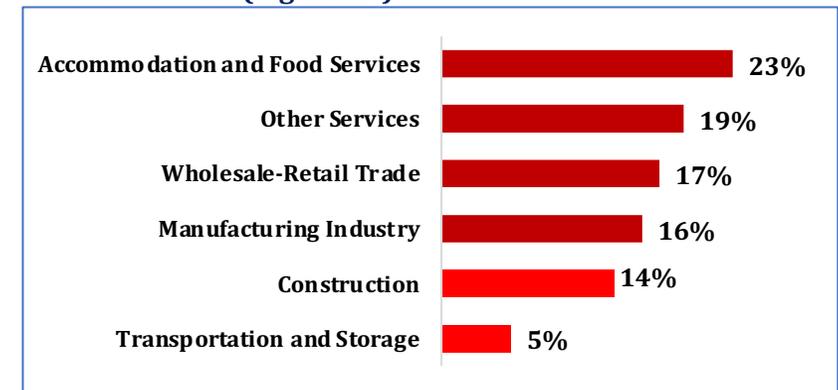
How long will your enterprise's working capital be sufficient if COVID-19 Crisis is to continue? (Figure 24)



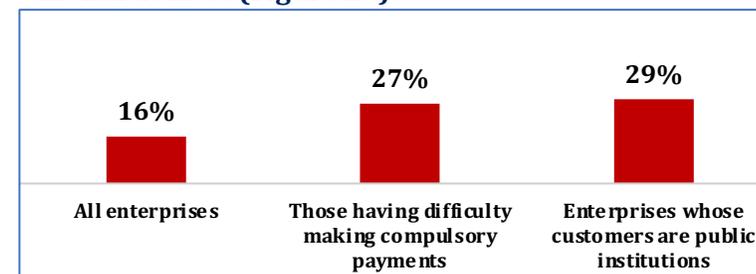
Enterprises with working capital sufficing for one month at most, by enterprise size (Figure 25)



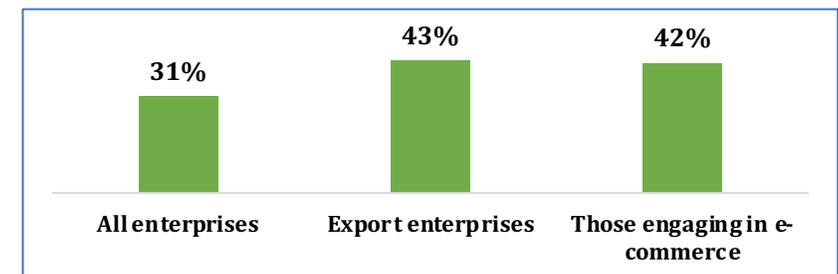
Enterprises with working capital sufficing for one month at most (Figure 26)



Enterprises with working capital sufficing for one month at most (Figure 27)



Enterprises with working capital sufficing for more than 6 months (Figure 28)



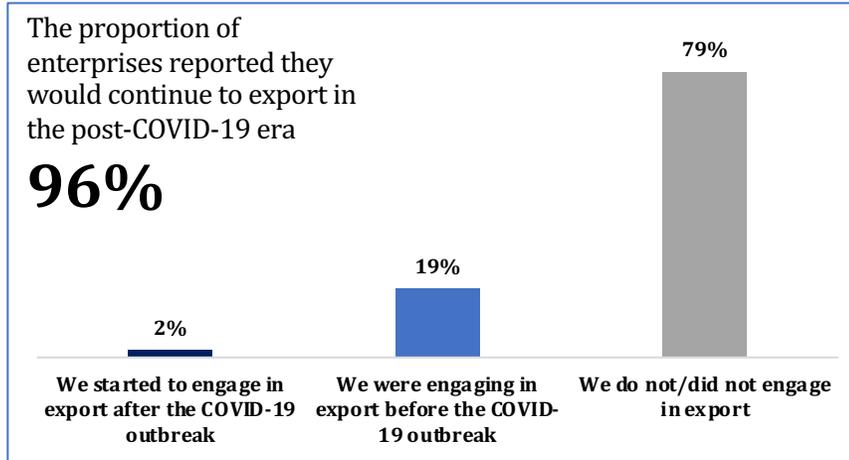
Part 2:

Coping Strategies and Government Aids

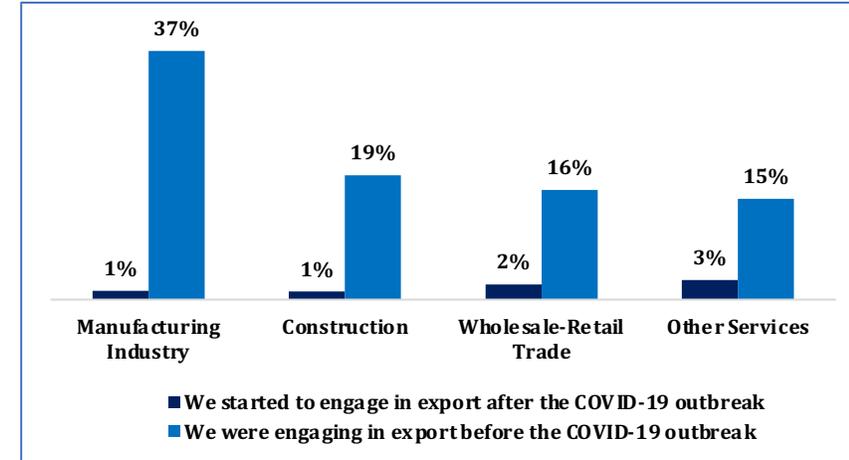
Shrinking foreign demand resulted in export losses in most of enterprises, whereas only 15% of exporting enterprises had an increase in export rate in 2020.

- 21% of enterprises continued to engage in export activities, whereas 19% reported they engaged in export before COVID-19. The proportion of enterprises that started to export after COVID-19 outbreak is 2%. **(Figure 29)**
- The manufacturing industry had the highest number of exporting enterprises. 38% of manufacturing enterprises engaged in export activities, whereas 37% reported they exported before COVID-19, and 19% of construction enterprises engaged in export activities. The above-mentioned sectors along with other services and wholesale-retail sectors constitute 96% of exporting enterprises in the survey. **(Figure 30)**
- 50% of exporter enterprises had a decrease in the export share of turnover, only 15% had an increase. **(Figure 31)**
- 22% of manufacturing enterprises reported they had an increase in the export share of the turnover after COVID-19 outbreak. Only 12% of enterprises operating wholesale and retail services reported they had an increase in the export share. **(Figure 32)**
- Despite the contraction in the export market, 96% of the exporting enterprises reported they would continue to engage in export activities in the post-COVID-19 era.

