

ECONOMIC CRISES, STATE INTERVENTIONS AND THE SMES: THE CASE  
OF WHOLESALE AND RETAIL SMES IN GİMAT, ANKARA

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**ECONOMIC CRISES, STATE INTERVENTIONS AND THE SMES: THE  
CASE OF WHOLESALE AND RETAIL SMES IN GIMAT, ANKARA**

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## **ABSTRACT**

### **ECONOMIC CRISES, STATE INTERVENTIONS AND THE SMES: THE CASE OF WHOLESALE AND RETAIL SMES IN GIMAT, ANKARA**

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This thesis aims to investigate how the 2001-2008 and 2018 economic crises experienced by Turkey and the indirect and direct financial interventions of the State against these crises affect and develop the Small and medium-sized enterprises (SMEs) in the wholesale and retail sector in Turkey. Therefore, this research focuses on the consequences of these interventions on employers by approaching SME managers as law enforcement and affected recipients of interventions. The effects of these state interventions on the change and transformation of the wholesale and retail sector in Turkey today are analyzed, and the effects on wholesale and retail SMEs selling beverages and food products on Ankara Gimat wholesalers site are investigated. While detailing the intervention tools implemented by the State in different crisis periods in Turkey, it is argued that the intervention logic, in which the State only focuses on financial instruments, has no market or institutional effect on employers. While it is seen that consumers are affected by the crisis and their price orientation increases during the crisis, the effects on the wholesale and retail sectors of discount and chain markets in Turkey are discussed. While it is seen that this affects the development of

the Turkish wholesale and retail sector, it has been discussed how wholesalers and retailers who transitioned to the retail field are affected by this process. It is aimed to reveal how financial intervention tools make employers more dependent on the State in different crisis periods. At this point, different employer groups are defined as wholesalers and retailers in Gimat and former wholesalers who have switched to organized retail. There is also the Gimat association, of which employers are members. The field study carried out within the scope of this thesis is based on interviews and focus group discussions with employers and association managers of these SMEs.

**Keywords:** SMEs, Service SMEs, Wholesale and retail sector, Economic crisis and State intervention



## ÖZ

### EKONOMİK KRİZ, DEVLET MÜDAHALELERİ VE KOBİLER: ANKARA GİMATTA Kİ TOPTAN VE PERAKENDE KOBİ'LER ÖRNEĞİ

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Bu tez, Türkiye'nin yaşadığı 2001-2008 ve 2018 ekonomik krizleri ile bu krizlere karşı devletin yaptığı dolaylı ve doğrudan finansal müdahalelerin Türkiye'de toptan ve perakende sektöründeki KOBİ'leri nasıl etkilediğini ve geliştirdiğini araştırmayı amaçlamaktadır. Bu nedenle, bu araştırma, KOBİ yöneticilerine kanun uygulayıcı ve müdahalelerden etkilenen alıcılar olarak yaklaşarak bu müdahalelerin işverenler üzerindeki sonuçlarına odaklanmaktadır. Devletin bu müdahalelerinin günümüzde Türkiye'deki toptan ve perakende sektörünün değişim ve dönüşümüne etkileri analiz edilerek, Ankara Gimat toptancılar sitesinde içecek ve gıda ürünleri satan toptan ve perakende KOBİ'ler üzerindeki etkileri analiz edilmiştir. Türkiye'de devletin farklı kriz dönemlerinde uyguladığı müdahale araçları detaylandırılırken, devletin sadece finansal araçlara odaklandığı müdahale mantığının, işverenler üzerinde market ve kurumsal anlamda bir etkisinin olmadığı tartışılırken, farklı kriz dönemleri sonucunda işverenleri giderek finansal araçlara daha bağımlı hale getirdiği görülmüştür. Tüketicilerin krizlerden etkilendiği ve kriz süreçlerinde fiyat odaklılığının arttığı görülürken bunun Türkiye'deki indirim ve zincir marketlerin toptan ve perakende sektörünü etkisi altına almasındaki etkileri tartışılmıştır. Bunun Türkiye toptan ve perakende sektörünün gelişimini etkilediği görülürken, sektördeki; Perakende alanına geçiş yapan toptancı, toptancı ve perakendeci ve toptancıların bu süreçten nasıl



etkilendiđi tartıřılmıřtır. Finansal mdahale aralarının farklı kriz dnemlerinde iřverenleri nasıl devlete daha bađımlı hale getirdiđinin ortaya konulması amalanmaktadır. Bu noktada Gimat'ta bulunan toptancılar, toptancılar ve perakendeciler ile organize perakendeye gemiř eski toptancılar olarak farklı iřveren grupları tanımlanmaktadır. Ayrıca iřverenlerin de yesi olduđu Gimat derneđi bulunmaktadır. Bu tez kapsamında gerekleřtirilen saha alıřması, bu KOBİ'lerin iřverenleri ve dernek yneticileri ile yapılan grřmelere ve odak grup grřmelerine dayanmaktadır.

**Anahtar Kelimeler:** KOBİ'ler, Hizmet KOBİ'leri, Toptan ve perakende sektr, Ekonomik kriz ve Devlet mdahalesi





*Dedication*

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## TABLE OF CONTENTS

PLAGIARISM.....	iii
ABSTRACT .....	iv
ÖZ.....	vi
DEDICATION.....	viii
ACKNOWLEDGMENTS .....	ix
TABLE OF CONTENTS .....	x
LIST OF TABLES .....	xiii
LIST OF FIGURES .....	xiv
CHAPTERS	
1. INTRODUCTION.....	1
2. THEORETICAL FRAMEWORK.....	10
2.1. SME as a Policy Issue.....	11
2.2. SMEs in The Service Sector.....	17
2.3. Economic Crises Facts: Precise Features of the Wholesale and Retail Sector .....	26
2.4. Idea of State Intervention: How State Tries to Alleviate the Crisis Process? ..	31
3. SETTING AND CONTEXT .....	45
3.1. Key Traits of ‘WRT’ in Turkey.....	46
3.1.1. Centrality of WRT in Turkey .....	46
3.1.2. Profile of WRT in Turkey .....	49
3.1.3. Fragilities of WRT in Turkey .....	52
3.2. Historical Evolution of WRT in Turkey.....	57
3.2.1. 1980-90: WRT Starts to Grow with the Effect of Neoliberal Policies .....	57

3.2.2. 1990-00: As Organized WRT Enter the Turkish Market, They Encounter Turkey's Own Political Economic Conjuncture .....	60
3.2.3. 2001-09: Government Interventions in Response to Inflationary Growth and the Transformation of the WRT Sector.....	64
3.2.4. 2009-18: The Dominance of Consumer Preferences and Its Impact on Business in the WRT Sector.....	68
4. FIELD STUDY: PROVISION OF STATE INTERVENTIONS IN GIMAT .....	80
4.1. Choosing the Study Area.....	80
4.2. Analytic Summary and Inputs for the Key Study.....	81
4.3. Research Design .....	84
4.4. Field Study .....	88
4.4.1. WRT Sector Evolution in Gimat in Context of SMEs Employers from 1980 to 2000.....	90
4.4.2. WRT Sector Evolution in Gimat in Context of SMEs Employers from 2001 to 2009.....	97
4.4.2.1. The effects of Financial Regulations on Access to Finance .....	97
4.4.2.2. Effects of Financial Regulations on Market Access.....	101
4.4.2.3. The Effects of Financial Regulations on Organizational Developments .....	106
4.4.3. WRT Sector Evolution in Gimat in Context of SMEs Employers from 2009 to 2018.....	112
4.4.3.1. The Effects of Financial Regulations on Access to Finance.....	113
4.4.3.2. The Effects of Financial Regulations on Market Access.....	115
4.4.3.3. The Effects of Financial Regulations on Organizational Developments .....	120
4.4.4. WRT Sector Evolution in Gimat in Context of SMEs Employers from 2018 to Present.....	125
4.4.4.1. The Effects of Financial Regulations on Access to Finance.....	126
4.4.4.2. Effects of Financial Regulations on Market Access.....	128

4.4.4.3. The Effects of Financial Regulations on Organizational Developments.....	133
5. CONCLUSION .....	140
REFERENCES .....	156
APPENDICES	
A. DEVELOPMENT OF SERVICE EXPORTS OF COUNTRIES OVER THE YEARS.....	175
B. STRUCTURAL INDICATORS FOR WHOLESALE TRADE.....	176
C. GROSS PROFIT RATIOS OF SECTORS.....	177
D. VELOCITY OF MONEY IN CIRCULATION .....	179
E. APPROVAL OF METU HUMAN SUBJECTS ETHICS COMMITTEE .....	180
F. TURKISH SUMMARY / TÜRKÇE ÖZET.....	181
G. THESIS PERMISSION FORM / TEZ İZİN FORMU .....	195

## LIST OF TABLES

Table 2.1. The areas where companies in the wholesale and retail sector generally have difficulties in economic crises .....	26
Table 2.2. Mapping of state intervention tools.....	32
Table 3.1. Areas where wholesale and retail SMEs are fragile.....	46
Table 3.2. Share of channels in total FMCG retailing.....	65
Table 3.3. Economic measures and results taken by the state in the process until 2008 .....	65
Table 3.4. Some store numbers' development of top 5 discount markets in Turkey .	69
Table 3.5. Economic measures and results taken by the state in the process until 2018 .....	69
Table 3.6. Economic measures and results taken by the state in the process since 2018 .....	74
Table 3.7. Retail sales volume - 3-month average changes .....	76
Table 3.8. Retail sector NPLs.....	77
Table 4.1. List of key informants .....	86
Table 4.2. The prominent tools that affect the employers in Gimat from the policies implemented by the state in different crisis periods .....	89

## LIST OF FIGURES

Figure 2.1. The problems that the economic crisis may create in the input and output areas of the enterprises and the direct and indirect intervention tools of the state.....	28
Figure 4.1. Gimat and surrounding neighbourhoods .....	82





## **CHAPTER 1**

### **INTRODUCTION**

This thesis investigates the role and impact of state interventions on Small and medium-sized enterprises (SMEs) under the neo-liberal policy-making process. In particular, it can be stated that SMEs will be more sensitive to the interventions and provisions of the State. In this context, this thesis argues that SMEs are more fragile in developing countries that are economically weak, are not organizing the institutional support mechanisms, and the manufacturing and service sectors are not fully integrated. In such an economy, the importance of looking at SMEs stems from the support these businesses provide in reducing unemployment and GDP in countries like Turkey. In economic crises, the intervention and policies of the State become very important as these states are easily affected. In this context, we will investigate how sustainable the government's interventions are and how they affect the sectors.

Moreover, we will also show that these interventions must have the financial, market, and institutional foundations because SMEs need access to money and need to reach the market and customers. Also, institutional structures must be strengthened because of their decision-making mechanisms. In this case, when researched, it is seen that direct and indirect financial instruments come to the fore among these intervention instruments in developing countries such as Turkey. In this respect, these interventions have created a financial dependence on the State and a distrust of its policies among Wholesale and Retail Trade (WRT) employers in countries such as Turkey, and it seems that this tool has no longer been used.

Although SMEs are an international phenomenon, their distinct characteristics make them country-specific. While a distinction can be made between service and manufacturing SMEs, countries may have different SME types even within these sectors. As shown in chapter 3, Turkey has an economic structure in which traditional

service sub-sectors such as wholesale and retail are concentrated. Despite this, there is a gap in the literature that most SME discussions in Turkey are made on manufacturing SMEs. The kind of development and transformation process the service sector experience in such an SME design and intervention environment seems to be ignored. In this context, this thesis aims to contribute to the differences and expectations of being a service SME while analyzing the effects of the Turkish State's interventions on the traditional service sub-sectors, wholesale and retail.

The wholesale and retail sector in Turkey started to expand further in the 1980s when more neo-liberal policies began to be implemented in the country. At the same time, it has faced multiple economic crises until today, and after each crisis, the State's interventions as a solution to these crises have come. However, as it showed in the last August 2018 exchange rate crisis and its aftermath, the crisis caused increased unemployment, increased foreign currency excessively, raised interest rates, and increased consumer and producer inflation excessively, as in previous crises. As a result, these factors, which reduce purchasing power, severely affect the demand-based WRT in Turkey. An important point here is that the financialization, which has deepened thanks to the economic measures implemented by the State as a solution to the 2001 and 2008 crises, has not strengthened the sector and its customer base. This situation led to the questioning of the financial interventions that the Justice and Development Party (JDP) brought to power due to the results of the 2001 crisis, which followed and increasingly continued to implement.

The WRT in Turkey, as explained in Chapter 3 in detail, is one of the most important sectors in terms of its contribution to both the GDP and employment. Besides, when the density of family businesses is considered in the economies, positive and negative developments in the sector also impact society (Dana & Ramadani, 2015). In addition, the sector holds the leadership in opening a business rate in Turkey, and it acts as a gateway to trade (Turkish Statistical Institute, 2020).

An important issue here is that workplace opening is so intense that it closes at the same speed, as shown in chapter 2. At the same time, it stems from the fact that these SMEs are structures with high vulnerability, ensuring the sustainability of these structures, and are critical and essential for the sustainability of the economy.

However, as shown in chapters 3 and 4, the fact that they are affected by the crisis makes the State's interventions very important. It is essential to look at the consequences of direct and indirect government interventions in this respect.

At this point, Turkey's example shows that the indirect and direct financial packages made by the government due to the banking channel are not sufficient to support the operation and development of the sector. Trying to overcome the crisis periods alone with financial support packages did not prevent the sector's fragility. Although there is the financial, market, and institutional support in Turkey, these interventions have set the targets for large corporate companies, not accessing SMEs.

The financial features of the intervention packages, on the other hand, seem to be the target of reaching mostly WRT SMEs. At this point, it can be stated that in the period from the 1980s to the present, these finance-based interventions of the State made the sector more dependent on the State's interventions. Due to practical and analytical reasons, the effects of state interventions on the financial, market, and institutions based on WRT employers that prioritize finance in the sector will be investigated.

Although financial interventions are not only research in this context, the State's interventions that prioritize finance will be emphasized in the analytical and empirical discussions mentioned above. In addition, although the State has multiple instruments, it can be said that most of the companies operating in the WRT sector in Turkey are more affected by the results of the direct and indirect interventions of the State on banking.

