

**AN INVESTIGATION ABOUT THE EFFECTIVENESS OF PRE-
VENTIVE MEASURES TAKEN DURING CRISIS PERIODS OVER
SME's**

Prof.Dr. Mikail EROL, ^a
Assoc.Prof.Dr.Metin ATMACA, ^b
Res.Assist. Seçil ÖZTÜRK ^c

ABSTRACT

The aim of this study is to analyze the effectiveness of preventive measures taken during crisis periods over SMEs. To eliminate the adverse effects of the crisis Turkish Government took 7 sets of preventive measures against crisis. Major considerations to introduce these measures were to strengthen the economy and thus maintain sustainable growth, minimize the problem of liquidity, encourage domestic demand and overcome the problem of unemployment.

For these purposes a survey was conducted for SMEs. The results of the survey demonstrate that participants of the survey stressed the importance of loans. The study revealed that extending the payment periods of KOSGEB loans during crisis periods and providing assistance to loaning procedure by the banks were critically important for the sustainability of businesses.

Key Words: Crisis, Preventive Measures, Empirical Study

^{a, b, c} Çanakkale Onsekiz Mart University Biga Economics and Administrative Sciences Faculty , Business Management Department.

KRİZ DÖNEMLERİNDE ALINAN ÖNLEM PAKETLERİNİN KO- Bİ'LER ÜZERİNE ETKİNLİĞİNİN DEĞERLENDİRİLMESİNE YÖNELİK BİR ARAŞTIRMA

ÖZET

Bu çalışmanın amacı, kriz döneminde alınan ekonomik önlem paketlerinin KOBİ'ler üzerindeki etkinliğinin belirlenmesine yönelik tedbirlerin incelenmesidir. Hükümet tarafından krizin meydana getirdiği olumsuzlukları ortadan kaldırmak amacıyla 7 adet önlem paketi hazırlanmıştır. Bu önlem paketlerinin hazırlanmasındaki temel amaçlar; ekonomiyi güçlendirmek ve istikrarlı büyümeyi sağlamak, likidite sorununu azaltmak, iç piyasa talebini hızlandırmak ve işsizlik sorununu gidermektedir.

Bu amaçlar doğrultusunda KOBİ'lere yönelik bir anket uygulanmıştır. Çıkan sonuçlara göre katılımcıların önlem paketlerinde yer alan kredilerin önemine vurgu yaptıkları tespit edilmiştir. Kriz dönemlerinde KOSGEB kredilerinin geri ödeme sürelerinin uzatılmasının ve bankaların kredi kolaylıkları sağlamasının işletmelerin sürdürülebilirliği açısından kritik öneme sahip olduğu ortaya çıkmıştır.

Anahtar Kelimeler: Kriz, önlem paketleri, ampirik bir çalışma.

INTRODUCTION

World economies were affected to a great extent by the global scale crisis that started in the last months of 2008. Increased atmosphere of uncertainty caused an increase in the costs of indebting. Besides unemployment rates rose and growth rates saw rigid decreases. 2008 crisis had the characteristic of including derivative products which gives it a special characteristic compared to other crisis in history. Derivative products are structurally complex and they have high volumes of transaction which caused enlargement of supportive packages.

Parallel to the preventive measures against financial crisis that affected world economies adversely, sets of preventive measures were introduced in Turkey as well. These measures aimed at; (www.dunya.com)

- Boosting domestic market,

- Introducing lower levels of private consumption tax and value added tax in order to facilitate boosting domestic market,
- Extending the areas of employment support,
- Introducing new regulations to facilitate loaning for export industries and extending the payment periods of loans,
- Decreasing the interest rates of loans, were stressed.

Table 1 is the summary of sets of preventive measures taken against the crisis and significant subject headings included in the sets.

Table 1: Preventive Measures Against the Crisis and Their Scope

Preventive Measures	Scope
1. Preventive Measures	Targets elimination of liquidity problem caused by lack of foreign demand and foreign funds. Resources of Eximbank were increased. Loans with zero interest rate also called “life line support” were introduced.
2. Preventive Measures	With the support of Ministry of Finance, a loan worth of 150 million Turkish Liras opened for businesses as a result of high rates of applications to loans given by KOSGEB
3. Preventive Measures	This set of measures is mostly related to employment. The availability of short time work payment and employment opportunities for the youth and women were increased.
4. Preventive Measures	Total volume of this set of preventive measures is 2.2 billion Turkish Liras. It is the 0,2% of Gross National Income and its factor ratio in the national budget is 1%. In this set a decrease of VAT and private communication tax in automotive, commodity, real estate and telecommunication were seen.