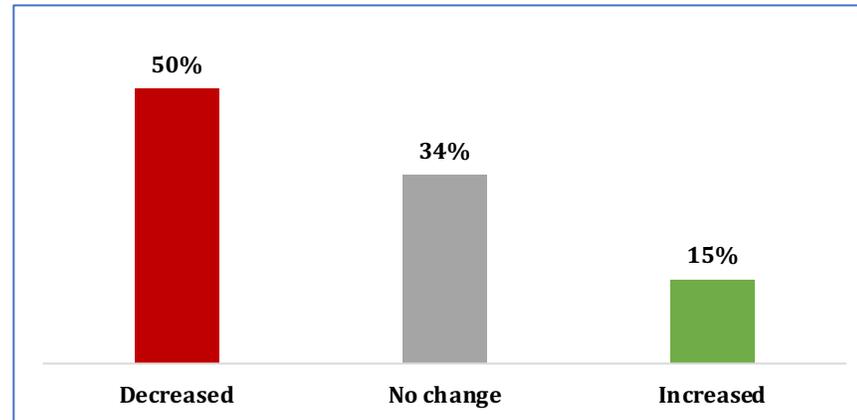
Does your enterprise engage in export activities? Did you start to export before or after COVID-19 outbreak? (Figure 29)



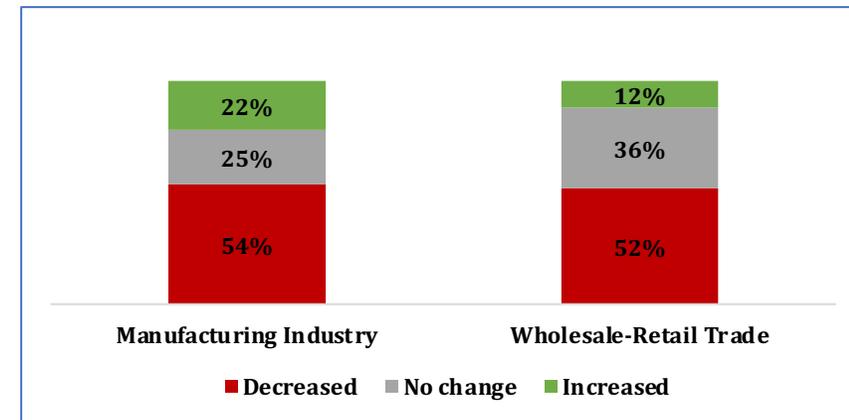
Export distribution of enterprises by sector before and after COVID-19 outbreak (Figure 30)



Changes in export share of turnover of enterprises (Figure 31)



Changes in export share of turnover of enterprises by sector (Figure 32)

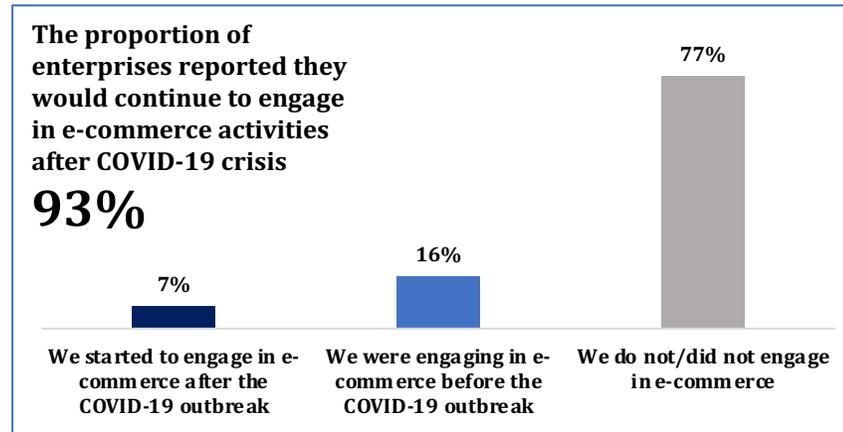


7% of enterprises started to engage in e-commerce after COVID-19 outbreak.

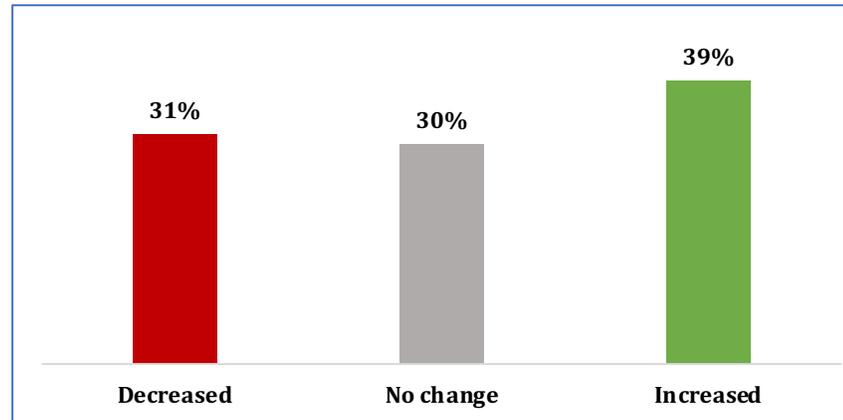
39% of enterprises engaging in e-commerce had an increase in e-commerce's share of turnover in this period, whereas 31% had a decrease.

- 23% of enterprises engaged in e-commerce activities, whereas 16% reported they started e-commerce before COVID-19, and 7% reported they started to engage in e-commerce activities after COVID-19 outbreak. **(Figure 33)**
- Other services had the highest rate of enterprises that engaged in e-commerce activities. 33% of enterprises in this sector engaged in e-commerce, whereas 11% started after COVID-19. The proportion of manufacturing enterprises that engaged in e-commerce is 23%, whereas the proportion of the ones that started after COVID-19 outbreak is 4%. The proportion of wholesale-retail trade enterprises engaging in e-commerce is 27% and 9%. The above-mentioned sectors along with enterprises operating in accommodation and food services constitute 98% of e-commerce enterprises. **(Figure 34)**
- 31% of enterprises reported they had a decrease in e-commerce's share of turnover, whereas 39% reported an increase. **(Figure 35)**
- 42% of manufacturing enterprises reported they had an increase in e-commerce's share of turnover, and 39% reported a decrease. However, 37% of enterprises operating in wholesale-retail trade sector reported they had an increase in e-commerce's share of turnover, whereas 30% reported a decrease. **(Figure 36)**
- 93% of e-commerce enterprises reported they would continue to engage in e-commerce after COVID-19 crisis. 94% of manufacturing enterprises and 98% of those operating in wholesale-retail trade sector did so.

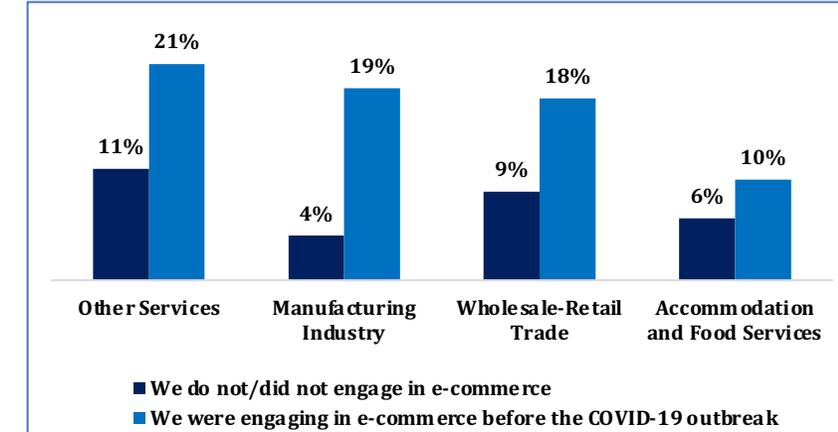
Does your enterprise engage in e-commerce? Did you start to do e-commerce before or after COVID-19 outbreak? (Figure 33)



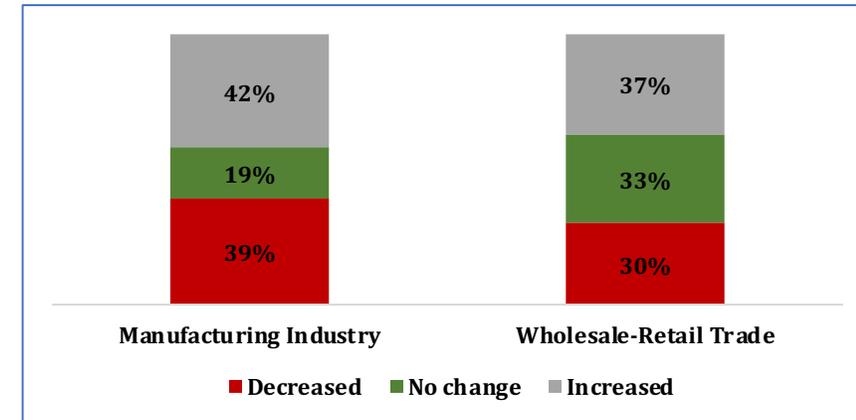
Changes in e-commerce's share of turnover of enterprises (Figure 35)



Trade distribution of enterprises by sector* before and after COVID-19 outbreak (Figure 34)



Changes in e-commerce's share of turnover of enterprises by sector* compared to the pre-COVID-19 era.