In Turkey, on the other hand, banks request real estate deeds as security, and the condition of accessing finance for every employer is not manageable. At the same time, the low profitability of the WRT in Turkey may damage the means of access to finance for employers working in this sector in times of crisis, which will lead to an increase in credit costs. It also demonstrates that parts of the intervention need to be carefully planned and directed toward SMEs' financial, market, and institutional.

In this respect, this study will analyze how well the employers on the Ankara Gimat wholesaler site have undergone transformation processes in these matters and how the government's interventions that prioritize indirect and direct finance affect these three

items. While trying to do this, interviews were conducted with different types of WRT SMEs, and their actions to interventions were assessed. In addition, interviews were held with the employers who took duty on the board of directors of the wholesaler site on different dates, and it was tried to examine how the expectations and demands of the employers changed and transformed in different years.

In this context, this thesis investigates how financial interventions of the State are experienced by employers operating in the wholesale and retail sector during the crisis and post-crisis periods. At the same time, in order to analyze the transformation of the wholesale and retail sector in Turkey on-site, the employers in the Ankara Gimat Wholesaler site will be the main subject of this thesis since its establishment and growth years began in the 1980s when Turkey experienced the logic of neoliberal economics. Furthermore, today, as shown in the theoretical discussions in chapter 2 and the setting discussions in chapter 3, it summarizes the sector's orientation to the organized area, which we will call chain and discount markets, why employers choose not to invest, and how financial interventions developed against economic crises make them dependent on the State.

In this context, this thesis is built on three main bases. First of all, it will be stated that most of the SME literature focuses on manufacturing SMEs, but that a significant SME ratio in Turkey is not industry but service SMEs. It will be shown that a significant part of these service SMEs are companies operating in wholesale and retail, and at this point, the profiles, vulnerabilities of these workplaces, and how central they are in the Turkish economy will be mentioned.

In addition, considering the excessive demand sensitivity of the companies operating in this sector, our study tries to examine the effects of the interventions and regulations of the State from a historical perspective. In addition, it will be considered that the direction, expectations, and demands of the State's economic interventions make employers the main actors in these processes. For that reason, this thesis focused on the interface between the employers and the State to understand what is happening in the field.

Secondly, the employer portfolio will be examined, which used to be more distant from the State and did not follow the State's policies, has transformed over the years and has

become more dependent on the decisions of the State in Turkey. As the direct and indirect financial intervention tools used during different periods of economic crisis could not be fully supported in market and institutional terms, employers' vulnerabilities in the WRT sector continued at the end of these processes. Although use of all means of intervention is necessary, the study will show that this is not the actual situation.

It can also be predicted that more severe social and economic consequences can be seen if the government does not manage these processes in the controlled manner mentioned. Thirdly, it will be shown that the State's interventions in developing capabilities of institutional decision-making of employers were insufficient in WRT SMEs in Turkey. It will be stated that this situation led employers to create investment and employment areas low in the comprehensive financialization environment supported by the State.

While organizing the field study section, 30 SME owners composed of wholesalers, retailers, and association managers were interviewed. First of all, establishing Gimat was to be an organized wholesale center. Therefore, interviews were done with those who entered the sector as a wholesaler and continue as a wholesaler today. Secondly, based on the tendency of the wholesale and retail industry in Turkey to become organized retail today, interviews were also conducted with those who started the industry as a wholesaler but recently switched to organized retail to measure how this situation developed in the Gimat.

Thirdly, employers who operate wholesale and retail businesses were interviewed to understand why the emerging crisis and government interventions forced Gimat employers to run these two together.

Finally, by interviewing the employers who took part in the management of the Gimat association on different dates, it was tried to measure how different crisis and state interventions changed the employers' reactions compared to today. They were asked questions about the past and present of wholesale, how wholesale was affected in different crisis periods, and how the financial indirect and direct interventions developed by the State against these crises in the last 20 years affected them in the development and transformation of these crises, how the role of chain and discount in

the market changed and how wholesale employers have developed against all these events.

Although the questions will not cause personal discomfort and are open-ended, asking questions about the State's policies seemed to create hesitancy for some employers due to job concerns. In addition, although tough and hard-to-recognize public-related questions were not asked, it was seen that the institutional and eligible information of the employers was insufficient in some of the questions asked.

In addition to these, the scope of this thesis is the last 20 years of JDP rule and how the three major economic crises and post-crisis processes have impacted and transformed the WRT in Turkey with public interventions. In this respect, although there is awareness among employers in some of the questions asked, it has been observed that some employers have difficulty remembering these effects and reactions of crisis and state interventions, and it has been tried to facilitate access to information by asking questions that include comparisons in these processes.

In Chapter 2, the theoretical background of the main arguments of the thesis is introduced. A literature review was conducted on SMEs, the service sector, wholesale and retail sector, public interventions, and economic crisis. A key conclusion of the literature review is that the relationship between state interventions and SMEs is generally investigated without considering the country-specific differences between SMEs, and the discussion is generally focused on manufacturing SMEs. At the same time, it is observed that state interventions also acted in this direction that interventions targeting manufacturing SMEs are planned as a priority.

In addition, it was seen in the literature that SME structures of developed and developing countries show different characteristics among themselves. While traditional service sub-sectors such as wholesale and retail take a significant share in service sector SMEs in developing countries, it was observed that these discussions generally ignore this and focus on industrial SMEs generally. It is beneficial for developing countries to review their country specifics, such as the nature of demand, the size of the sectors, degree of state intervention, economic crisis facts, and uneven development of sectors.

In this respect, it was shown that WRT SMEs are an entity in need of state intervention. The need for an appropriate and consistent state intervention is the scale of this thesis and how WRT employers react to the State's interventions in these times of crisis. The theoretical framework is constituted by examining the differentiation of service and manufacturing SMEs, their importance in developed or developing country SMEs, and how the periods of economic crisis affect the wholesale and retail sector to measure most accurately.

We explained how the State changed these effects with its interventions by showing that WRT SMEs are affected by the financial, market, and institutional crises. In this direction, after showing how fragile the WRT SMEs are and how they were affected by the economic crises, the changes and transformations of the sector were shown. Then, it was tried to investigate how the State's financial interventions affected the development and transformation of WRT SMEs as finance, market, and institutional in the crisis and post-crisis periods. As a result, it was shown that limiting the State's intervention in economic crises to financial interventions is insufficient in improving the financial, market, and institutional competencies of wholesale and retail employers.

In chapter 3, it is shown why the wholesale and retail sector in Turkey is in such a central position in today's Turkey. In addition, by trying to show what kind of characteristics, types, and formations the sector has, it is depicted that a fragmented wholesale and retail sector structure exists in Turkey. Finally, the fragilities of the Turkish economy sector show why government interventions must intervene in the sector in economic crises. In order to show that these vulnerabilities are shaped in line with the different economic crisis periods that Turkey has experienced and the public interventions following these crises, it is tried to show how the sector has developed and transformed during different historical and economic crises.

In this direction, the scope of this thesis has been investigated the effects of the 2001, 2008, and 2018 economic crises on the wholesale and retail sector in Turkey and the public interventions developed against these crises. This process started during the 2001 economic crisis, and it was a process that brought the JDP to power in terms of the consequences of this crisis. The economic crisis and public interventions in the

years following this process coincided with the period when the JDP was in power, showing that its direct and indirect financial interventions came to the fore in analyzing its economic interventions. Also, it is considered that the different characteristics, types, profiles, and vulnerabilities of the WRT in Turkey in the period leading up to the 2001 crisis had begun to change since the 1980s when Turkey had faced more neo-liberal policies. Therefore, the research has also been analyzed from the 1980s to the 2000s.

In chapter 4, the field study of this thesis has been done. In this direction, first of all, the justification to study the case of Gimat was tried to be made, and it was tried to explain why this site was chosen. Interviews with different employers were needed, especially since the effects of direct and indirect public interventions were measured and could not be analyzed as pure data. At this point, Gimat's composed of both the wholesalers, the wholesale and retail elements jointly, and the organized retail employer types mostly related to food and beverages groups, has made it a significant research area.

As a result of these interviews, as shown in chapter 4, it has been seen that the State's intervention tools in the period from the economic crisis in 2001 to the exchange rate crisis in 2018 intensified as indirect and direct financial interventions. While this financialization partially relieves the demand-based and sectoral size problems, Turkey-specific problems in SMEs' finance, market and institutional area, mentioned in chapters 3 and 4, have not shown any improvement in the institutional sense. In this respect, compared to the period before 2001, while the government's policies after 2001 could have changed, the profile and working conditions of the sector did not differ, and even, it became more dependent on the State's interventions.

Turkey, which achieved relative stability in economic figures such as inflation and interest between 2002 and 2018 and achieved high growth figures, faced a severe currency crisis in 2018 and experienced similar results as the 2001 crisis, making it essential to examine its economic structure and state interventions during these years. At this point, the economic structure in Turkey has been examined, and it has been seen that the wholesale and retail service sub-sector covers an important area and makes serious contributions to the workforce and GDP.



Moreover, while it has been observed that the increasing financialization of households in these years has been directed towards this sector, there has been no significant improvement in fixed investments, employment, and added value in employers in this sector. Despite the increasing financialization in households, it has been observed that it has faced budgetary difficulties, and this has brought about a change within the sector in areas where priority needs such as food and beverage are sold.

As shown in Chapter 4, the effects of these developments have been experienced by employers in Gimat. In this respect, not looking at the experiences of employers has made it essential to examine these experiences as well. In this respect, a theoretical discussion was needed, and the SME, service sector, wholesale and retail sector, economic crisis, and government interventions mentioned in chapter 2 were examined from this aspect. The theoretical framework of the situations mentioned above is also stated.

In addition, the structure of wholesale and retail in Turkey, which, as mentioned in chapters 3 and 4, develops based on demand, low profit, dependent on the domestic market, and dependent on the State's economic interventions, becomes more evident in Ankara and Gimat. The beverage and food group ranks first in the consumer price index measurement of the Turkish Statistical Institute. Also, the density of consumption expenditures of households identified by same institute have been an encouraging factor in the determination of Gimat to measure how the food wholesale and retailers in Turkey experience this development. In this context, in the scope of the design of this thesis, based on the claim of fragmentation and multiplication of the actors in the wholesale and retail sector, interviews were conducted with SMEs mentioned above.

Chapter 5, the conclusion chapter, briefly exhibits the concluding remarks about the prominent findings and discussions in Chapter 4. Policy recommendations are shortly sorted. Finally, the limitations of this study are discussed, and possible further research topics are asserted.

## **CHAPTER 2**

### **THEORETICAL FRAMEWORK**

The SMEs on the Gimat wholesaler site were not seriously affected by the 2001 and 2008 economic crises because food and beverages were a priority product for households. However, as we will mention in chapter 4, they felt the effects of financialization, which is one of the most important results of the state interventions developed against these crises. In this process, excessive indebtedness of households also caused rapid growth in the field of chain and discount markets of the sector, price orientation and the anxiety of finding the cheap brand were seen in households that had budgetary difficulties.

The customer portfolio of employers in Gimat, which we can call small grocers, shops, and markets, decreased rapidly. Regarding this decline, as we will show in chapter 4, many employers in Gimat kept their savings in real estate and foreign exchange, which we can call safe in their own way. State-supported financialization has also been directed to these areas by employers. When we came to the currency crisis in 2018, the increasing loan costs with the rapid increase in interest and foreign exchange rates brought the employers in Gimat to the point where they could no longer subsidize these customer losses, which they could subsidize through borrowing in 17 years. However, the borrowed employers have become dependent on the State's intervention by encouraging financialization with the State's intervention.

Although there is much research on SMEs' role in economies, it can be stated that there is a structural gap in the differences between developed and developing country SMEs and how these differences respond to economic crises and public policies developed against these crises as summarized in Turkey above. There are variable characteristics labeled as a unique species of each country that are not so examined, and there is a need for an analysis of the distinct type of formation process of SME to enlighten the

convergence/divergence and the crisis precautions of distinct countries. In this process, state interventions, which are an essential factor in the development and transformation of SMEs, will be examined for this purpose. In that scope, after emphasizing the role of SMEs and their forms and species, the concept of the service sector and the significant component of the 'wholesale and retail sector' will be analyzed. Then, the concept of state intervention in SMEs' development and crisis process will be discussed.

## 2.1. SME as a Policy Issue

There is more than one definition of SMEs worldwide, and it can be said that it is context-dependent, and their definition is mere local according to states. In the context of Turkey, SMEs can be dissociated as micro, small and medium scale enterprises that employ less than 250 people and their net sales revenue or any balance sheet item not exceeding the 250 million Turkish Lira<sup>1</sup>. This definition mentioned by the Turkish State in 2012 has close meaning to the European Union definition made in 2011 (Bayrakdaroglu&Şan, 2014).

SMEs are labeled as micro, Small and Medium-sized Enterprises (SMEs) made up of enterprises that employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million and/or an annual balance sheet total not exceeding EUR 43 million in European Union in 2020 (European Union 2020) In the United States, SMEs tried to be labeled, for example, as firms that employ fewer than 500 employees; farms and exporting services sectors are further classified according to annual revenue parameters in 2010 (U.S. International Trade Commission, 2010). It can be pointed out that countries are unique in their development and trade schema, which make them distinct from each other. Therefore, while it is difficult to agree upon a common

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<sup>1</sup> Kosgeb.'' KOBİ TANIMI GÜNCELLENDİ!'''. Accessed on: 21 June 2022, Retrieved from <https://www.kosgeb.gov.tr/site/tr/genel/detay/8173/kobi-tanimi-guncellendi#:~:text=Y%C3%B6netmelik%20ile%20KOB%C4%B0%20tan%C4%B1m%C4%B1nda%20kullan%C4%B1lan%20kriterler%20g%C3%BCncellendi.&text=Buna%20g%C3%B6re%3B%20250%20ki%C5%9Fiden%20az,a%C5%9Fmayan%20i%C5%9Fletmeler%20KOB%C4%B0%20olarak%20tan%C4%B1mlanacak>.

definition, making an examination in a socio-economic context can be compulsory for evolving policy instruments.