	In order to maintain domestic demand, supportive fund for domestic resource use was decreased 33%. This loan was given through the channel of KOSGEB.
5. Preventive Measures	It is the continuation of 4 th set of preventive measures and adds furniture, IT, stationary items and iş machines into the scope of VAT and private consumption tax discounts. In order to encourage construction industry some new discount in VAT was introduced.
6. Preventive Measures	This set of preventive measures aims to regulate flow of loan between private sector and banking industry. It targets stable budget structure in the banking sector besides providing loan support to private sector.
7. Preventive Measures	This set of preventive measures is stressed as “employment package” and prepared as a measure for rapid increase in the number of unemployed. Accordingly the measures targets assisting unemployed to train for a vocation in the long run and providing temporary work in the short term.

Source: Apak, Sudi ve Yılmaz, Güneş, “Türkiye’de Kriz Döneminde Açıklanan Ekonomik Önlem Paketleri”, Muhasebe ve Finansman Dergisi, Sayı: 43, 2009, 14-23; <http://www.tesk.org.tr/tr/mevzuat/08/2008113.pdf>; Sektörel Dernekler Federasyonu, Kronolojik Olarak Önlem Paketleri, <http://www.sedefed.org/default.aspx?pid=60978&nid=57158>

1. EMPIRICAL STUDY

This part of the study consists of purpose, significance, scope and method of the study. Results of statistical analyses for the survey data and their evaluation are presented through the tables.

1.1. The Purpose and Significance of the Study

The aim of this study was to evaluate the opinions of businesses about the preventive measures taken by the government during the crisis period. Stable administration of activities of businesses during the periods of crises bore crucial importance. This study discussed preventive measures taken during the periods of crisis with respect to healthy functioning of business activities and an empirical study was conducted about mentioned preventive measures.

1.2. Scope and Method of the Research

The scope of the research included Small and Medium Sized Enterprises (SMEs) situated in İstanbul (Levent and Üsküdar Districts). The study used survey method in order to obtain data for the research. A survey is a systematically prepared form to obtain data from the primary sources. The aim of the survey is to collect data for the hypotheses and tests that would be used in the research (Islamoglu, 2009:113). The number of businesses that participated in the survey was 197 and face to face interviews were conducted to collect data.

1.3. Analysis of Data and Their Evaluation

SPSS software was used for the analysis and evaluation of survey data. The survey form used in the research included 20 statements. 5 of the statements used in the survey were excluded while these were mainly about determining the industry, years in operation and whether the company used a loan before.

5 point likert scale type statements included in the survey form were coded as 5=Totally Agree, 4= Agree, 3=I am not sure, 2= I do not agree, 1=

Totally Disagree. Survey questions were prepared based on the references used in the theoretical part of the study. Survey data was analyzed by using statistical methods. Accordingly, following the frequency distribution evaluation of the data, factor analysis was implemented to the data and the results were presented below in tables.

1.3.1. Evaluation of Frequency Analysis Results

Table 1 presents the frequency distribution of participant businesses with respect to their industry.

Table 2: Industries of Businesses That Participated in the Research

Area of Operation	n	%
Manufacturing	56	28,4
Services	141	71,6
TOTAL	197	100

28.4% of businesses that participated to the survey were active in the manufacturing industry while 71,6% of the businesses were in the services industry. Operational years of businesses in their respective industries are presented in Table 3.

Table 3: Operational Year of Businesses in Their Industries

Years of Operation	n	%
0-1 years	5	2,5
2-5 years	69	35
6-9 years	94	47,7
10 years or over	29	14,7
TOTAL	197	100

Of All businesses that participated in the survey 2,5% of them was operational for 0-1 year, 35% of them for 2-5 year, 47,7% was 6-10 years and 14,7% was for 10 years or over. Table 4 presents number of employees that are actively working in the businesses.

**Table 4: Number of Employees in the Businesses
That Participated in the Survey**

Number of Employees	n	%
1-4 Employees	17	8,6
5-9 Employees	86	43,7
10 or over Employees	94	47,7
TOTAL	197	100

Of all businesses that participated in the survey 8,6% employed 1-4 employees, 43,7% employeeed 5-9 employees, 47,7% employed 10 or more employees.

Moreover statements about the use of loan revealed that 57% of the businesses stated that they used a loan before and 76,6% of the businesses stated that they did not used a loan apart from the source of KOSGEB. Table 5 presents frequency distribution of Likert Scale statements with 5 codes.