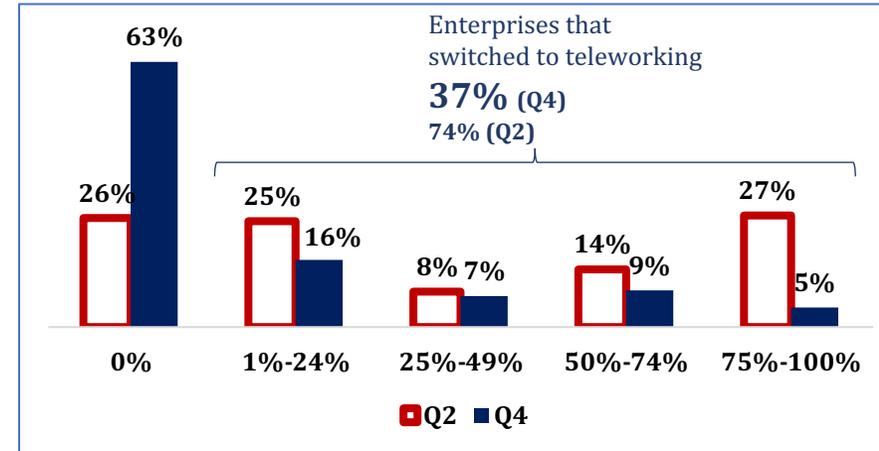
*Other sectors were not included due to the insufficient number of observations in this breakdown..

Most enterprises could not adopt teleworking; only 13% of employees had the opportunity to work remotely.

Micro- and small-scale enterprises had difficulty integrating teleworking practices.

- 37% of enterprises have a specific number of teleworkers, whereas more than half of the total number of employees work remotely in 14%. **(Figure 37)**
- On average, 13% of the employees work remotely in all enterprises, which rises to 24% in other services, and 12% in wholesale-retail sector, 11% in manufacturing sector, and 10% in accommodation and food sector.
- The higher the scale of the enterprise is, more employees tend to telework. 21% of micro-scale enterprises allow for teleworking, whereas 87% of large-scale enterprises do so. More than half of the total number of employees work remotely in 10% of micro-scale enterprises, whereas this is the case with only 42% of large-scale enterprises. **(Figure 38)**
- The sector with the highest tendency to allow for teleworking is other services sector with 55% of enterprises with employees working remotely. Transportation and storage sector has only 23% of enterprises with employees working remotely, which is on the lowest end of the spectrum. **(Figure 39)**

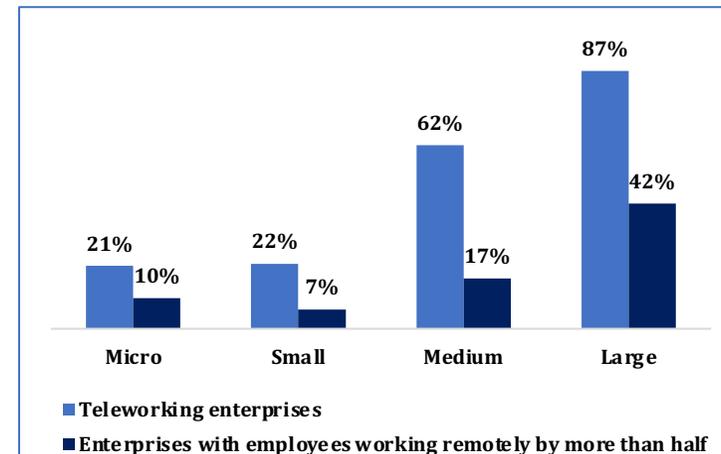
What is the percentage of your employees who telework? (Figure 37)



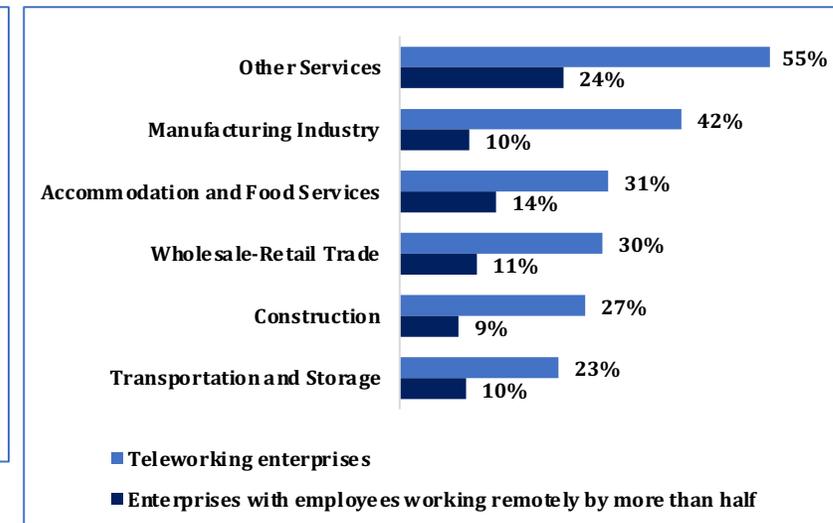
Of employees in enterprises, **13%** telework.

Other services **24%**
 Wholesale-retail **12%**
 Manufacturing sector **11%**
 Accommodation and food **10%**

The proportion of enterprises that switched to teleworking by enterprise size (Figure 38)



The proportion of enterprises that switched to teleworking by sector (Figure 39)

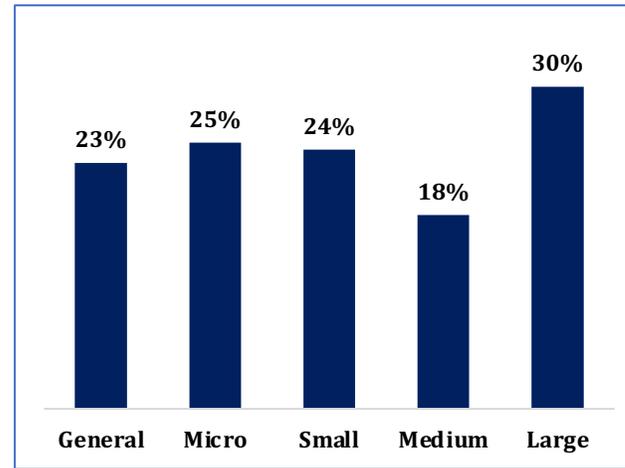


23% of enterprises intend to continue teleworking in the post-COVID-19 era

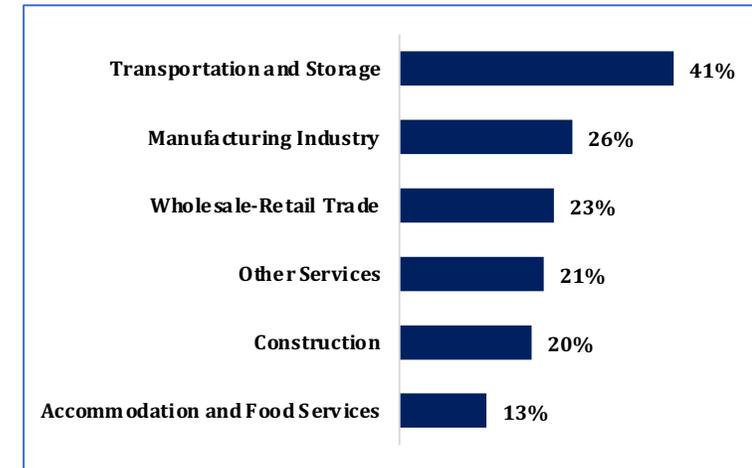
Lack of infrastructure, and responsibilities at home make it difficult for the employees to work remotely.