To illustrate, SMEs have proved to be one of the primary sources of employment and economic growth, where they represent over 85% of the country's GDP and two-thirds of the labor market in Turkey (Apak & Atay, 2014). In addition, SMEs provide 99.8% of business activities within Europe and account for 68% of employment, while business revenue accounts for 63%. (Apak & Atay, 2014).

Although the numbers mentioned above display common indicators about the contribution to employment and economic growth, the results of economic crises, especially over the SMEs in the E.U. and Turkey, can be so different that they illustrate the distinct structural features of country economies. One of the essential features that distinguish SMEs from large-scale corporate companies is that these companies' owner-manager identity is dominant. While this situation makes them distant from the professional decision-making and audit stages, it can be said that it simplifies the SME's reorganization in response to the external request and demands rapidly (Yardimcioğlu & Ayricay, 2009).

In this context, while it can be criticized for their informality on the professional decision-making process, the role of SMEs on the unemployment, regional development, development of political commitment, innovative search, pro-active brash enterprising according to the market, and quick transformative structure might be considered (Apak & Atay, 2014; Yardimcioğlu & Ayricay, 2009).

Reflection of these dynamic features of the SMEs can be foreseen in the contribution to employment and GDP in distinct countries<sup>2</sup>, even if they carry away structural differences (Luo & Zhang & Zhou, 2018; Abeh, 2017; Muriithi, 2017). Otherwise, SMEs can be labeled as risk-takers and have a flexible structure that responds to the market demands so rapidly that other SMEs can become competitors. In other words,

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<sup>2</sup> SMEs contribute to the more than 60%GDP, employ more than 80% of workforce and conduce to the public budget with its contribution to the more than 50% tax revenue in China. In developed countries like USA, Japan and Germany, SMEs contribute to the more than 70% to the workforce. In Africa, SMEs compose the total 90% of enterprises and contribute to the about 50% of total GNP.

the inception of the knowledge-driven and innovative private market might be realized thanks to the attempts of SMEs (Moreu & Çolakoğlu, 2011; OECD, 2020). In addition, SMEs act as producers of intermediate goods and suppliers of services that can increase the country's welfare by connecting the sectors. As Muriithi (2017) points out, manufacturing inputs and services in straightforward ways can ease the way to sustainable growth and development (Muriithi, 2017). In the light of the contribution of SMEs to the economy mentioned above, the deteriorating economy not only influences the business revenues but also affects the leverage ratio of the real economy that birthing the macro-economic problems (Luo & Zhang & Zhou , 2018). Therefore, identifying the characteristics of the SMEs that make them essential and unique can help target more accurate results in policies.

If SMEs are identified as a significant contributor to employment and GDP in economies, the structural differentiation of countries makes examining distant experiences obligatory. The main argument to commence and identify here can be why an enterprise starts to found an SME? To what extent can innovation search, getting a market share or added value investment for the whole economy be attributed as the central apparatus of entering into a business? If a country citizen being either socially marginalized or permanently unemployed does not find suitable work, can it be estimated that s/he runs a business because of innovation and investment in technological search? On the other hand, not all development experiences of countries have the same layers. Some countries have a highly developed economic structure that SMEs can operate in an efficient and productive framework while others do not. In this context, SMEs shape the country's economic, political, and sociological realities, from their establishment to growth.

For example, many Latin American micro-enterprises are mainly composed of labor-intensive services, low human capital, difficulty accessing financial credits, and little technic information (OECD, 2013). These are the problems that SMEs in developing countries such as Turkey generally experience. The situation that makes this situation even more fragile in countries such as Turkey, which is not structurally strong, can be unemployment. For example, the ratio of running a business because of necessity like unemployment raised 2.4 times in 2008 compared to 2007 in Romania with global economic turmoil (Anton & Onofrei, 2016).

In this context, features of a micro-business like a low burden of entry barriers and low equity capital can make doing business attractive, especially in turmoil periods. On the other hand, it is questionable how much an investing and contributing SME structure can be created by entrepreneurs who do labor-intensive businesses without technical and competence knowledge. As it can be understood from the report, the narrow economic environment on product diversity in Eastern Partnership countries makes them vulnerable to fluctuation in demands and global shocks (OECD, 2020).

In addition, SMEs of this kind are labeled as addicted to the low added value production, low export, and low innovation (OECD, 2013). It can be said that such situations have put SMEs in the above countries, like Turkey, into a more fragile structure and have resulted in their dependence on the direct and indirect decisions of the State. Countries are also differentiated thanks to their intensity in some sectors<sup>3</sup> but not others (OECD, 2017,).

In this context, instruments prepared for SMEs by public authorities can be spacious and inclusive enough to cover SMEs' distinct demands because the requisition of SMEs can be adjusted in response to the sectors existing in a country. To illustrate, 48% of SMEs running a business in the trade sector in Egypt with a structurally fragile economy ranked finance as their initial preliminary problem, while 15% of enterprises working in Manufacturing or Construction ranked it first or second (Kabbani & Kalhoefer, 2011). It can be challenging to make the proper political analysis of these differences that interfering with appropriate tools by the State in this SME structure could contribute to the economy.

It can be considered that SMEs should be taken into consideration as a component of a more significant structural and industrial policy (OECD, 2013; Muriithi, 2017). This situation can be interpreted for the economies such as Turkey, which are faced with the middle-income trap: If a comprehensive manufacturing sector and developed

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<sup>3</sup> Italian micro firm contribute to 66% of value added in professional and scientific sectors, contribution of Denmark, Luxemburg and Norway micro firms fall down to %30 or less; in wholesale and retail trade sector, the addition of micro firms in Denmark, Germany and Sweden to the value added are around 20% as Luxemburg, Italy and Slovak Republic micro enterprises contribute to 40%; just in ICT services, micro firms account less than 10% in all countries and large business contribute to the more than 50%.

service SMEs are not established, there might be a concentration in the labor-intensive and low value-added sectors such as wholesale and retail.

In this manner, knowledge-intensive sectors accelerate the spreading of scientific advances and replace the industrial sector with itself, but the crucial point is that founding an application area for scientific knowledge is as essential as producing it (Apak & Atay, 2014). To establish an advanced SME structure, different sectors where the produced information will be used should be located in those countries. (OECD, 2020). Otherwise, even the advanced financial apparatus of the country's economy could not succeed in its development due to a lack of entrepreneurial skills and demands by small businesses. (Moreu & Çolakoğlu, 2011). This situation may indicate why the WRT SMEs in Turkey between 2002 and 2018, which will be explained in more detail in the set and context and field study section, could not transform into the SME structure seen in developed countries.

It can be said that another critical issue concerning the structurally weaker countries is the flow of hot money from abroad (Ceylan & Durkaya, 2010). A prominent issue that emerged here can be the role of demand-side policies on SMEs while supply-side policies such as financial apparatus are available (OECD, 2015).

This shows that the states such as Turkey, which has a developing SME structure, should issue laws and make interventions regarding where and how that financing will be used and the macroeconomic framework that will provide external funds. Apart from exemplifying the dependence of SMEs on the State in its implementations regarding financial instruments, this also shows that the growth of SMEs that realizes their structural transformation will occur when the economic and political laws implemented by the public are planned by considering the needs of that country.

Sectoral differentiation of the SMEs among the countries also reciprocates in its fragilities. In other words, SMEs can have distant fragilities in response to their existing environment. For example, robust features of financial strength are conceptualized as eligible income to maintain cost and profit, saving, fungible loan, strong enough to eliminate financial problems, and being delightful on the financial situation (Agyei et al., 2019). In this context, areas controlled by the State related to the above, such as inflation, exchange rates, and interest rates, can be pointed out that

SMEs have to control their financial priorities and expectations. For example, struggling with institutional and structural reform packaging efforts of Turkish Governments between the years 1980 and 2001 have tried to be administered in an unstable economic atmosphere that led to a corrugated development pace between - 5.5% and over 9%, and inflation fluctuated among 25% and 127% (Jenkins & Hussain, 2014). Also, a weak judicial system for administering property rights and contracts, uncertain regulatory reforms, and anti-corruption strategies can confuse the situation (OECD, 2017). It can be said that employers who have experienced these processes have serious difficulties in decision-making, especially considering their weaknesses in institutional decision-making like Turkey.

In this context, SMEs' access to good interest loan facilities provided by banks is significant, as defined in the report that SMEs and entrepreneurs are more dependent on the banking sector than larger businesses (OECD, 2015). Otherwise, SMEs' structural deficiencies like a lack of credit history, audited financial reports and knowledge reciprocity, and complexity in describing the business can be complicating factors when their credibility is determined by banks (Agil, 2016). Matters that complicate these situations more can be economic crises and crisis experiences. For example, during the economic crisis and post-crisis process, banks can be unwilling to transfer their accumulations to SMEs.

Constraints on accessing the financial apparatus can also diminish the structural transformation of SMEs that attempts on institutionalization, marketing, export and qualified workforce and investment in research and innovations and branding can be incomplete. (Çelikkol & Çelikkol & Koç, 2008). It can be said that these developments have caused WRT SMEs in countries like Turkey to act with the feeling of a crisis at any moment and have led them to turn to safe areas that will protect their savings. In this context, it can be challenging to expect an internationalization of SMEs linked to the domestic market and stand on structurally weak economies that boom of low added traditional service sectors can be significant deficiencies of it.

Contribution by SMEs to employment and GNP and their importance in the election anxiety in some countries could make them much more critical that breakdown of SME structure in crisis can give rise to questioning the government policies. One significant



point here can be the macro-economic structure directly impacted by states' monetary and fiscal apparatus. For example, the monetary policy directly impacts the interest rate, exchange rate, asset prices, and credit channels of banking sectors (Ceylan & Durkaya, 2010). Especially in times of economic crisis, situations like consumer demand falls and banks cutting credit channels led to the prominence of the policies developed by the State. While this shows the need for urgent intervention in times of crisis, an essential aspect may be that it should constantly review its policies by controlling developments in distinct economies (Moreu & Çolakoğlu, 2011).

One signified feature of low added value SMEs in this context is their deficiency in financial literature and educational attainment. Employers of SMEs can have difficulties monitoring the current policy developments or assistance substituted by the State. In other words, although public policies are well-planned, if the employers who will implement them do not have the capacity to contain them, an unsuccessful administration may still emerge (Bayrakdaroğlu & Şan, 2014).

In this context, policy instruments like a wages framework, taxation, licensing, technological support, and infrastructure can benefit SMEs (Muriithi, 2017). In addition, the processing of getting information from public authorities can be smoothed by the State (Anton & Onofrei, 2016). This shows that SMEs can fail if they act only in the direction of policies based on financing. Therefore, the State should also produce and watch over policies that will increase their ability to use these tools.

## **2.2. SMEs in The Service Sector**

The emergence of the service sector in economies and its expansion leaves the industrial sector behind in most countries with different dynamics. In this manner, unemployment due to the mechanization of the production process in manufacturing and cost disease<sup>4</sup> can be stated as two factors that put the service sector forward (Witt & Gross, 2020; Kon, 1997).

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<sup>4</sup> Arising of wage levels in the service sector without compensating any increasing in employee production as value added of it grows.

On the demand side, firstly, improving socio-economic relations in a country can generate a demand for applications in education, culture, laws, health, and entertainment like hotels and restaurants. Secondly, goods and services manufactured within the factory can be oriented to the service firms<sup>5</sup> (Zhibiao et al., 2011; Bradford, 2011; Wölfi, 2005; OECD, 2000; Sheehan, 2006; OECD, 2000). Thirdly, some countries' sudden welfare rise may have caused some service sectors to rise rapidly (Wölfi, 2005). Although the situations mentioned above are the factors that trigger the development of Turkey's service sectors, one of the most striking factors here, which will be discussed in more detail in the set and context section, is that the service sector grew rapidly over the years when Turkey was able to meet its funding needs, and the flow of hot money was vital.

The vital issue is that the average value-added of the service sectors to GDP is similar in countries despite the contribution of sub-sectors being highly different. The proportion of the service sector to the GDP among the OECD countries has ascended by about 15,6% from 1960 to 1995 (Zhibiao et al., 2011). These trends in nonagricultural employment in the United States have leveled up from about 65% in 1960 to 85% in 2007, while the contribution of business services and other services composed of personal services to nonagricultural employment has increased from about 15% in 1960 to 21% and 27% respectively (Bradford, 2011). A significant matter here is the role of the knowledge-based sub-sector in the U.S. The expansion of value-added and contribution of service to GDP and employment is touched chiefly upon by the OECD (OECD, 2000). It shows that developed economic structures like the USA have a service infrastructure specified by the OECD.

In this context, specialization, increasing revenues, and modernization of the economy can be related to the sub-sectors of services that diversify country features. While such developments are taking place in developed countries, countries such as Turkey, where

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<sup>5</sup> It can be labelled as a 'Knowledge Push'. In this context, features directing the manufacturing firms to the outsourcing can be exemplified as facilities of cost and efficiency, competence and specialization. That input ratio of service within output of manufacturing good have increased from 15% less in early 1970's to about 25% by the mid-1990's in 30 OECD countries. This process seems to be better in the turnovers of the manufacturing companies. For example, U.S firms like a General Electric and IBM have shifted from selling manufactured tools and equipment to the services which compose the half of their revenues in 1998.

the traditional sub-branch of the service sector is immense, generally face the middle-income trap that will slow down the development and transformation process of the country's economy and cause the country's economy to lag behind at the level of international competition.

The differentiation of the service sectors of developed and developing countries in this context can also be seen in countries' export earnings (Appendix A). This can be because the international strength of countries in trade in goods mainly depends on the functions of related service sectors composed of telecommunications, finance, or transportation (Mcguire, 2002). From this perspective, it can be stated that being unable to the comparative advantage of trade in goods around the globe can lead to inefficient service appearance in the domestic economy because of its interrelated structure with other sectors (OECD, 2000). While this situation shows that the wholesale and retail sectors, which are rising with the demand supported by the welfare in general, will be more robust in the economies of developed countries, it can be considered as another sign of the vulnerabilities of developing countries such as Turkey, which generally faced intense unemployment in traditional sectors during the crises.