Table 5: Frequency Distribution of Variables

Variables	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Total
1-Credit Loans provided by KOSGEB were insufficient.	31	19,3	16,8	23,9	9,1	100
2-Credit Loans provided by KOSGEB had very low limits.	14,7	32	27,9	22,3	3	100
3-Loans were used outside the businesses' purposes	11,7	34,5	32	20,3	1,5	100
4-Loans provided by KOSGEB were very effective in preventing the crisis	12,7	26,9	4,6	34	21,8	100
5-VAT discounts that are implemented in construction industry during the crisis period would be effective in preventing the crisis if it were implemented in other industries as well.	9,1	32	6,1	26,9	25,9	100

6-Extending the periods of subsidies is important in preventing the crisis.	12,2	16,8	5,1	34	32	100
7-Taking other preventive measures other than loans would assist in preventing the crisis.	9,1	14,7	4,6	38,1	33,5	100
8-Loans provided by KOSGEB mainly used for supply purposes.	7,1	13,2	31,5	43,7	4,6	100
9- Enlargement the boundries of incentive measures is effective in preventing the crisis	6,6	11,2	35,5	43,1	3,6	100
10- For businesses with certain number of employees assistance in the areas of taxation and social security premiums would help prevent the crisis.	7,1	10,2	30,5	44,7	7,6	100
11- Use of loans acquired by the businesses were mostly for equity of company and for capital increases	6,1	9,1	32	48,2	4,6	100
12- Use of loans acquired by the businesses was for wages and other routine payments.	5,6	8,6	30,5	50,3	5,1	100
13- Providing loan assistance by the banks would be effective in preventing the crisis during the periods of crisis.	5,6	7,1	27,4	52,3	7,6	100
14- Extending the return period of loans provided to businesses would help overcome the crisis.	3,6	7,6	28,4	53,3	7,1	100
15-Loans provided by KOSGEB are important for the sustainability of businesses.	4	7,2	22,3	49,2	17,3	100

It is possible to summarize the subjects that came fore after obtaining the results following the frequency analysis that was conducted for statements in the survey questionnaire form.

- Of all the businesses that participated in the survey, 50% of them stated that limits of loans titled as ‘life line support’ and included in the preventive measures were sufficient.
- All businesses that participated in the survey expressed that KOSGEB loans were effective. They also considered extension of incentives included in the preventive measures
- All businesses that participated in the survey were in the opinion that banks should provide easiness in giving loans and also about the flexibility for payback periods of loans.
- Of all businesses that participated in the survey 66% of them particularly agreed on the critical importance of KOSGEB loans for the sustainability of businesses.

4.3.2. Independent Samples T Test Analysis and Evaluation of Results

T-Test analysis was conducted in order to assess the relationship between the activity area of businesses that participated in the research and the statements about KOSGEB loans. Accordingly, results are given in Table 6 and Table 7.

Table 6: Group Statistics

	Area of Activity	N	Mean	Std. Deviation	Std. Error Mean
General	Manufacturing	56	3.1679	.69967	.09350
	Services	141	3.1371	.76610	.06452

Table 7: Independent Samples Test

Levene's Test for Equality of Variances							T-test for Equality of Means			
		F	Sig.	t	df	Sig. (2- tai- led)	Mean Diffe- rence	Std.Err or Dif- ference	95% Confidence Interval of the Difference Lower Upper	
Gene- ral	Equal variances assumed	.414	.521	.260	195	.795	.0307 4	.11814	-.20226	.26374
	Equal variances not assumed			.271	110.04 6	.787	.0307 4	.11360	-.19438	.25586

No significant difference between activity area of businesses and their views about KOSGEB loans could be found since the significance value (0,521) was bigger than 0,005 as demonstrated in Table 7. In order to assess the relationship between the answer to the statement 'whether they used a loan before' and the statement about their opinions for KOSGEB loans T-Test analysis was implemented. The results of this analysis are given in Table 8 and in Table 9.

Table 8: Group Statistics					
	Whether used a loan before	N	Mean	Std. Deviation	Std. Error Mean
General	Yes	113	3.0932	.78702	.07404
	No	84	3.2167	.68566	.07481

Table 9: Independent Samples Test

		Levene's Test for Equality of Variances					T-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
General	Equal variances assumed	1.676	.197	-1.149	195	.252	.03074	-.12345	-.33528	.08838
	Equal variances not assumed			-1.173	190.078	.242	.03074	-.12345	-.33107	.08416

No significant relationship between the statement whether they used a loan before and the statement about their opinions for KOSGEB loans could be found since the significance value (.197) obtained is larger than 0,05 as demonstrated in Table 9.

4.3.3. Evaluation of Correlation Analysis and Its Results

In order to analyze the relationship among some 5 point Likert scale statements included in the survey form, a correlation analysis was conducted. Correlation analysis is a method of analysis that identifies the strength and direction of both the relationship among independent variables and the relationship between independent and dependent variables (Islamoglu, 2009:249).