- 23% of enterprises intend to continue teleworking in the post-COVID-19 era, whereas only 30% of large-scale enterprises and 25% and 24% of micro- and small enterprises intend so. **(Figure 40)**
- 41% of enterprises operating in the transportation and storage sector intend to continue to allow for teleworking, whereas this is the case with only 26% of manufacturing enterprises and 23% of those operating in the wholesale and retail trade sector. **(Figure 41)**
- The most serious challenges faced by teleworking enterprises are internet speed and quality, and improper working conditions at home. However, it is the lack of computers and similar equipment pointed out by one third of enterprises, and the lack of use of technological means by one fourth of enterprises. **(Figure 42)**
- 37% of enterprises with a rate of female employment of more than 50% switched to teleworking. When asked about the issues that remote workers had difficulty within these companies, 50% of enterprises pointed out the inconvenient conditions at home in reply to questions about the challenges about teleworkers' experience. 17% of the said enterprises reported they would continue to telework in the post-COVID-19 era.

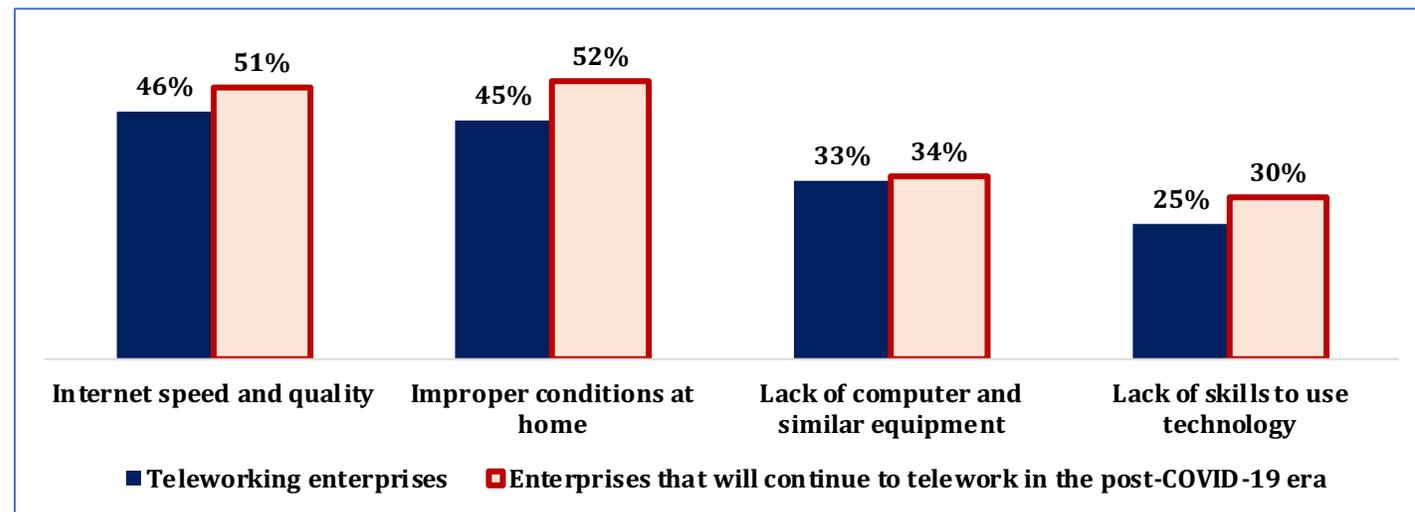
Those that intend to continue teleworking practices in the post-COVID-19 era, by enterprise size (Figure 40)



Those that intend to continue teleworking practices in the post-COVID-19 era, by sector (Figure 41)



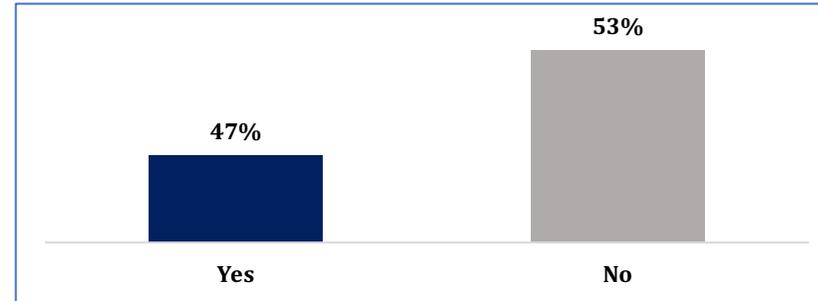
If you switched to teleworking, did you face the challenges below? (The proportion of yes-responses) (Figure 42)



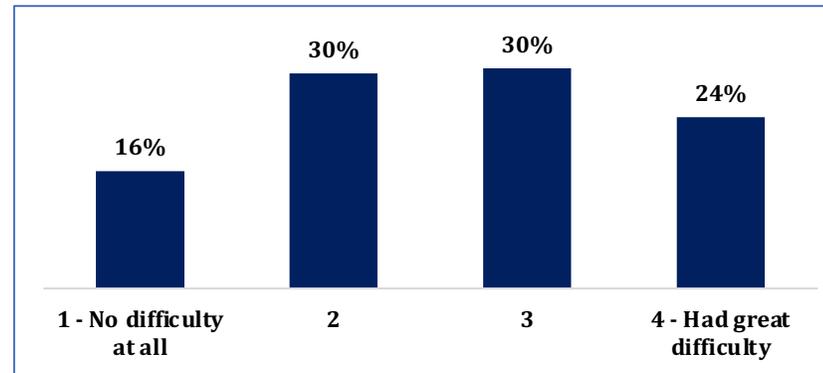
41% of enterprises with a balanced ratio of male and female employees reported women had more difficulty carrying on works than men due to their increased responsibilities outside work.