In this process, the following features that make the service sectors of developed countries strong can also be close to major financial centers and open to trade. The service sector contributes to all income levels, but their related strength due to higher income pushes their economies to produce and export modern (financial, communications, computing, legal, technical, and business) services. (Eichengreen & Gupta, 2009). While this indicates that countries with developed service sub-sectors such as the USA will make higher investments and more R&D investment, countries with more traditional service sub-sectors such as wholesale and retail will lag behind in such investments.

In this context, Anita Kon (1997) pays attention to the production of knowledge and states that knowledge, because of the very specialized nature or institutional factors like a patented technology or corporatist exploitation of it by professionals, is of a monopoly nature that makes the taking off the developing countries harder than developed ones. It can be said that this situation led to deficiencies in service sectors

such as wholesale and retail, which can make short-term gains but are less resistant to shocks in the economy. That situation also demonstrates itself when the related countries' ICT and, insurance & financial export ratios tried to be examined. For example, in 2017, the aggregate export ratio of those sectors in the U.S, Germany, China, and Turkey into export ratio is about 23%, 24%, 17%, and 4%, respectively (World Bank' ICT export',' insurance & financial export'). This situation can be interesting because Turkey was a country where its annual growth rate of the service sector trade to GDP ratio in the 1990s was between 6% and 10% (Wölfi, 2005). Although this situation in Turkey is an essential indicator of the growth of service sectors, it shows that in which direction the sub-sectors of the service sector grow will create a solid and durable service infrastructure.

In this case, it can be said that developing countries' dynamics lead to economic development in different ways. In an important differentiation here, the economy is well established by transforming economic structure beyond primary manufacturing, industrialization, and developed economy stages (Zhibiao et al., 2011). The importance of this issue is that countries do not experience this process in the order mentioned above. In this context, the implementation of liberal politics that can be attributed as neo-liberal since the 1980s has resulted in different results for developing and developed economies. This situation also shows why states need to intervene in neoliberal policies, which tried to be implemented throughout the world after 1980, at different times. States have noticed different economic, political, and sociological dynamics. It can be said that the emergence of two different views, such as Gradualists and Shock Therapists, in the field of implementation of neoliberal policies is a result of this need. (Dana & Ramadani, 2015)

Although the authors want to point out here to indicate the institutions' adaptation stage to this transition process, another important issue is the economic foundations and pillars of these countries. In other words, the circulation of capital more easily after 1980 will put the economies of the countries that do not have a durable institutional base during difficulties. When the interrelated model of manufacturing, agriculture, and service does not answer this model, it will lead to turmoil in the socio-economic context. It can be said that the foreign trade deficits, inflation, and rapid appreciation

of exchange rates, which caused the crisis mostly in developing countries in the post-1980 period, exacerbated these difficulties faced by developing countries.

In addition, the profitability rates of businesses in developed and developing countries may be different. First of all, those can be lined up relative industry size showing the nominal value addition of relative industry; labor cost index influencing the relative price of output; investment intensity including the extent of capital intensity in the industry; domestic-global market ratio impacting and directing the business; industry growth rate setting the degree of to what extent markets grow or fall (Elango, 2015). Secondly, macroeconomic stability, economic openness, financial market development, investment and infrastructure, human capital, and performance of the public sector and institutions can affect this process. (Rym et al., 2015).

The matters mentioned above can create vulnerabilities that SMEs in developing countries can be affected. That is, state intervention can become more important there. Unfavorable results, on the other hand, like an Asian Crisis in the 1990s and the global crisis faced in 2008, also imply that State also can hamper the growth thanks to its crowding impact (Rym et al., 2015; OECD, 2000)

To summarize, companies complete their development processes depending on the State's economic policies and decisions. If this process is left unattended by the states, it can be harmful to the sectors in the countries. As it was said in the previous pages, this situation may cause different results for countries that cannot go through the economic development processes sequentially and turn to the service sector without completing their industrialization. That renders state interventions and well-designed policy frameworks in these countries even more important. In countries such as WRT are much more oriented to the domestic, this situation can become much more critical. (Wölfi, 2005). At this point, it can be said that trade generally goes together with domestic demand, causing reciprocity between the State and these trade groups over the years.

A significant component of the traditional service sector, in this context, is wholesale and retail (WRT). Apart from the sub-sector of the service (Yıldırım, 2019), the contribution of this sector to the GDP and depending on the elasticity of consumption makes it essential. While defining the elements of the WRT and their characteristics,

an emerging issue is that the economies of countries that have some of these characteristics are stronger, while those that do not have them are weaker (Appendix B)<sup>6</sup>. This situation shows that the companies of the countries that make progress in value-added product wholesale will provide more income and employment, while wholesale, which is concentrated in areas such as food and beverage, will lag behind in terms of employment and added value

Country-specific conditions impact the relationship between several enterprises, persons employed, value-added, and turnover (Eurostat, 2021; Dachs et al., 2016; Dubai Economic Report, 2019). At this point, while the wholesale and retail sectors in those as mentioned above, central and western European countries are more likely to grow with the conveniences offered by the geography and have less elasticity. Otherwise, the examples of Dubai and eastern European countries are more similar to Turkey as they are more demand-oriented wholesale and retail sectors. In these cases, economic crises that can change the direction of demand and state interventions developed against these crises make WRT more flexible and fragile.

The differences mentioned above also affect the export capabilities of countries. The relative contribution of the wholesale sector to export is 30% in France, 29% in Germany, 13% in China, and 5% in Turkey, respectively (T.C Kalkınma Bakanlığı, 2018). That also exemplifies that sub-sectoral differentiation and capabilities can provide a comparative advantage and export capability against some other countries. In other words, the 11.6 percent growth in trade services in Turkey between 2006 and 2016 did not bring Turkey to a distinction in terms of exports (T.C Kalkınma Bakanlığı, 2018). It shows that each country's distinctive, unique species lead to different responsive actions to the economic situations. In other words, growth patterns of countries differentiated from each other on a sectoral based direct the role of transformation and innovation of WRT. Therefore, ignoring cross-country-specific attributes with a cross-sectoral differentiation within the country can overlook the development schema.

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<sup>6</sup> Wholesale of information and communication equipment contributes to the value added as a firm size and person employed in EU-28 more than other sub-sectors of WRT

Labor intensive nature of WRT <sup>7</sup> makes it highly significant in its contribution to employment in some countries (Wölfi, 2005; Eurostat, 2021; Dubai Economic Report, 2019; OECD, 2017). While this situation creates situations to eliminate unemployment for the countries that develop the WRT with demand-side strength, it also shows the weaknesses of these countries in labor force participation. The main matters, in this context, that direct the entrepreneurs to a WRT would be conceptualized as a role of profit, skills, and backgrounds. In this context, educational attainment and entry barriers of the sector regarding skills are relatively low that individuals can direct this sector on whether they know low-profit ratios and multi competitive intensity there. As explained in Appendix C, even though the profit margins are shallow and the conditions for capital accumulation are pretty heavy, people may enter harsh conditions of the WRT to have a job and earn income.

Also, in the gross operating rate among the EU-27's non-financial business economy in 2018, the lowest share was attributed to the WRT (5,4%) (Eurostat, 2021). That can also exemplify the current distortive species of WRT, which are 4% wholesale and 6% retail sector, while manufacturing is 8% in EU-28 in 2013 (Dachs et al., 2016 ). A feature that disturbs the profit ratios can be related with enhancing customers' chance of accessing the information (KPMG, 2020). In this context, wholesale and retail sectors in countries driven by demand-side growth will face a customer type that closely and seriously follows prices due to their decreasing incomes during economic crisis periods.

Another significant matter determining the relative strengths and weaknesses of a WRT can be its response to the crises. On the one hand, relative technological developments in the Wholesale sector, such as virtual stockrooms, the Internet of Things (IoT), and real-time remote inventory sensing, are exemplified as mechanisms

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<sup>7</sup> WRT accounted for about 15% of total employment on average across OECD countries between 1990 and 2001. In 2018, the contribution of WRT to number of labor force in EU was 29.2 million persons employed while its contribution to the value added was EUR 1.2 trillion behind the manufacturing sector (with 29.9 million persons employed and EUR 1.9 trillion of value added). Contribution of WRT to the employment is much more evident in Dubai where SMEs that own their shop in the main shopping mall in the Dubai compose of 98 percent of the total number of enterprises and employ about 350000 workers and 66 percent of total workers in the sector in 2018. Role of wholesale is also evident in Greek economy that contribution of wholesale to total employment is about 8%, highest single share in the economy between 2008-2013.

that strengthen them against crisis (Statista, 2021,). On the other hand, some sub-sectors of WRT, such as food and beverages, can be more resistant. Households should access the foods and beverages whatever the current situation is because it is an essential feature of existence and a priority need. For example, despite rising food and beverage prices in Turkey after the 2018 economic crisis, the sector has been durable, while other sectors have been seriously impacted by this period and faced contractions (KPMG, 2020).

In this respect, it can be said that WRT in structurally developed economies will grow more efficiently by benefiting more from vertical and horizontal sectoral relations (Dachs et al., 2016). The significance of this process can be underlined by the fact that knowledge and technologies created in other firms or sectors<sup>8</sup> can lead to service sector developments (Wölfi, 2005; Dubai Economic Report, 2019; T.C Kalkınma Bakanlığı, 2018).

However, the success of WRT can be obstructed by some disadvantages of it. A significant portion of businesses worldwide is family businesses, estimated to be owned and managed by about 90% in the U.S, and 95% in India, Latin America, or the Middle East (Dana & Ramadani, 2015). In this context, some family characteristics like trust, cohesion, enthusiasm, informality, value-driven, emotional, or goal alignment can be disruptive when the SME nature is considered that decision-making processes do not depend on well-planned rationality.

When the lack of macroeconomic stability, lack of developed legal framework, and low initial role of legitimate problems, which are mostly emerging in developing countries, are added to this, it can be seen that it will be more difficult for the WRT to take on developing structure in general. (Dana & Ramadani, 2015). For example, the narrow tax base of the Pakistan economy causes the government to set higher tax rates on the WRT, but only 6 percent of them can pay their taxes properly (Ahmed, 2012). This situation also shows why employers cannot direct their hard-earned savings to the

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<sup>8</sup> Enhancement of WRT sector in Dubai via tourism and ahead of China in an online retail trade in a global arena via its manufacturing power can be exemplified.



State, considering that the WRT sector of the service sectors of the economies of developing countries works with low profitability and intense competition.

"Servitization" of the economy can also give rise to problems (Zhibiao et al., 2011). On the one hand, manufacturing firms that provide after-sales services may make traditional WRT difficult. This situation can worsen in economies where the economy is solely concentrated in specific sectors and not characterized by supply but demand-specific development (Wölfi, 2005). At this point, however, the fragility may be less in countries where the wholesale and retail sector does not have demand-side elasticity, as in some western European countries exemplified above. For example, wholesalers of construction and civil engineering machinery can be influenced by vulnerabilities in fluctuations less than other wholesalers because of their relative strength in providing maintenance and after-sales services (Dachs et al., 2016). In this respect, the WRT sectors of Turkey and Dubai, which be determined by demand mostly, may face more severe consequences in economic crises, and they will also need more state interventions.

On the other hand, when there is intermediation, it can be predicted that wholesale will also decline as manufacturers and distributors start to directly develop relations with retail points. (Dachs et al., 2016). The most important factor creating this process can be the competition between wholesale and retail points on catching the highest profitability in the sector that is already operating with low profitability.

In addition to that, relative legislative actions of the State, as mentioned in previous pages, can make a disruptive impact. For example, the policies of Dubai state on strengthening the dollar, imposition of VAT, and expansion of retail space are considered reasons for the falling down of demand and sales in the retail sector (Dubai Economic Report, 2019). While this situation indicates that the service sector in the economies of countries other than developed countries develops more towards the domestic market, it also shows that it is easier to be affected by the macro-economic developments utilized by the direct and indirect interventions of the State.

### 2.3. Economic Crises Facts: Precise Features of the Wholesale and Retail Sector

As stated in the previous pages, when businesses around the world are examined, it is seen that most of them are family businesses. This situation does not only affect these workplaces economically, but also it can be said that it affects them in the reaction it gives, the degree of influence, and the decisions taken because it is also a social institution. Businesses may face decisions that will meet economic priorities and family expectations and demands in their decisions. It can be said that this situation has become more prominent, especially in businesses such as wholesale and retail trade, which can be entered due to reasons arising from unemployment and necessity. It can be said that the emergence of this situation, especially in small-scale businesses with weak equity capital, causes employers of these businesses to be more sensitive in economic crises and also makes them more dependent on the interventions of the State. In other words, the WRT differs from other sectors by being more dependent on the elasticity of demand. The fact that the point that will accelerate and slow this down intersects with the direct and indirect interventions of the government makes the government's interventions critical. This process becomes even more critical in countries like Turkey, which are structurally prone to crisis and weak. Especially as it is tried to be shown in Table 2.1, economic crises can create distorting effects on the three essential pillars of power, which we can call the finance, market, and institutional basis of wholesale and retail SMEs.

Table 2.1. The areas where companies in the wholesale and retail sector generally have difficulties in economic crises

- 
- access to finance
  - fluctuation in demand in the market
  - difficulty in corporate decision making
- 

One of the results of the economic crisis, in this context, can be observed in results related to accessing finance. These are when it is difficult to do business and make a profit. On the one hand, considering the importance of the reciprocity of the sectors with each other, supply and warehouse, retail, e-commerce, and accommodation-food services on the value chain in trade services can be shed light on the relative importance of trade services (T.C Kalkınma Bakanlığı, 2018). Any economic

deterioration due to a crisis can distort money flow within the economy and break down the value chains. The rising of demand 100 units in the whole sectors of the economy counter with rising 300 units in the wholesale sector and 166 units in the retail sectors exemplify this (T.C Kalkınma Bakanlığı, 2018). This situation is also foreseen in different crisis periods in Turkey, mentioned in chapter 4, which shows how quickly the wholesale sector reacts to the developing events in economic ups and downs. As a result, as trading may come to a standstill, a slowdown and stagnation in spending can reduce capital circulation in the market.