Table 10: The Relationship Between KOSGEB Loans and Loan Limits

		Question1	Question2
Question 1	Pearson Correlation	1	.707**
	Sig. (2-tailed)		.000
	N	197	197
Question 2	Pearson Correlation	.707**	1
	Sig. (2-tailed)	.000	
	N	197	197

**. Correlation is significant at the 0.01 level (2-tailed).

According to the table 10 the relationship between the responses given to the statements insufficiency of KOSGEB loans and low loan limits was significant. The relationship is high. Participants considered that both KOSGEB loans and loan limits were sufficient.

Table 11: KOSGEB Loans and Ease of Loan Support Provided By Banks

		Question 4	Question 13
Question 4	Pearson Correlation	1	.446**
	Sig. (2-tailed)		.000
	N	197	197
Question 13	Pearson Correlation	.446**	1
	Sig. (2-tailed)	.000	
	N	197	197

**. Correlation is significant at the 0.01 level (2-tailed).

Table 11 demonstrates a significant relationship between the participants response to statements; effectiveness of KOSGEB loans and ease of loan support provided by banks. The relationship was medium level. Participants pointed out that while KOSGEB loans were effective in preventing the crisis; also the ease of loan support by the banks during this process helped businesses overcome the crisis.

Table 12: Incentives and Extending Time

		Question 6	Question 9
Question 6	Pearson Correlation	1	.723**
	Sig. (2-tailed)		.000
	N	197	197
Question 9	Pearson Correlation	.723**	1
	Sig. (2-tailed)	.000	
	N	197	197

** . Correlation is significant at the 0.01 level (2-tailed).

Table 12 puts forward a significant relationship between the responses to the statements; extending time for the implementation of incentives and extending the area of incentives. A high relationship was found between the two variables. Participants stressed the critical role that extending time period of incentives and the incentive areas would play.

Table 13: Time Extension of Incentives and Duration of Loan Repayment Period

		Question 6	Question 14
Question 6	Pearson Correlation	1	.431**
	Sig. (2-tailed)		.000
	N	197	197
Question 14	Pearson Correlation	.431**	1
	Sig. (2-tailed)	.000	
	N	197	197

** . Correlation is significant at the 0.01 level (2-tailed).

Table 13 shows that there was a significant middle level relationship between the responses to the statements time extension in incentive implementation and extending duration of loan repayment period for businesses. Accordingly, the participants think that businesses would be at ease in times of crisis by extending the time period of incentives and duration of loan repayment periods.

Table 14: KOSGEB Loans and Sustainability

		Question 4	Question 15
Question 4	Pearson Correlation	1	.327**
	Sig. (2-tailed)		.000
	N	197	197
Question 15	Pearson Correlation	.327**	1
	Sig. (2-tailed)	.000	
	N	197	197

**. Correlation is significant at the 0.01 level (2-tailed).

According to Table 14, responses given to the statements about effectiveness of KOSGEB loans in overcoming the problems of crisis and sustainability of Businesses by KOSGEB loans were significant. There was a middle level relationship between the two variables. Participants considered granting KOSGEB loans and providing sustainability of businesses were important.

Table 15: Crisis Measures and Loan Assistance

		Question 7	Question 13
Question 7	Pearson Correlation	1	.554**
	Sig. (2-tailed)		.000
	N	197	197
Question 13	Pearson Correlation	.554**	1
	Sig. (2-tailed)	.000	
	N	197	197

**. Correlation is significant at the 0.01 level (2-tailed).

According to the Table 15, the relationship between the responses given to the statements taking measures besides loans and loan assistance given by the banks in times of crisis was significant. There was a middle level relationship between these variables. The participants considered businesses would overcome the problems of crisis by taking strict crisis measures besides assistance provided by the banks.

CONCLUSION

Turkish economy faced various crisis especially following the release of capital mobility. Although all businesses were affected adversely by these types of crisis in the economy, SMEs were the most adversely affected of all. Within this group of SMEs, particularly those that borrowed by a foreign currency bankrupted.

This study was aimed at identifying opinions of SMEs towards sets of measures taken by the government. Businesses that participated in the survey stressed expanding incentives included in the sets of measures and also expressed crucial importance of life line support of loans that were critical in overcoming the problems of crisis.

Another significant issue that came fore in the study was loan assistance that could be provided by the banks in times of crisis and expanding incentive implementations towards businesses. Accordingly, businesses considered expansion of incentives and providing assistance about the procedures of loan granting process as important factors.

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