- 47% of enterprises reported the employees had difficulties working remotely due to the increased responsibilities at home or the ones outside work. **(Figure 43)**
- 6% of enterprises with a rate of female employment of %30 - %70* reported it was harder for male employees, whereas 41% reported it was for female employees. 52% reported it was equal for both genders. **(Figure 44)**
- 53% of the female respondents and 34% of the male respondents reported women had more difficulties in conducting their business due to their increasing responsibilities at home or outside work. **(Figure 44)**
- 54% of respondents in total reported they had difficulties in managing and administering their teams as a manager. **(Figure 45)**
- As the rate of female employment in enterprises increases, so does the rate of those which reported women had more difficulties. 9% of enterprises with fewer female employees than Turkey average (less than %31)** reported women had more difficulties. However, 15% of enterprises with a rate of female employment of 31% -50%, and 33% of enterprises with a rate of female employment of more than half of the employees did so. **(Figure 46)**

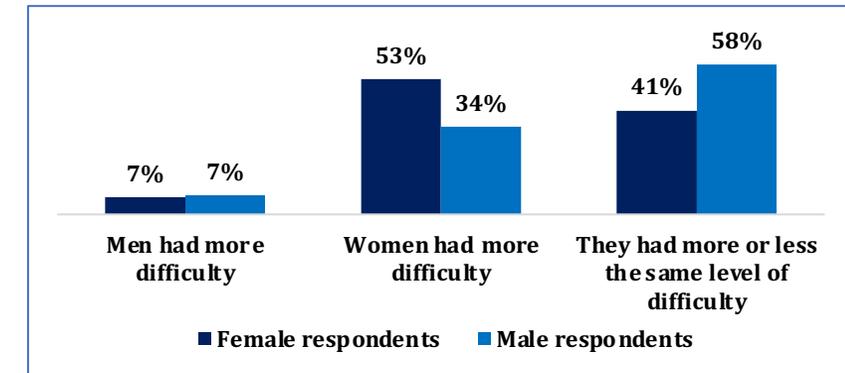
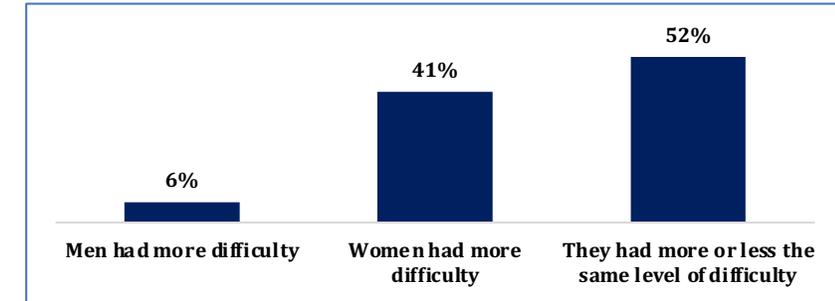
Did your employees have difficulty in carrying out their works due to their growing responsibilities at home resulting from COVID-19 Crisis? (Figure 43)



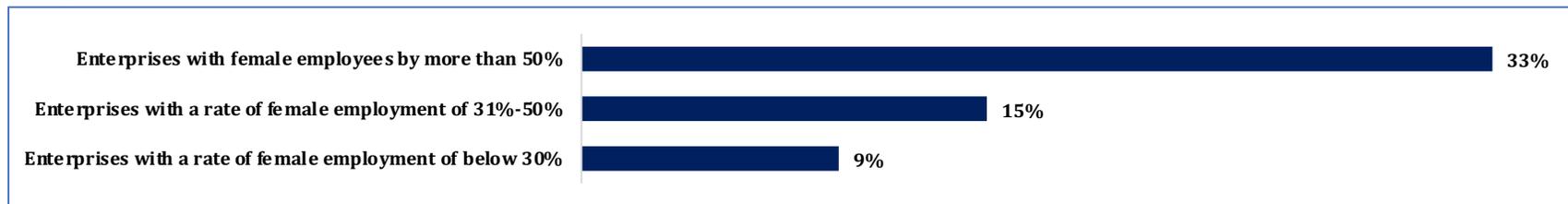
During COVID-19 pandemic, to what extent did you have difficulties leading your team as a manager? (Choose between 1-4.) (Figure 45)



Did women or men have more difficulty? (Enterprises with a rate of female employment of 30% to 70%)* (Figure 44)



Enterprises reporting that female employees had more difficulty in carrying out their works by the rate of female employment (Figure 46)



* The grouping was to analyse the results for the enterprises with an equal gender distribution..

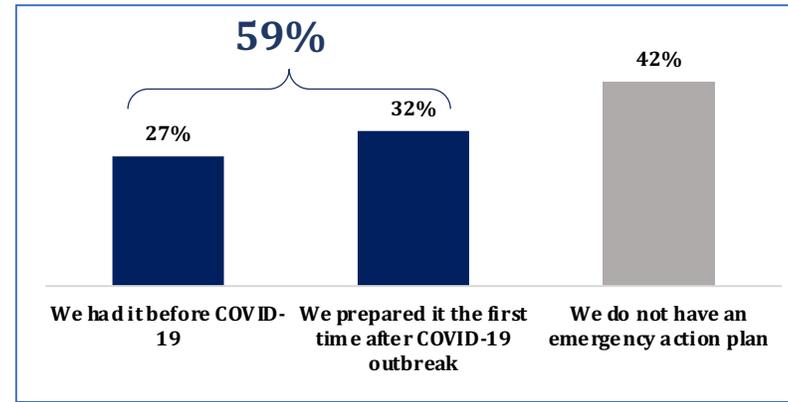
** The rate of female employment in Turkey is 31%.

Enterprises with emergency and business continuity action plans are affected less by COVID-19 crisis.

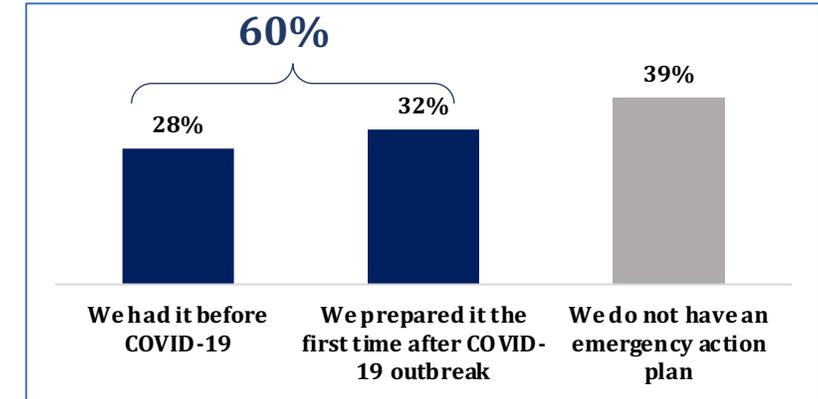
The rate of enterprises with emergency and business continuity action plans increased from 28% to 60%.

- 59% of enterprises reported they had an emergency action plan and 60% reported they had a business continuity plan. The rate of enterprises that had both action plans is 54%. In Q1 survey conducted in March, only 32% did so. **(Figure 47 and 48)**
- The level of crisis exposure of enterprises that had action plans before COVID-19 crisis was examined. Before COVID-19 crisis, enterprises with both action plans were affected by the crisis at a level of 2.86, where 4 was "we were substantially affected". Enterprises with an emergency action plan had a level of crisis exposure of 2.94, and those with a business continuity plan had a level of crisis exposure of 2.97. Enterprises that had neither of the action plans were substantially affected by COVID-19 crisis at an impact level of 3.18. **(Figure 49)**
- The enterprise scale affects the rate of having both emergency and business continuity action plans. 54% of all enterprises have both emergency and business continuity action plans, whereas 80% of large-, 67% of medium- and 55% of small-scale enterprises have both. 37% of micro-scale enterprises have both action plans, which is the only rate below the general average. **(Figure 50)**

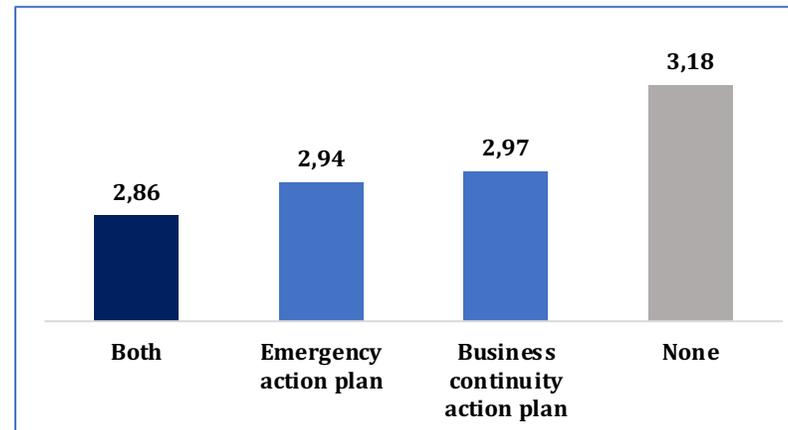
Does your enterprise have an emergency action plan? (Figure 47)