On the other hand, the major cost item of wholesalers in Germany is purchasing of trade goods 82,5%, followed by purchased services/other business expenses 6,99% and fees 6,24% (Statista, 2021). It can be stated that a large part of the wholesalers' costs is separated from buying goods and products. In this context, considering that times of crisis will disrupt the flow of capital in the market, wholesalers will have less access to goods and will need more finance to prevent them from bankruptcy. As SMEs can be understood as inputs and outputs index systems of Chinese retail enterprises, two essential factors affecting them in emerging countries also can be shown as a and b below in Figure 2.1 (Zhang & Mei,2020, ). It can be thought that an economic crisis will affect demand, which will directly affect the primary business income and net profits of wholesale and retail companies primarily.

As shown in chapter 4, this will push the tendency to reduce operating costs and staff expenses in the management of enterprises and force the tendency to protect the net value of inventory as a priority. As shown in chapter 4, the situations that can put this situation into even more complex situations can be said that the sales, which must be made to pay the current debts whose due date has come, go out of the normal flow due to the crisis. It can be said that the direct and indirect interventions of the State that emerged in this process aim to fix the input and output systems of the enterprises that have deteriorated due to the crisis while at the same time aiming to strengthen the demand point that constitutes its customer portfolio.

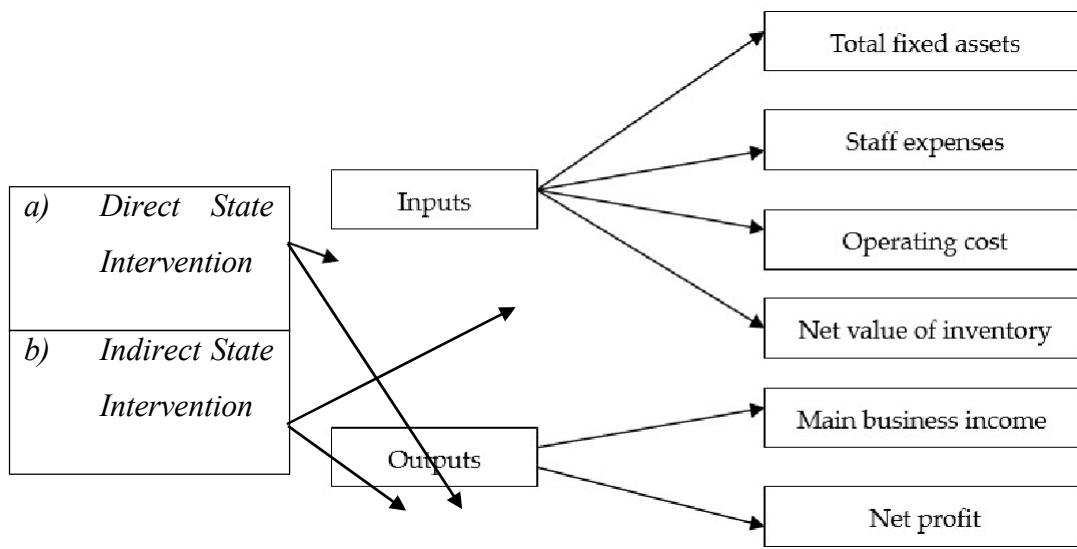


Figure 2.1. The problems that the economic crisis may create in the input and output areas of the enterprises and the direct and indirect intervention tools of the state

These situations can be characterized as when state interventions come to the fore, and company owners need financing the most due to the deteriorated cash flow. In this context, the role of the banking sector emerges. However, vulnerabilities within the WRT itself, as exemplified in Turkey, the increasing ratio of non-performance loans in the retail sector in Turkey after the 2018 crisis led to the banking channel's unwillingness to diffuse credits during the economic crisis. For example, the Non-Performance Loan of the retail sector in Turkey was 24,4 billion T.L. in October 2019, which increased from 13 billion T.L. at the end of December 2017 (KPMG, 2020). Except for the fluctuations in demands, the report can be crucial that NPL was relatively high and would make the banking sector unwilling to meet retailers' needs.

Another difficulty in accessing the credit, in this context, can be emerged from the fact that, as mentioned in the previous pages, the profitability of WRT is low. Diminishing sales because of fluctuations in the market can reciprocate with the difficulties in accessing the relative turnover. Combined with low profits, compensating input costs with the relative reimbursement of financial credit can emerge as another burden for banking sectors because the duration and impact of a crisis are not articulated in the backbone manner. Therefore, as stated by the Oxford Institute of Retail Management, deficient levels of profitability combined with a high level of competition can lead to difficulties in accessing finance. (Oxirm, 2014). However, the striking point is that

banks and employers in the sector can calculate such vulnerabilities. Most employers may stay away from bank financing when loan financing exceeds its profitability, as mentioned in chapter 4.

Another impact of economic crisis, in this context, can emerge in the market. Purchaser prices related to the trade and transport margins and taxes can rise (Dachs et al., 2016). In other words, the increasing costs and expenses due to fluctuations in the market lead to a change in purchaser prices. Otherwise, purchaser prices can not correspond with the similar demand that employers in WRT, as foreseen in Gimat in chapter 4, can be forced to sell their goods below the market prices (Oxirm, 2014). As a result, equity capital can melt, and businesses can face bankruptcy. This framework can also be explained by the impact of low levels of profitability of WRT that even the smallest increase in costs can exceed the rate of profit. (Oxirm, 2014).

This picture can be compared to Turkish retailers' non-performance loan ratio in the 2018 crisis. After the 2018 August exchange rate crisis in Turkey, consumer expenditures fell 8% at the end of 2018, and yet, they began to recover after June 2019. In addition, as a quick response, the consumer confidence index and expectation in the general economic situation diminished from 70.1 and 92.1 in June-18 to 59.9 and 74.6 in Sept-18, respectively. (KPMG, 2020). It can be stated that households cut back their expenditures immediately as a defensive reaction. While this situation points out that sub-sectors of WRT that depend on household consumption can be susceptible to crisis more than other sub-sectors. Analyzing the five value chain in E.U. can be more critical for sub-sectors of WRT that the highest share of wholesale inputs is in food and beverages, accounting for about 5% of gross output (Dachs et al., 2016).

As stated in the previous pages, companies in the WRT will be more affected by possible losses when they are dependent only on demand-side movements. For example, after the 2008 global crisis, employment ratios of 20 out of 28 E.U. countries in the wholesale declined period for 2008-to 2013. The importance of this report, in this context, is that these falling in employment in wholesale were compensated mainly by development in Germany, accounting for increasing 5.6% annually between 2008 and 2013. This situation can exemplify the relative strength of some sub-sectors of wholesale related to Germany's manufacturing or agriculture (Dachs et al., 2016). On

the other hand, in the examples of Turkey and South Africa<sup>9</sup>, the development of the wholesale and retail sector based on demand raises questions about the future of the sector when consumption stops. (KPMG, 2020; Bhorat et al., 2016). The greatest vulnerability of the two examples outside Germany is that it only achieved growth led by an elastic demand. In this context, spatial concentration of service, as exemplified in Turkey and South Africa, is mainly based on traditional service sectors such as wholesale and retail, which strain the whole economy when there are fluctuations, as exemplified in the 2018 Turkish currency crisis.

In this context, another impact of the crisis can emerge in the WRTs' decision-making process. Managers can be challenged that internal and external sustainability pressures can influence the working environment and turnover (Zhang & Mei, 2020). As seen with employers in Gimat in Chapter 4, the strategy to evaluate savings in sheltered areas was formed as a result of such experiences. In a same manner, projecting of deficient public policy, in this context, can confront with either a price increase that protects incumbent firms from the competition and expands their price/cost margins or cost increases that prevent potential and existing firms from operating efficiently and growing up the costs and expenditures (OECD, 2017). Difficulty in accessing credit may impair corporate decision making that banking services in developing economies are 33 percent expensive compared with 7 percent in developed economies (Mcguire, 2002). It can be said that incomplete state intervention can easily disrupt the decision-making and may put employers in suspense at the point of which direction and how to decide.

Another adverse effect of the crisis operating in WRT can be described as the failure and delay of innovations, transformations, and investments in the investment decision, product design, marketing strategies, management of warehouses, and design of shops (T.C Kalkınma Bakanlığı 2018). On the one hand, when WRT attributed with the low educational attainment and low-profit ratios is thought, it can slog on succeeding in

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<sup>9</sup> Consumer expenditure in leisure time activities like a restaurant, travel, transportation and cultural facilities increased in Turkey thanks to massive urbanization and progress in wealth in last years. In addition, there is also a concentration in certain business sectors in South Africa like road passenger transport, food and beverage, retail and trade and accommodation that enhancement of tourism generate the employee chances (83 per cent)

achieving the economy's structural transformation. On the other hand, owner-managers should realize this if there is an expected sector transformation. This vulnerability can result from relatively low employees' educational attainment in Turkey's trade service sector in 2016. 49% of them were from primary education, and 31% of them were from high school (T.C Kalkınma Bakanlığı, 2018). In other words, as foreseen in Gimat in chapter 4, it may be up to one person's responsibility to administer technical risk, influence, and top management commitment (Zhang & Mei, 2020).

When the evaluations mentioned above are compared with the characteristics of the managers operating in the WRT, the effects of crisis periods on them can be understood more easily. As also mentioned in chapter 4, weak financial literacy, not having substantial equity capital, having to open a business due to reasons such as unemployment, being the sole decision-maker as both the manager and owner of the company and the search to stay away from risky decisions is immense in the sector. In this context, when growing up, plants depend on the relative maintenance of it by the farmer are not issued, an inefficient and unproductive development can emerge. As a result, the marginal cost of setting up modern sectors can also increase as Bhorat et al. (2016) state that rescaling the economy is mutually comprehensive with eliminating some traditional sectors. Therefore, countries willing to rescale their growth patterns should pay attention to the relative policies issued in the pre-crisis and pro-crisis periods to ease the vulnerabilities in WRT decision-making. When this is not done, as can be seen in Chapter 4, although financialization and indebtedness have increased and the government's current policies seem to have changed, the profile and working style of the sector will grow without any change and become more open to possible new crises.

#### **2.4. Idea of State Intervention: How State Tries to Alleviate the Crisis Process?**

State intervention can be comprehended that market failures tried to be solved thanks to internalizing those problems within the state apparatus and utilizing the regulations to redistribute them (Paridon, 2013). In this context, the different dynamics carried by the wholesale and retail sector and the expectations and pursuits diversified by these differences, which were tried to be shown in Table 2.1 and Figure 2.1 in the previous

pages, were also seen in state interventions. In other words, the direct and indirect interventions that the state can make against the economic crisis that may affect the wholesale and retail sector can be the financial, market, and institutional, as shown in Table 2.2

The critique of the items marked at this point is that the demand point, which constitutes the consumption point of the wholesale and retail sector in Turkey, is directly or indirectly affected by these interventions. At the same time, as shown in Chapter 4 in particular of Gimat, the financialization that developed thanks to the borrowing in Turkey between the years 2001 and 2018 has developed a sheltered area for employers experiencing job losses. Employers compensated for their job losses through banking and utilized the cheap loans they obtained in other business areas. The critical point is that, together with the foreign exchange crisis in 2018 after 17 years, similar results experienced in the 2001 economic crisis are experienced in Turkey. The state in Turkey mainly carries out the intervention logic on financialization through the areas marked in Table 2.2, which does not produce successful results for employers. In this case, it is essential to examine how these marked intervention tools affect employers.

Table 2.2. Mapping of state intervention tools

<i>Financial Applications</i>	<i>Market Applications</i>	<i>Oriented Applications</i>	<i>for the Institutional Capacity</i>
<ul style="list-style-type: none"><li>• <i>Relief or Bailouts Pockets</i></li><li>• <b><i>Recapitalization of Financial Institutions</i></b></li><li>• <b><i>Cutting Interest Rate</i></b></li><li>• <i>Resolving of Impaired Assets</i></li><li>• <b><i>Credit Guarantee Schemes</i></b></li><li>• <b><i>agreements with international financial organizations</i></b></li><li>• <b><i>capital injections to the banking sector</i></b></li></ul>	<ul style="list-style-type: none"><li>• <i>Taking of Private Assets with the help of the treasure</i></li><li>• <i>Increasing Budget Expenditures</i></li><li>• <b><i>Tax Cuts</i></b></li><li>• <b><i>Larger Subsidies</i></b></li><li>• <i>Increase in Public Investment</i></li><li>• <i>Transfer or Direct Assistance to Households</i></li></ul>	<ul style="list-style-type: none"><li>• <i>Monetary Support for Innovation</i></li><li>• <i>Investment in Smart Infrastructure</i></li><li>• <i>Assistance on expenditures on R&amp;D</i></li><li>• <i>Training Programs for Workers</i></li><li>• <b><i>Infrastructural Investment (Roads, Mass Transit, or ICT sectors)</i></b></li><li>• <i>Investment in Human Capital</i></li></ul>	



One of the reasons why the measure mentioned above packages and intervention tools applied by the public during crisis periods are so diverse may be that the results of the economic conditions of each region and country may have different consequences for the economies of that country. Although the states have more than one means of intervention in times of crisis, public interventions that affect the development and transformation of Turkey's wholesale and retail sector are generally concentrated in the financial field. In this context, the area I want to examine in wholesale and retail service SMEs in Turkey is the effect of government interventions on the sector. However, when the intervention tools I have marked above are examined, it can be seen that state interventions in Turkey are laissez faire. In other words, the sector has become model that bears the effects that the state tries to create on the market through financialization. Employers are left on their own because of the consequences they will encounter as a result of using financial instruments. The fact that even in Kosgeb, which is one of the leading institutions of the state when it comes to SME policies in Turkey, the service sector companies started to be evaluated only after 2009 and started to benefit from sectoral support packages together with the manufacturing sector, can be given as another example of the state's laissez faire attitude towards the sector in the process until this year<sup>10</sup>.

Concentration of the intervention logic of the state on financial instruments resulted in the sector being faced with a subordinate financialization. As I have shown in the table above, the state has defined the subordinate financialization conditions as Turkey-specific, and has developed the logic of intervention according to itself (Powell et al., 2021). At this point, it can be said that the logic of financial subordination in Turkey has gone through stages similar to the examples of other countries, and has developed as financial liberalization, marketization of new financial instruments, and the intrusion of financial corporations into previously public, not-for-profit governmental policy areas or household level financial activity. (Kvangraven & Koddenbrock & Sylla, 2020).

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<sup>10</sup> Kosgeb.'' Desteklenen Sektörler Nelerdir?'. Accessed on: 19 June 2022, Retrieved from <https://www.kosgeb.gov.tr/site/tr/baglanti/DesteklenenSektor>

In Turkey, the primary effects of financialization on the sector can be shown as the aim of keeping demand alive. One of the reasons for this may be that the real sector structure in Turkey lags behind in the normalization of the market due to the shocks experienced in the crisis and post-crisis period due to its own weaknesses (Powell et al., 2021). Otherwise, it is debatable to what extent credit expansion will provide a return on investment and employment. Because it is stated that these loans, which are targeted on a demand-based basis, cannot reach SMEs targeting investment and therefore will not have long-term effects (Kvangraven & Koddenbrock & Sylla, 2020). For this reason, the logic of subordinate financialization can be seen as the savior of the developing economies, the task of keeping the demand alive. Especially as I will mention in Chapter 3 and Chapter 4, Turkey's transition to an economic modeling targeting exports after 1980 and trying to achieve this primarily by suppressing salaries can be cited as an example of this for Turkey (Bonizzi & Kaltenbrunner & Powell, 2019). In other words, subordinate financialization makes it easier for the system to cover up its negative effects by ensuring that the classes that will be oppressed within the country due to export policy are kept under pressure and control.

It seems that the stability, which is tried to be achieved through financial instruments, does not provide long-term structural transformations in the economic framework of the countries. When we look at developing countries in particular, it seems that although their share in global economies has increased, they have not been able to get rid of the dependency on exchange rates and financial uncertainties (Powell et al., 2021). In a way, it is stated that this is due to the preference of high interest rates by developing countries in order to control and regulate the flow of hot funds, and to prioritize the demands of foreign investors by ignoring the domestic conjuncture of the countries (Powell et al., 2021). Considering this, the structure of companies operating in developing country economies will be affected more rapidly by the shocks that may arise from the macroeconomic and political developments of those countries, what will emerge is that these companies will become more dependent on financial instruments (Bonizzi & Kaltenbrunner & Powell, 2019). For example, companies may have to borrow in foreign currency or keep savings in foreign currency in their treasury departments.

In particular, the short-term profit target rather than the investment priority in short-term foreign funds coming to developing country economies may make local firms more fragile when they meet the above expectations and cause potential losses. This situation may also show why the foreign fund flows are preferred by the states, even when the country's economies follow an export-based policy and do not gain foreign exchange gains. In other words, while foreign funds trying to be provided with high interest rates may not have any effect on the structural transformation of that country, through vehicles such as Sovereign Wealth Funds may provide the strengthening of its financial status (Bonizzi & Kaltenbrunner & Powell, 2019).

At this point, it can be stated that an important factor in the emergence of dependence on financial instruments stems from the abuse of banking. As I will state in Chapters 3 and 4, the use of financial instruments for short-term rent purposes did not create a durable economic model between 2001 and 2018 in the case of Turkey, and Turkey faced similar results in the 2018 crisis as in 2001. On the other hand, it may not be said that banks in Turkey are solely responsible for this situation.

As (Powell et al., 2021) state that “contemporary movement of money and private financial capital across the world market neither simply expresses the investment decisions of individual financial investors, nor the power of a specific fraction of capital such as a financial oligarchy or moneyed capitalists. While it is indeed the financial system that creates credit money, centralizes large volumes of idle capital, transforms it in various forms of loanable financial capital, and largely controls its allocation across activities, sectors, and regions, the movement of money and finance expresses the disciplinary power of capital as a whole”. In an environment where finance is formed in this way, it can be said that the connivance of countries like Turkey to use finance in goods and low value-added and technological sectors rather than directing it to value-added areas creates a financialization that is ready to be used in a speculative way in an environment where there is no financial targeting, and that will create a financial subordination in an ongoing environment. (Kvangraven & Koddenbrock & Sylla, 2020). When the financially connected countries in the African continent are examined, it can be said that the increase in private sector debts from 9 percent to 36 percent between 2000 and 2017 in these countries and the fact that 86 percent of these debts are commercial debts supports the above-mentioned situation

(Kvangraven & Koddenbrock & Sylla, 2020). These developments in the African continent are similar to the financialization in Turkey, as I will show in chapters 3 and 4.

It cannot be said that this situation arises from the fact that the state is completely independent from these possible processes. In other words, even if countries are aware of the negative effects of financialization, international constraints such as “coercive integration” may prevent countries from developing intervention tools according to their context dependent structure (Powell et al., 2021). In a way, it can be said that this causes the appropriate intervention tools to not be formed in economic crises.

At this point, the fact that the state has a *laissez faire* attitude towards wholesale and retail SMEs in such economies cannot be completely reconciled with the fact that its interventions do not affect the sector. This situation can be stated as the state does not or cannot intervene in the sector. However, the intervention tools for the macro-economy affect WRT SMEs indirectly and directly in the environment where they are already *laissez faire*. In addition, the fact that the state does not have a sector-specific policy makes its interventions in the macro economy even more important when it is known that the sector is already in a change and transformation (Appel & Franz & Hassler, 2014).

As I will discuss in detail in Chapters 3 and 4, the effects of financialization policies of the economies of countries defined as the Global north, based on quantitative easing and low-interest rates, in the post-2009 world crisis period, affected the developing countries, including Turkey, which is called the Global south (Kvangraven & Koddenbrock & Sylla, 2020). In this period in Turkey, where the use of financialization enlarged rapidly, as pointed out by (Powell et al., 2021) from state policymaking to macro-financial and monetary dynamics, industrial development and productive structural change, patterns of urban growth and spatial restructuring, it can be said that it has been effective in areas such as relations and distributional conflicts. This process has developed in Turkey in an environment where the weaknesses of traditional wholesale and retail employers in the sector are revealed and consumer awareness is directed towards organized retail (Franz & Appel & Hassler, 2013).

Although the adaptation of the actors to the change and transformation in the sector is defined as resilience, reworking and resistance, as I will mention in Chapter 4, the fact that the traditional wholesalers in Gimat take their investments in coordination with the financial areas shows that they support their businesses with financial investments by upgrading their business rather than changing and transforming it (Appel & Franz & Hassler, 2014;). Although employers do not invest in new business areas, their orientation to financial investments has shown that the state's *laissez faire* attitude has created their own competitive strategies in the environment of the change in the sector and increasing financialization (Bağcı & Yavan, 2022). It can be said that this combined with the lack of capabilities also at the firm level, such as trade deficits and foreign corporations extracting profits, has been effective in the continuation of the fragility of the country's economies (Powell et al., 2021).

In this context, it can be seen that the financial intervention of the state plays a role of slowing down, pausing or accelerating the return of the value added to production. That is, employers can evaluate their savings in dividends and profit remittances, or through financial and speculative channels, such as high interest rates on domestic debt (Powell et al., 2021). In this manner, the demand-based development of the wholesale and retail sector and the change in spending habits in the shocks created by the crisis can be seen as an issue that the state should consider in designing intervention tools. It can be said that the dual structure, which may occur due to crisis experiences, may cause those who save money to direct their investments to financial instruments, even if they export on the employer's side (Bonizzi & Kaltenbrunner & Powell, 2019).

In this case, although the financialization provides wide opportunities for employers to invest, the calculation of preparedness for the crisis by the employer as waiting for the unexpected and low demand in the domestic market may discourage employers from investing. This situation may support the fact that the financial subordination is constantly produced and repeated by private and public institutions and gains a place in the society. Moreover, this development exemplifies how financial subordination changes and transforms rent activities and people's ability to invest (Powell et al., 2021). As I will show in Chapter 4 in particular with Gimat, this is why employers use financial instruments for rent, despite the state's interventions in different economic crises and post-crisis periods.

Therefore, within the scope of this thesis, it will be investigated how the items marked above affected the financial, market, and institutional shape of the WRT during the economic crisis and post-crisis periods in Turkey.

The importance of fiscal policies in China also exemplifies various intervention tools (Zeng & Lü, 2010). Nevertheless, increasing financialization of economies shows that states use more monetarists tools than fiscal apparatus for intervention. It can be stated as the differentiation of the regulatory state from the Keynesian state comprehension<sup>11</sup>, which intervened in manufacturing intensely in the 1940s and 1970s (Thain, 2009). In this context, while the monetary apparatus's role in regulating the economy can be seen, it can be said that this situation causes to keep the scope of the thesis in the areas mentioned above in general. As can be seen in the case of Turkey in chapter 3, such developments seen in the example of England show that the Turkish state acts similarly in the measures taken by the state after the world crisis to support the increasing indebtedness of households and employers.

Otherwise, developing markets are much more vulnerable to the economic crisis. Therefore, the state should stand against unexpected crises and evolve its particular tools to enhance its durability (Vegh & Vuletin, 2014). On the other hand, the adverse effects of the state logic, in which readiness is left behind in a way mostly because of subordinate financialization, can be shown as follows that diminishing ratio of regulation in the economy did not show the relative development in the areas of Gdp, Deficit, Debt, and Unemployment for years between 1998 and 2008.

On the contrary, results imply that a higher level of regulation would lead to a higher economic growth rate (Paridon, 2013). For example, the responsive actions of the French state in response to the global recession in 2008 were obstacles because of the diminishing power of state capacity due to the preceding neoliberal transformation (Levy, 2016). This regulation and intervention capacity can be intersected with monetary and fiscal tools<sup>12</sup> (Vegh & Vuletin, 2014). It can be said that the quality of

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<sup>11</sup> According to him, proportion of support for insurance, credit support, capital injections and purchases of 'toxic assets' by the Treasury and Bank of England are over 1.2 trillion pounds whereas cost of taking private assets into public are just out of 42 billion pounds in economic recession in 2008

<sup>12</sup> While relative strength of fiscal policy is related with the fiscal deficit as percentage of GDP and total (public and private) external debt as percentage of GDP, relative strength of monetary policy is

comparable counter policy actions against the crisis is attributed to the long-term structural factors or institutional capacity of the state.

On the other hand, actors who implement the state-provided plans and regulations are employers. First of all, employers not strong enough in an institutional manner do not shoulder the relative burden of crisis and cannot support the purpose that the state seeks to achieve by law. Secondly, success in directing the burden of economic crisis can be attributed to the structural and institutional strengths of both public and private sectors. A component of success, in this context, can be exemplified in the Korean miracle that executive bureaucrats of them were well-planned in issuing and drafting the growth patterns of the economy during the Asian crisis (Kwon, 2011). In this context, the relative strength of the Korean economic sectors on the mutually comprehensive features with the state can be appreciated as an easing factor in enforcing relative laws. This situation shows that, as mentioned above, the Turkish economy, which has experienced a rapid indebtedness in the 17 years, faced a crisis in 2018 that affected all sectors deeply, and the state institutions were also insufficient that The laissez faire approach could not achieve a structural transformation..

However, the role of the “executive” branch in managing and directing resources of the state except the legislative and judiciary areas should be foreseen from research. While the fundamental dilemma for legislation is that they lack the motivation and information to solve the crisis in pre-crisis following the crisis period, the unresolved problem for the judiciary is that they are coming too late to crisis to make a real difference during the crisis period (Rasmussen & Skeel, 2016). When we consider this situation in Turkey, it also shows that the responsibility for the economic crisis experienced after 17 years is carried out by decision-making governments rather than state institutions and administrators solely. In other words, the eligibility and competence of the executives can determine the chance of success of interventions.

It is significant to describe that stimulating finance in a crisis is essential. As mentioned in the report, opening space for a new business can only be reciprocated with the

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attributed with the foreign reserves as percentage of GDP and current account deficit as percentage of GDP.

solution of the detrimental impact of financial fluctuations over accessing it (OECD, 2009). In this context, while crisis periods can be considered an opportunity for economic restructuring, an essential condition for this is the removal of barriers to access to finance. The second important point is that, as the 2008 world crisis showed, developing countries can suffer more severe damage than developed countries' economies, even in a crisis that is not caused by themselves. For example, while the developed countries accepted the financial need of developing countries during the world crisis, expansionary monetary and fiscal apparatus such as cutting interest rates, recapitalization of financial institutions, and resolving impaired assets were generally supported by international financial institutions in developed countries. (Sheel, 2014; Mongelli & Mendez, 2018,). Thanks to this situation, it can be said that developing countries can lower their interest rates more easily and find it easier to find external funds. Considering that this approach provided a rapid financial abundance to developing countries during the post-2008 crisis period, it can be thought that countries that know how to use this finance have become more robust.

In this case, it has shown once again that in crises, central banks and treasuries are leading institutions in overcoming the blockages in the banking channel with its instruments <sup>13</sup>such as developing of micro-credit channel for 'necessity driven' entrepreneurs, export credit and insurance, factoring for receivables, bank recapitalization and expansion of existing loan and credit guarantee schemes (OECD, 2009; Kus, 2020; Levy, 2016; Thain, 2009). Otherwise, the recapitalization of banking sectors via state hands could not correspond with the relative demand<sup>14</sup> by entrepreneurs because of the relative ambiguity and institutional uncertainty (Sheel, 2014). In this context, Keynesian policies could be necessary to normalize the aggregate demand and overcome the 'dual structure' that emerges, develops, and

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<sup>13</sup> Amount of rescue package for banking industry like a fresh capital to bolster leading banks and loan guarantees in France hold on 360 billion euro in 2008. In England, package like a recapitalization of RBS and HBOS banks, smoothing the factors for bringing down the inter-bank lending, asset protection schemes and asset purchase programs tried to be carried out in order to maintain competitively lending.

<sup>14</sup> As mentioned in Appendix D, even if massive liquidity injection grew up in banking sector in United States (M2), the velocity of money in circulation (MM) is more or less stable, i.e., financial expansion in market was not be compensated by market in crisis and post-crisis period. It is the 'liquidity trap' that exemplify employers stay away from the utilization of financial apparatus.



solidifies at different phases of transition periods (Zeng & Lü, 2010). In this context, as a preliminary, the state can re-establish market confidence via legislative action that losing the background of regulative business actions tried to be re-established by states. For example, in response to the global crisis, many states and supra-national organizations issued various taxes and spending programs, tax cuts, larger subsidies, and increased public investment. (OECD, 2009; Gjosevska & Karanovic, 2014; Levy, 2016; Kus, 2020; Rasmussen & Skeel, 2016; Thain, 2009; Mongelli & Mendez, 2018). It can be said that the primary goal that the governments try to achieve in the market is to bring the economy back to its normal process by enabling consumers, who are demand points that have taken their measures of tightening due to the crisis, to spend more comfortably.