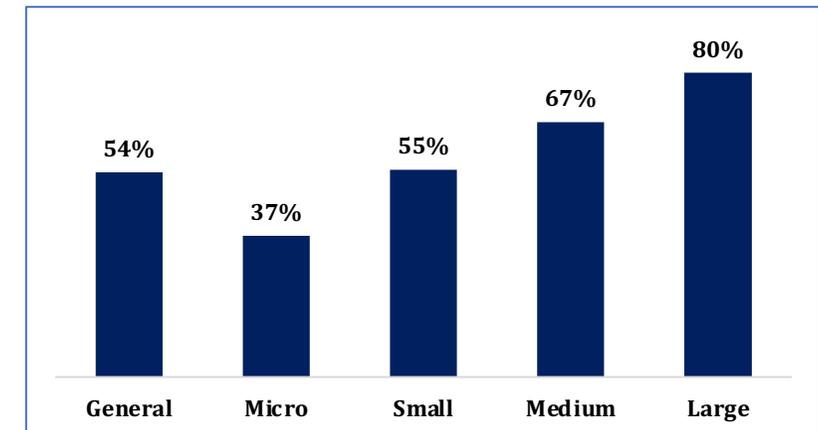
Does your enterprise have a business continuity action plan? (Figure 48)



Impact level of crisis (out of 4) by having emergency or business continuity action plans before COVID-19 (Figure 49)



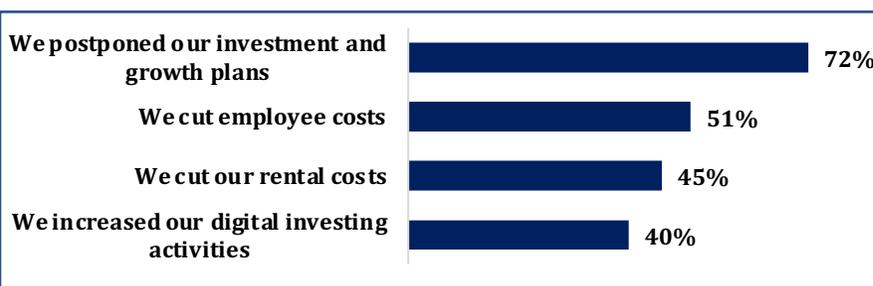
Proportion of enterprises with both emergency and business continuity action plans by scale (Figure 50)



Even though COVID-19 caused the postponement of investment and growth plans, enterprises reported they increased their digital investing activities.

Short-term work allowance was the most effective measure.

Efficiency measures taken by enterprises with internal policies (Internal measures) (Figure 51)



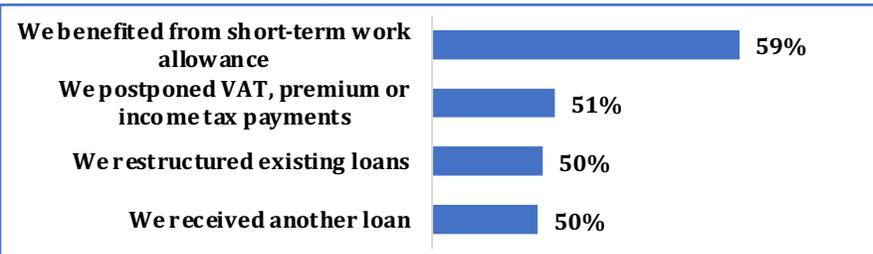
The rate of implementing mitigating measures by the enterprise scale

	Micro	Small	Medium	Large
We postponed our investment and growth plans	73%	76%	68%	61%
We cut employee costs	48%	58%	52%	33%
We cut our rental costs	44%	56%	42%	17%
We increased our digital investing activities	28%	44%	50%	42%

Measures reported to be "most effective" by enterprise scale

	Micro	Small	Medium	Large
We postponed our investment and growth plans	24%	23%	15%	19%
We cut employee costs	10%	13%	13%	4%
We cut our rental costs	14%	10%	9%	9%
We increased our digital investing activities	6%	4%	9%	17%

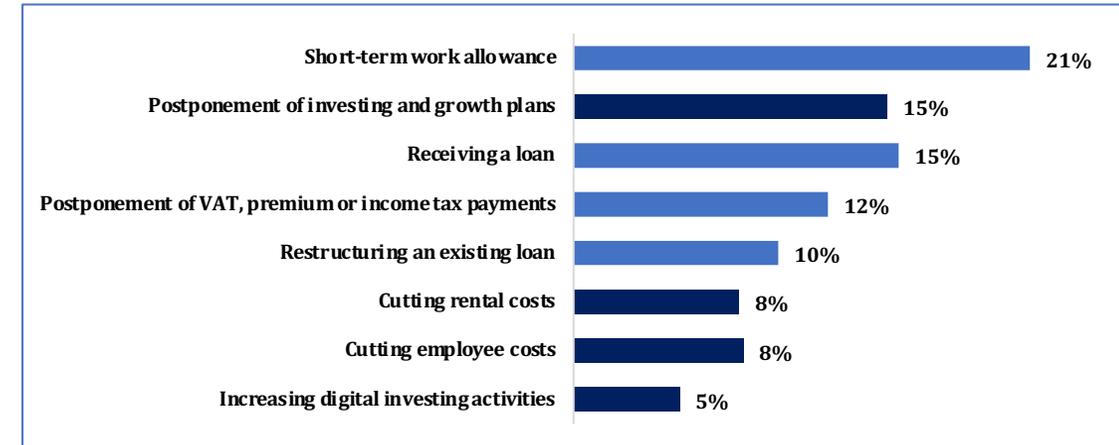
Support provided by the ecosystem outside the enterprise (External measures) (Figure 52)



	Micro	Small	Medium	Large
We benefited from short-term work allowance	50%	63%	66%	67%
We postponed VAT, premium or income tax payments	47%	58%	53%	35%
We restructured existing loans	47%	59%	48%	37%
We received another loan	38%	55%	61%	49%

	Micro	Small	Medium	Large
We benefited from short-term work allowance	23%	25%	42%	42%
We postponed VAT, premium or income tax payments	19%	19%	14%	7%
We restructured existing loans	13%	16%	9%	15%
We received another loan	17%	25%	21%	15%

Which one contributed the most to the strength of your enterprise? (Figure 53)



- Postponing investment and growth plans were the most common measures taken by enterprises. 72% of enterprises postponed their investment and growth plans, whereas only 73% and 76% of micro- and small-scale enterprises did so, respectively. 24% of the micro-scale enterprises taking these measures reported postponing their investments was the measure improving the strength of the enterprise the most. Besides, a group of 40% of enterprises reported they increased digital investing activities. **(Figure 51)**
- Short-term work allowance was one of the most effective measures. 59% of enterprises benefited from the short-term work allowance, whereas only 50% of micro- and 67% of large-scale enterprises did so. 23% of micro-scale enterprises reported the short-term work allowance was the most effective measure, whereas only 42% of large-scale enterprises did so. **(Figure 52)**
- In general, 21% of enterprises reported the short-term work allowance was the measure that contributed the most to the strength of enterprises. However, only 15% reported so for postponing investment and growth plans and obtaining new loans. **(Figure 53)**

Part 3:

Future Projections, Needs and Intervention Priorities

Enterprises' risk perceptions demonstrate that COVID-19 caused domestic and foreign demand crises as well as financial instability.

Workforce loss experienced in Q4 caused the enterprises to worry about inability to procure qualified workforce.

- To contribute to the determination of short-term intervention priorities, enterprises were asked to rate the level of possible risks in the next 3 months.
- In general, insufficient domestic demand, inability to collect receivables, inability to procure qualified workforce, and increasing costs are the issues that are considered as the highest risk. 37% of enterprises consider the insufficient domestic demands as high risk. The risk score of insufficient domestic demands was 2.8 out of 4. Besides, the concerns about the inability to receive a loan and credit increased from 2.2 to 2.7 compared to Q2 survey. **(Table 1)**
- In Q2 survey, enterprises attributed the inability to procure qualified workforce an average risk score of 1.9 (out of 4). In Q4, it increased to 2.8, which demonstrated that enterprises with a decrease in employment rate were afraid of not being able to fill the gap in employment. The average risk score attributed to the inability to procure qualified personnel in enterprises with workforce loss increased to 3.1. **(Figure 54)**

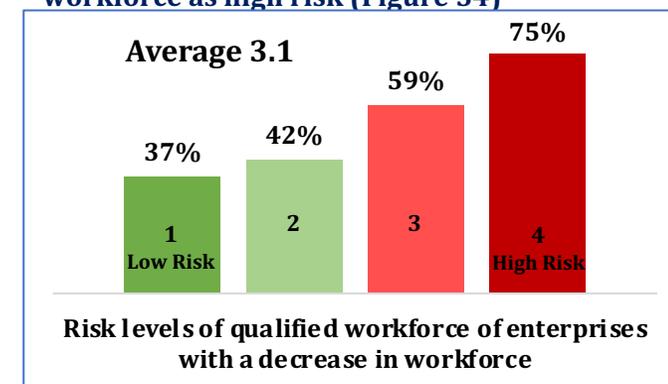
"Evaluate the risk levels you foresee for your enterprise in the next 3 months." (Please choose between 1-4.) (Table 1)

	1 - (Low Risk)	2	3	4 - (High Risk)	Risk Score	Risk Score (Q2)
Insufficient domestic demand	16%	26%	22%	37%	2.8	3.0
Inability to collect receivables	13%	21%	30%	36%	2.9	-
Inability to procure qualified workforce	17%	25%	23%	35%	2.8	1.9
Increasing manufacturing and operation costs	13%	21%	35%	31%	2.9	-
Supply-chain disruptions	17%	26%	26%	30%	2.7	2.5
Inability to receive a loan/ credit	20%	22%	29%	28%	2.7	2.2
Insufficient Foreign Demand (export)	21%	22%	32%	25%	2.6	2.6
Inability to pay a loan	18%	27%	38%	18%	2.6	2.3

The differences of enterprise scale by average risk score and total risk score (the higher the score, the higher the risk assessment) (Table 2)

	1-9	10-49	50-249	250 and above
Insufficient domestic demand	0.1	0.2	-0.2	-0.8
Inability to collect receivables	0.0	0.2	-0.1	-0.5
Inability to procure qualified workforce	0.0	0.3	-0.1	-0.8
Increasing manufacturing and operation costs	0.1	0.1	-0.1	-0.6
Supply-chain disruptions	0.1	0.2	-0.1	-0.7
Inability to receive a loan/ credit	0.1	0.2	-0.2	-0.8
Insufficient Foreign Demand (export)	0.1	0.2	-0.1	-0.6
Inability to pay a loan	0.2	0.2	-0.3	-0.7
Overall risk level	0.6	1.6	-1.1	-5.5

The rate of those with workforce loss that consider the inability to procure qualified workforce as high risk (Figure 54)



Inflation and travel restrictions/lockdowns stand out as the main factors affecting the enterprise performance.

- Inflation stands out as the most important factor limiting the performance of enterprises among other factors affecting the economic conditions in Turkey. 54% of enterprises pointed out inflation, 49% curfews, 38% loan rates, 30% currency fluctuations, and 29% demand insufficiency. **(Figure 55)**
- Enterprises are adversely affected by curfews. Accommodation and food services and other services are the main sectors affected by curfews. 77% and 65% of these enterprises in the said sectors, respectively, reported curfews prevented their business activities. Construction and transportation and storage enterprises, however, pointed out loan rates. **(Table 3)**
- Enterprise scale does not substantially affect the impact levels. Inflation and curfews stand out as a limiting factor at all scales. **(Table 4)**

Which two of the following factors that affect the current economic conditions restrict your enterprise's performance the most? (Choose the two most important.) (Figure 55)



Changing factors that restrict enterprise performance by sector (Table 3)

	Wholesale-retail Trade	Manufacturing industry	Construction	Transportation and Storage	Accommodation and Food Services	Other Services
Inflation	57%	45%	58%	74%	43%	54%
Loan rates	34%	39%	64%	69%	23%	17%
Currency fluctuations	29%	40%	33%	20%	20%	26%
Insufficient demand	26%	31%	19%	15%	36%	39%
Travel restrictions/lockdown	54%	44%	26%	22%	77%	65%

Changing factors that restrict enterprise performance by enterprise scale (Table 4)

	1-9	10-49	50-249	250 and above
Inflation	59%	55%	46%	55%
Loan rates	37%	40%	45%	17%
Currency fluctuations	21%	28%	41%	46%
Insufficient demand	29%	28%	33%	20%
Travel restrictions/lockdown	54%	49%	36%	62%

Half of enterprises reported they were very worried about the impact of crisis.

36% of enterprises were fully prepared for the second wave of pandemic.

- 78% of enterprises reported they were worried about the impact of COVID-19 crisis on their enterprises. The rate of enterprises that reported they were very worried was 50%, whereas the rate of enterprises that reported they were not worried at all was only 6%. **(Figure 56)**

(Figure 56)

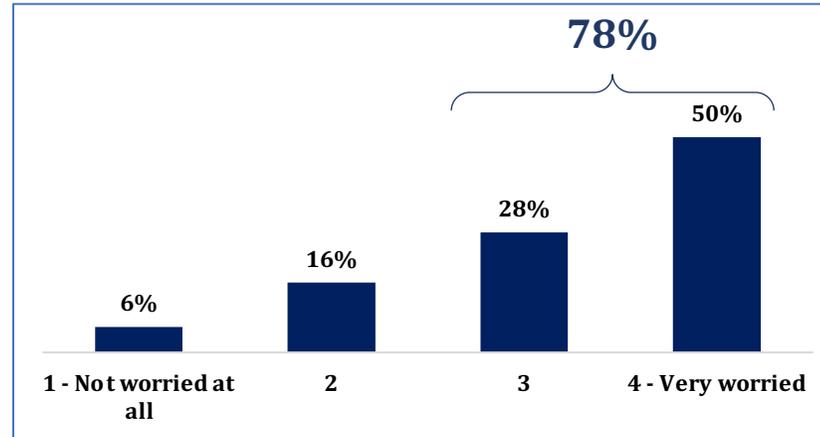
- The survey shows that anxiety level of employees is higher in micro- and small-scale enterprises compared to medium- and large-scale ones. 56% of micro- and 61% of small-scale enterprises reported they were very worried, whereas only 39% of medium- and 13% of large-scale enterprises did so. **(Figure 57)**