For example, in the process leading up to the 2008 World Crisis, inadequate financial literacy was blamed for the improper usage of financial tools. Facilitating access to finance cannot be enough for the institutional and market sectors, and state intervention can also be essential. In this context, the preliminary question can be to answer why the state is obliged to interfere with the market? Sheel, in this context, examines G20 summits and states that economic expansion to overcome and recover the preliminary impact of the 2008 crisis leads to deterioration of fiscal rules within the OECD countries and exemplified its ill results primarily in the Greece, where budget deficit boomed there and forced to European Union to reconsider the rules (Sheel, 2014).

Also, rising deficits and debts of public finance via shortening of tax revenues during the 2008 economic crisis while expenditures remained more or less stable caused the emergence of a future economic crisis (Paridon, 2013). In this context, while the crisis can be said to have been resolved for a short time, it can be said that the state itself created the ground for future larger economic crises. As mentioned in chapter 3 and chapter 4 specific to Turkey, examples can be given as the result of the unconscious use of capital for consumption purposes and in areas that do not produce added value. What is more serious is that the mass of employers and households, who have become accustomed to using financial tools, expects the state to use these financial tools when the state begins to follow policies that will bring tightening in these areas.

A significant point in successfully enforcing the aforementioned policies was strengthening state institutions. The establishment of the Economic and Monetary Union, creating SSM as a supervisory role with the European Central Bank in the post-world crisis period at its center, can be attributed to this (Mongelli & Mendez, 2018). It can be expected that the above-mentioned institutional arrangements will stabilize demand and direct production and investment. (Sheel, 2014). OECD also adds that interventions should be made conditional on higher productivity areas and can respond to environmental challenges (OECD, 2009). In other words, the booming of capital flows thanks to the easing of access to financial apparatus can pose a significant dilemma when they are large, volatile, unsustainable, or utilized in poor areas (Parasuraman, 2013). As shown in Chapter 3, Turkey, which experienced rapid financialization between 2001 and 2018, returned to its pre-2001 crisis in the foreign exchange crisis in 2018. This supports that the financialization between these years shows examples in Turkey, similar to the above vulnerable situations.

It can be said that this situation causes problems, especially in WRT, which is sensitive to demand. To illustrate, intense financial flow during pre-crisis periods, entrepreneurs may gain high turnover and profits that growth figures may seem to be increasing as consumption accelerates, as stated in chapters 3 and 4. Otherwise, instead of making long-term investments, these gains can be re-directed to consumption-oriented areas<sup>15</sup> that do not produce added value and workforce, which we call sheltered areas (Parasuraman, 2013). Instead of focusing on growth rates for the duration of stimulus measures, policymakers should examine the relative rising treasury yields and inflation to determine whether crisis scenarios passed or not (Sheel, 2014). In other words, the growth figures that consumption expenditures may have provided due to the rapid financial flow may not represent economic robustness by itself, as experienced in the Turkish currency crisis in 2018.

In this context, the shape of the intervention can be discussed to determine to what extent it compasses the relative rescaling of wholesale and retail SMEs. For example,

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<sup>15</sup> In the Asian Economic crisis experienced in the late 1990s, the two most important factors that caused the economies of the countries to be caught in the crisis were labelled as underdeveloped capital markets and banking directing the hot capital coming to the market from abroad to areas such as construction that would not turn into long-term investments.

central banks can purchase long-term government and/or private assets in a situation while conventional expansion of monetary policy is not enough to neutralize the economic rescale (Sheel, 2014). While central banks are critical there, to what extent does it access the companies in the sector mentioned above? For example, bailout packets can overlook or be heedless of the economy that depends on the service of SMEs. Therefore, the extension of public policies should be planned to benefit and utilize the whole sectors.

Also, while old sectors fade away, new state institutions should reveal. As a result, medium and long-term policies promoting the developments in areas such as innovation promoted with entrepreneurship, innovative infrastructure, R&D, and workers' skills such as reforming and training policies can be implemented (OECD, 2009). Especially for countries' economies, which are concentrated in sectors such as wholesale and retail, which are shaped primarily according to demand, such supports can be specified as additional factors in the target of structural transformation of the economy.

Otherwise, if the related political chance of intervention is not tried to be issued either in a pre-crisis or during the crisis period, the fiscal effort of governments in crisis can be transformed into that 'Government investment' creates 'economic growth' while the transmission mechanism usually would work on 'Government investment' create 'Growth of consumption' <sup>16</sup>that relate with the 'Growth of private investment' and 'Economic automatic growth' (Zeng & Lü, 2010; OECD, 2009). France's policies in the Global crisis stand on 'our response to the crisis is investment can also be exemplified in the same manner (Levy, 2016).

In short, economic crises are a reality of today's economies, and many developed and developing countries are vulnerable to crises. However, the crisis's financial, market, and institutional effects may have more severe consequences in structurally weak countries, which we can call developing. In addition, the general analysis of SMEs

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<sup>16</sup> Infrastructural investment (e.g. roads, mass transit, ICT sectors); assistance to science, research and development (R&D) and innovation; investment in human capital, education/ training (including schools, teachers); investment in green technologies for efficient utilization of energy; assistance to SMEs for innovation and investment can be realized by state

over the industry causes service SMEs to lag behind, and the SME discussion is incomplete. At this point, the multi-part separation of SME logic also differentiates the effects of these crises. Service sub-sectors such as wholesale and retail, which are heavily affected by demand, are more severely affected due to structural weaknesses and vulnerabilities in these crises. As shown in Figure 2.1, the profitability and turnover losses that occur with the decrease in demand make the inputs of such companies that they can hardly meet even more difficult. Considering the reduction of unemployment and the contribution of service SMEs to GDP, it can be said that the emergence of such difficulties has caused the economic policies of the state and the government to be questioned. In other words, the fulfillment of the duty of the government to legislate as to the legal legislator in society may be due to the existence of an efficient SME policy and its proper use in crises. As mentioned in Table 2.1, it can be mentioned that governments intervene in WRT SMEs as finance, market, and institutional. Some or all of these intervention tools can be used against crises by preserving the validity of the country differences mentioned above. In other words, as explained in detail in the next chapter 3, using the financial intervention tools I have shown in table 2.2 against crises can help WRT SMEs overcome crises. However, the state does not support these indirect and direct interventions in the market, and the organizational sense may not create a sectoral structure that is resistant to future crises. Moreover, as I will show in chapter 4, this financialization can make employers more dependent on government interventions.

## **CHAPTER 3**

### **SETTING AND CONTEXT**

This chapter tries to clarify the underlying elements of the field study. In this context, we will investigate the development of wholesale and retail SMEs and state intervention policies that affect their development processes in the economic crisis in Turkey. In particular, it has been shown how the vulnerabilities experienced by wholesale and retail SMEs, which were mentioned in the previous chapter, in financial, market, and institutional are experienced in Turkey during crises. In this way, it has been tried to explain how the wholesale and retail SMEs in Turkey experience these processes and how the government's interventions shape the sector at this point.

A significant part of the service sector comprises the traditional wholesale and retail sector, which is mainly a pioneer in the number of firms opening and closing down. They are appreciated as an entrance step for trade to move to other sectors by the policymakers in Turkey. Also, these companies generally serve the domestic market and are under the pressure of organized retailers which directly connect with the manufacturers. While these reasons force all the companies in the market to develop and transform, they make the wholesalers question their place in the market. In other words, wholesalers are forced to re-orienting and turn into new retailers and distributors in order not to be alienated.

Therefore, focusing on the wholesalers and their actions in response to policy changes was researched to uncover the development schema of WRT in Turkey and show how wholesale companies operating in the traditional channel can renew themselves in coordination with the modernization pressure created by the market and public policies. In this context, starting from the 1980s, which accelerated the development and growth of the wholesale and retail sector in Turkey, the effect of the policies of the Justice and Development Party (JDP) period, which produced the policies in these

years by experiencing the last three economic crises of Turkey, on WRT will be examined. Following this, the field study of this thesis was mapped in terms of justification for determining the related area.

### 3.1. Key Traits of ‘WRT’ in Turkey

#### 3.1.1. Centrality of WRT in Turkey

Wholesale and Retail being ahead of the service sector in Turkey is a sector that influences the market and responds to indirect and direct interventions by the state. In this scope, one of the sectors can give some clues about the state's economic policies. On the one hand, sub-structural species of it, making it one of the preliminary sectors in Turkey, can put forward why this sector is so central to the economy. On the other hand, WRT SMEs in Turkey have various vulnerabilities, as indicated in Table 3.1 below. The situation that deepens these vulnerabilities or stands out as a solution can be labeled as a state's direct or indirect intervention, as mentioned in Figure 2.1. In this context, while analyzing the processes that affect the sector's development emerges, it also becomes essential to discuss the consequences of the state intervention mentioned in Table 2.2 in previous pages.

Table 3.1. Areas where wholesale and retail SMEs are fragile

<b>Finance</b>	<b>Market</b>	<b>Institutional</b>
<b>interest rates and access to credit</b>	when confidence in the market falls, sales fall	coexistence of owner and manager identity
<b>difficulty giving collateral</b>	Limits, installments, and interest rates related to the use of credit cards can reduce consumption.	Deficiencies in financial literacy and analyzing the consequences of relevant public policies
<b>not found reliable by banks</b>	the multitude of similar firms, intense competition, and low profitability	aptitude for trading with dude, sergeant, and fellowship
<b>Financing with spouses, friends, relatives</b>	The purchasing power of organized large firms makes them stand out in price competition.	Opening a business due to unemployment, not from the logic of entrepreneurship
<b>low equity</b>	e-commerce pushes the shop logic to the background	Enough for logic and closedness to innovations

This table also more or less defines what Turkey experienced during the 1990s. For example, in 1996-1997, GDP and domestic demand increased 7,3% and 7,9%, respectively, when consumption and investment expenses of the public and private

sectors rose prominently (Devlet Planlama Teşkilatı, 2000) . Interestingly, the high growth pattern of 9,1% and 12,3 in these years succeeded in the wholesale and retail sector ceased incisive contraction made the growth of this sector just 1,9% in 1998 when stringent monetary and fiscal policies tried to be implemented by the government (Devlet Planlama Teşkilatı, 2000). It figured out that even annual adjustments or fluctuations in the market could rotate this sector's development pace. We can say that this period, in which consumption is so critically affected by the state's policies, also affect the expectations of the unemployed and the entrepreneurs living in urban and rural areas from the wholesale and retail sector. On the one hand, the acceleration of the immigration movements from rural areas to urban areas during the 1990s can depend on the grabbing of relative well-being in urban areas thanks to the rapid development of consumption sectors like wholesale and retail (Devlet Planlama Teşkilatı, 2000). On the other hand, unemployed persons could be obliged to enter WRT because of non-finding a job.

In this scope, it can be stated that sustainable macro and microeconomic conditions quickly strengthen the development pace of the sector in Turkey during fluctuations in the same velocity damage. For example, the annual growth rate of the WRT in Turkey was 5,7% that making it one of the fastest developing sectors between 2002 and 2012, when sustainable economic conditions more or less succeeded in Turkey. Then convenient consumption conditions coalesced with GDP development, urbanization, and consumption strengthened by relevant youth population and tourism (T.C Kalkınma Bakanlığı, 2014).

While this process can be seen as a development with increasing consumption, as can be seen in the next Gimat chapter, it can be stated that the wholesale and retail industry in Turkey has created a period in which the retail field itself develops even more rapidly. While this increment gets its response in regions and cities where income levels and population density are high, it should be reminded that the volume of WRT in Turkey also differed from each other. For example, while Istanbul and Antalya have outshined as retail centers examined with the intensity of employment, Istanbul, Bursa, İzmir, and Kocaeli have come forward respectively as a center of wholesale thanks to their geographical power on distribution path and closeness to the manufacturing areas during the 2010s (T.C Kalkınma Bakanlığı, 2014). Although the four wholesaler cities

here have come to the forefront with their factors such as exports as a result of their proximity to both coastal cities and industrial zones, Gimat wholesaler sites in Ankara stand out with their elements, such as wholesale and retail elements coexist, proximity to local grocery and markets in the domestic market, low profitability and low institutionalization. Considering that the WRT sector in Turkey grows and shrinks due to domestic demand, depends on macro-micro economic conditions, and cannot be fully institutionalized, examining the wholesalers in Ankara Gimat can help explain the reality of Turkey more.

In this context, state awareness of policy development in the more productive areas can be discussed. To illustrate, while the export-oriented political paradigm was suggested as a prescription for pioneering manufacturing for escaping from the ‘middle-income trap’ in SME Strategy and Action Plan in 2014 (Kosgeb, 2014), to what extent sectoral analysis in Turkey tried to be taken into consideration could be discussed because the area covered by service entrepreneurs was 81,78% and about 95% of it was minor SMEs compared 18,24% with manufacturing in 2014 (T.C Kakinma Bakanlığı, 2014). In other words, service companies covered a large area prone to domestic expansion when it was confronted with the relative market conditions that smooth the consumption patterns. For example, in Turkey in 2020, traditional service sectors such as WRT, transportation and warehouse, vacation, and food and beverages grew 50% in the third quarter compared with the second quarter, while manufacturing succeeded 40% growth in the same period (Republic of Turkey Ministry of Treasury and Finance, 2021). A striking fact here is that monetary and fiscal apparatus in this period were mobilized to overcome the relative economic results of the Covid-19 pandemic by state.