- In Q2 survey, 19% of enterprises reported they were fully prepared for a second wave of COVID-19 outbreak. In Q4 survey, 36% of enterprises reported they were experiencing the second wave as "fully prepared". The proportion of enterprises reporting they were not ready at all is 19%. **(Figure 58)**

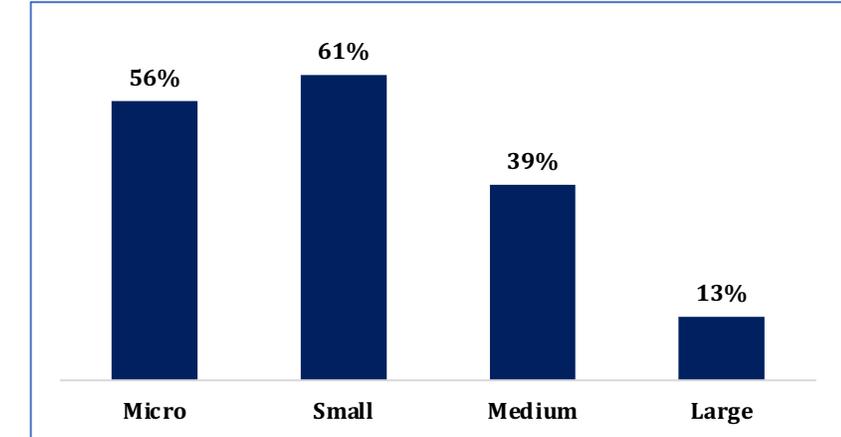
- The level of preparedness of enterprises varies by whether they have an action plan or not. The level of preparedness of enterprises that did not have any action plans was 2.2 out of 4, whereas the level of preparedness of enterprises with both action plans was 3.2.

- Enterprises were affected by the crisis in varying levels according to their level of preparedness for a second wave. Enterprises that were not prepared at all had a level of crisis exposure of 3.5 out of 4 on average, whereas it was 3.2 for the enterprises that reported they were fully prepared.

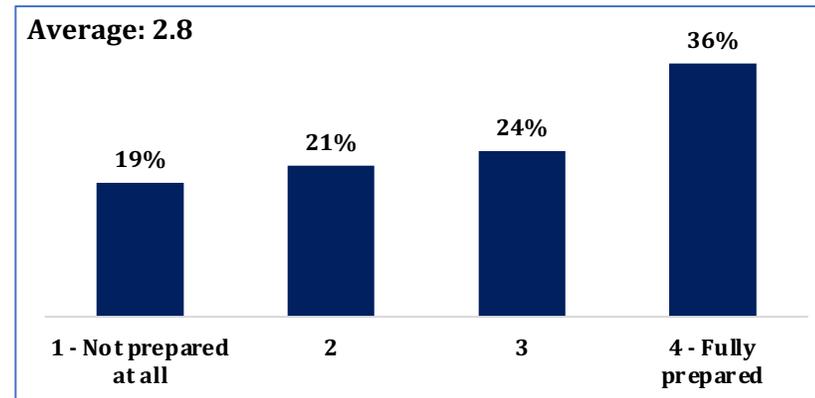
Are you worried about the impact of COVID-19 crisis on your enterprise in the forthcoming period, if so, to what extent? (Please choose between 1-4.) (Figure 56)



The proportion of enterprises that are very worried by enterprise size (Figure 57)



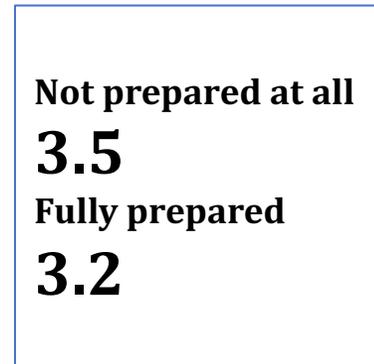
How prepared were you for the second wave of the pandemic we are experiencing? (Please choose between 1-4) (Figure 58)



Level of preparedness by having an action plan (out of 4)



Level of crisis exposure by the level of preparedness for the second wave (Out of 4)

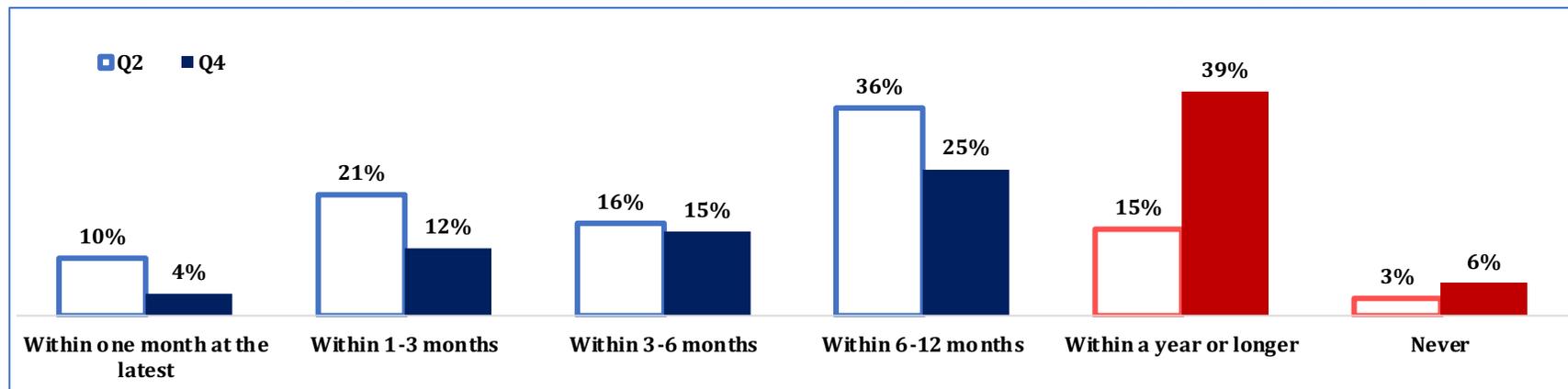


Recovery expectations have further been deferred to the future compared to Q2.

39% of enterprises foresee that the crisis will last more than a year, whereas it is only 15% of enterprises reported so in Q2.

- 16% of enterprises foresee that the negative effects of COVID-19 will go away within 3 months at the latest, and 31% within six months at the latest. In Q2, 31% of enterprises thought that its effects would disappear within 3 months at the latest, and 57% within 6 months at the latest. **(Figure 59)**
- 25% of enterprises reported its impact might disappear in 6 to 12 months, whereas 39% reported it could take longer than a year. The proportion of those that believed the effects would take longer than a year to go away was approximately 15% in Q2. 6% of enterprises think that the effects will never go away. **(Figure 59)**
- The transportation and storage sector had the highest rate of enterprises that reported the impact of the crisis would go away in a year or longer, which was 63%. Accommodation and food services had the highest rate of enterprises that reported the effects might never go away, which was 10%. **(Table 5)**

When do you think the negative effects of COVID-19 crisis on your enterprise will completely go away? (Figure 59)



Future projections by sector (Table 5)

	Within 1 month at the latest	Within 1 to 3 months	Within 3 to 6 months	Within 6 to 12 months	1 year or longer	Never
Other Services	4%	14%	14%	30%	31%	6%
Manufacturing Industry	3%	7%	17%	24%	43%	6%
Construction	5%	7%	10%	37%	36%	5%
Accommodation and Food Services	4%	18%	13%	15%	41%	10%
Wholesale-Retail Trade	5%	17%	19%	22%	33%	5%
Transportation and Storage	0%	6%	10%	19%	63%	2%