It can be implied that the sectoral weight of the WRT sector has not retreated from the economy despite export orienting targets on manufacturing by the state over the years. This can be because the food and beverage group, which is the sub-groups of wholesale and retail, is easier to store and determine the sales price, as it shows especially in Gimat. This situation also exemplifies itself in the opening and closing number of the business that new birth ratio and closing down of wholesale and retail trade; repair of motor vehicles and motorcycles sector business (Nace Rev.2) among the whole sectors was 30.8% in 2018 and 32.2 in 2016 respectively that made it primary in Turkey



(Turkish Statistical Institute , 2020). It can be foreseen that fluctuations in the market do not discourage entrance and the relative economic weight is still high. Even if the service sector displayed a floating image and a relative drop in its share from 56.5% to 54.6% between 2019 and 2020, it still contributed 2.439.697,2 million TL to GDP in 2019. In this scope, wholesale and retail trade, among the service as an ahead sector, contributed 537.543,5 million TL to GDP and took a share of 12,4% in GDP, following the manufacturing, which contributed 789.675,1 million TL to GDP and took a share of 18,3% in GDP in 2019 (Republic of Turkey Ministry of Treasury and Finance, 2021). To summarize, despite the shrinkage in the sector, entrepreneurs continue to take part in the wholesale and retail sector, consciously or unconsciously.

The most important reasons why entrepreneurs turning on WRT mentioned by employers in Gimat can be species of the sector which has the opportunity to work with flexible working methods such as delaying investments in times of crisis, is quickly shrinking by layoffs, has a chance of accelerating the cash flow by selling materials at a loss and melting the materials in their warehouses or has stopping the sale of materials and opting for the material in their warehouse. In this context, analyzing distinctive profiles of the sector can be important because it gives clues about how a high number of entrances in WRT cannot be transformed into the other modern service areas.

### **3.1.2. Profile of WRT in Turkey**

WRT sector, as tried to be defined, is composed of traditional and modern sub-sectors that are in constant change by the competitive market and are affected by the state intervention, both indirectly and directly. In other words, understanding the sector's profile, which underlines the essential features, is itself part of this change. As deficiencies of the Turkish economy, such as 'limited capital,' 'low GDP,' and 'weak saving,' tried to be fostered as a subject why the state would support a small manufacturing system (Çıkrikçıoğlu, 1987). Adapted to the nowadays, it can be stated that fluctuations in those subjects for years also create or constitute the profile of Turkish WRT itself. In other words, the customer portfolio, which is the demand center of wholesale and retail, changes and transforms at the point where different crisis periods and the state intervention tools that develop against these crises affect the

above three items. It can be said that these developments also have influenced the employers in WRT to meet customer-based expectations.

First of all, this evolution led to new service areas birthed in Turkey. For example, an environment has emerged that WRT in Turkey recently replaced from many minor retailers via strong producers to strongly organized retailers via many producers (T.C Kalkınma Bakanlığı, 2014). Since the state is aware of this situation, it states that wholesale employers should use the following four items that we will mention for the advancement of wholesale. That is, focused on the customer, emergence of e-commerce, rising of branding and pursuit and administration of transformation of wholesale related with initial three subjects are specified as four matters being supported in the transformation by state (T.C Kalkınma Bakanlığı, 2014). Otherwise, State is also conscious that Turkish SMEs can be differentiated from each other according to their resilience in input/production/innovation or export-oriented (T.C Kalkınma Bakanlığı, 2014). It can be said that this fragmented structure is one of the main factors that complicate state work in the production of appropriate policies that will enable it to reach all parties. Low use of public supports and being constrained on how to access service can be related to this fragmented nature. For example, even if service firms contributed to GDP by about 65% in 2014, the rate of benefiting from public support was far behind the rate of manufacturing companies. The low ratio of traders and craftsmen accessing a smooth credit interest rate and SME support was just four of ten thousand of GDP in 2014 (T.C Kalkınma Bakanlığı, 2014).

In this scope, some species of craftsman entrepreneurs, such as being afraid of external control, limited communication eligibilities, and prone to narrow or limited growth, can also be brought on the agenda as a restrictive species bounding the Turkish small businesses for setting up a relation with state apparatus (Çoban & İrmış, 2015). In addition to that, features such as bargaining with customers, informal ties with employees, the role of family members in the organization, and the intensity of transactions without a card, bill, and guarantors within the craftsman in Turkey can also be stand out as growth inhibitors (Akçakaya & Bağrıyanık, 2019). The continuation of such traditional behaviors as foreseen employers in Gimat, while the change and transformation of the sector are concentrated in the organized area, can also be advocacy of companies as a strategy to survive.

Secondly, While the change and transformation continue in WRT, it is seen that those who benefit from this change are those who move to the organized retail area, while the wholesale sector is regressing. As mentioned in the commission report in 2014, the introduction of a direct procurement channel of strongly organized retailers with manufacturing and importer firms weakened the traditional wholesalers and directed them to other sectors. In addition to that, the critical need of retailers and manufacturers for wholesalers in a mediation role and tough competition were represented as a reason for low-profit margins that wholesale businesses are forced to direct to deposit sales mostly not to lose market ultimately (T.C Kalkınma Bakanlığı, 2014). In this context, when the density of FMCG goods most in-demand of the wholesale sector in Turkey in commission report in 2014 (T.C Kalkınma Bakanlığı, 2018) was thought, it can be foreseen that directing customers to organized retailers providing a price and quality guarantees of same goods frustrate the wholesale sites like a Gimat and put forward the retailers.

While the increase in the number of shopping malls and organized retail markets over the years summarizes this situation, the fact that the traditional wholesale class of the WRT sector has gone back over the years shows that the relevant public interventions started a process that regresses this channel. For example, there were just 44 shopping centers in Turkey in 2000; In October 2013, this number was accessed to 333. Diffusing markets also picture the same development schema that several organized chain markets like BİM, Migros / Tansaş / Şok, A101, and others scaled up to more than 50% in 2010 and 2012 (T.C Kalkınma Bakanlığı, 2014). While these situations show that consumers are more inclined to shop in the organized area over the years, it can be said that they also cause employers in wholesaler sites such as Gimat to switch to other business areas during these years or to use their savings and capital in a more sheltered way.

This type of transformation in the economy can also exemplify why informality is prone to spread out in the Turkish economy. As mentioned in the report, costs and expenses mobilized to realize the facilities like a permanent education to employees, compliance with qualities and standards, and support services after selling are not issued by informal businesses that they can lower the price of goods efficiently and be preferred by unconscious customers (T.C Kalkınma Bakanlığı, 2014). While these

informal firms can catch market share thanks to their low prices, a cost input within the purchaser price over the market can highlight any business unless controlled by the state. One basis for such cost-priority movements in WRT in Turkey may also be due to the lack of a solid export base. As mentioned in the report, sharing export-oriented SMEs in Turkey was just 1,6% of whole SMEs, while this number attained approximately 25% in the European Union in 2013 (Kosgeb, 2014). Firms compete with each other as they are primarily dependent on the domestic market like in Gimat wholesale site.

This also affects the employee profile in the sector. For example, even if there was an increment of high school graduates in the WRT sector from 37% in 2004 to 45% in 2012 in Turkey, there was still a high share of primary education (T.C Kalkınma Bakanlığı, 2014). In this context, the idea that low educational attainment of employees influences the production and fertility poorly and that arising of qualifications of employees is essential (Devlet Planlama Teşkilatı, 2000) can be discussed because, as seen in the field study section, the most important issue may be that the profit margins are meager. Also, the competition is intense, and a minimal budget is allocated for labor costs. In this context, although the public recognizes the change in the transition from tradition to the organized side, the reason why this has not been fully achieved in the traditional field can be seen as low profitability and harsh competition. When we think about Gimat in particular, it can be said that the fact that the food and beverage group is made of well-known branded materials may have led to the fact that no creativity is expected from the person other than sales.

### **3.1.3. Fragilities of WRT in Turkey**

Although the challenges in the WRT are mentioned above, the area covered by the wholesale and retail sector did not regress, and the orientation of people to this sector continued in Turkey (Republic of Turkey Ministry of Treasury and Finance, 2021)<sup>17</sup>. On the other hand, this orientation creates a problem expressed by the owners of the

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<sup>17</sup> Even if portion of agricultural sector diminished from 22.5% in 2007 to 18.2% in 2019, this decline experienced in agriculture did not turn to manufacturing or developed service sectors. For example, contribution of developed service areas such as information-communication, finance and insurance and professional science sectors to GDP in Turkey was not altered and just realized 2.6%, 3.2% and 2,3% respectively in 2019 while this ranking had occurred 2,2%, 5,0% and 1,2% in 2000.

workplaces in Çorum, which is similar to Ankara since the trade is generally carried out in the domestic market. They said that it was easy for people to open retail businesses, and there should be a control on the number of workplaces to be opened in the same region regardless of whether the demand is sufficient (Demirer et al., 2017). As a result, entrance and exit numbers in traditional service areas in Turkey are still high even if the challenges sector faced in recent years have increased. In this context, showing the fragilities of the sector may also show in which direction it would be more appropriate for the public to intervene with policy tools in the Turkish WRT sector, where the transition from wholesale to organized retail is accelerating.

The wholesale and retail sector in Turkey is a sector that quickly adapts to the direct and indirect policies of the state in the economy. Progress of this sector, in this context, steadily from 2002 to 2012, as mentioned in previous pages, could be exemplified that catching relative success on macro-economic developments in these years enlarged this sector. On the other hand, when deterioration in final consumption expenditure of resident households within the GDP realized 55,8% and 56,5%, respectively, in 2018 and 2019 is considered in Turkey (Turkish Statistical Institute, 2020), it can be stated that deterioration in macroeconomic indicators can quickly regress the sector. That is strict and expansionist fiscal and monetary policies built up by the state directly affect its shrinkage and growth as it may affect demand. The emergence of a 7.6% regression in the Turkish service sector, even bypassing the 6.1% recession in GDP in 1994 when the state utilized the serial recovery packages, could be shown as an impact of recession in fiscal expenditures and strict monetarists applications following the following crisis period (Devlet Planlama Teşkilatı, 2000). The diminishing of the service sector confidence index from 112.2% in March to 58.7% in April 2020 in Turkey due to the Covid-19 pandemic (Republic of Turkey Ministry of Treasury and Finance , 2021)also be exemplified in the same manner that Turkish customers immediately responded to vague developments and expectations in the market that they cut down on their expenditure in the second quarter.

One of the most important reasons the Turkish service sector is severely affected by uncertainty in crises and experiencing problems in its growth may be that the traditional sectoral structure based on consumption is relatively high. The public's direct and indirect policy choices on economic developments affect household

spending, which ultimately determines the growth and contraction of the WRT sector. Negative GDP growth was experienced within the WRT sector in Turkey during the 2009 global crisis despite the crisis not being Turkish-based (T.C Kalkınma Bakanlığı, 2014). An important point here is households' primary and secondary needs, as we will mention in the Gimat section. In this respect, it can be said that while crises cause sharper declines in areas such as white goods, automobiles, and textiles, which we can call non-prior needs, it can be said that it causes a transformation in the sector in primary needs such as food and beverage.

While economic turmoil periods birth its negative repercussions for WRT, the traditional part can be much more sensitive to it. Eligibility of organized chain markets in their success in increasing shares in economic crisis periods in Turkey while traditional tradesman and craftsman correspond with the problems like non-realization of practical cost accounting, unplanning, deficiencies in purchasing and marketing and non-using of technology in these periods can prove this situation (T.C Kalkınma Bakanlığı, 2014). Discussions about the state's role in determining convenient and proper investment areas except only financial support can be discussed in this context. In other words, the issue underlined by the state nowadays about re-compensation of financial supports with a tangible and concrete value more or less depends on the quality of information/human capital and institutional could imply that traditional parts of WRT in Turkey are not eligible enough to realize effective structural transformation. However, the consumption was tried to be accelerated with the increasing financing conditions after 2002 (T.C Kalkınma Bakanlığı, 2014). While this shows that the state's policies underlining financialization impose a responsibility on the employer to transform it into an investment, it also shows the fragility of Turkish WRT business because most WRT employers work as owner-managers away from institutionalization. Otherwise, as shown in the Gimat section, investment decisions also impose a responsibility on decision-makers and arise from the anxiety of not sinking the money since the work is already done with a low equity structure.

Considering the factors such as the decrease in the number of participants in the middle class, which is seen as the leading class of consumption, and the decline in the income level, supportive factors of consumption in this context, can be labeled as factors that make the fragilities above more complicated in recent years (Türkiye Alışveriş

Merkezleri ve Parakendeciler Federasyonu, n.d.) On the one hand, discount and chain markets have surpassed them in their competition with traditional WRTs such as grocery stores, markets, and shops and have mainly become decision-makers in the market. On the other hand, people still enter the traditional WRT fields despite this development. In the coming years, when these workplaces lag even further behind in their struggle with the organizations, they may leave behind an army of unemployed. In this scope, the Turkish economy already has weak structural features such as limited finance facilities, surge market nature, and uncomplete institutional solid background that can coalesce with unemployment, and demand may fall further.

That shows itself as a confrontation of deficiencies in a pre-mature development of service that while the contribution of manufacturing and service to production except agriculture was 48% and 52% respectively, the share of numbers of service business composes of 88% of whole entrepreneur there in 2015 in Turkey (Koru & Dinçer, 2018). In other words, the service sector in Turkey lags behind in the production of added value according to the area it covers, and there is a sectoral service structure that concentrates trade based on buying and selling, as foreseen in Gimat. This situation, which increases vulnerability, is explained in the government's reports as follows: low international competition; deficiency in middle and long term planning; low added value production, service, and imitation; shortage of institutional planning and density of family business; focusing in traditional areas; knowledge shortages on how to disperse in the international arena; arising unfair competition due to opening of business in an uncontrolled manner; undisciplined budget planning obstructing the accessing finance; low capacity on project design; limited access to incentives and supports by craftsman and tradesman (T.C Kalkınma Bakanlığı, 2014). It can be said that although public authorities are aware of the situation and problems within the WRT sector, they cannot or do not make the necessary interventions.

While improvement of technology, facilitation of accessing information, and arising of transparency strengthen the ties of manufacturers, retailers, and last customers with each other, the regeneration of traditional wholesale trade taking a just 5% sharing in the export channel are enforced to rescale itself coercively by this process (T.C Kalkınma Bakanlığı, 2018). In this context, when a narrow base of Turkish SMEs to realize a trade in an international arena and unbenefited from scale economy are

considered, it can be foreseen that reorienting chances of traditional wholesalers focused on the domestic market mainly is becoming harder than retailers since they not only struggle to find out a re-orientation, also they have to enter an area where manufacturers and retailers compete with each other intensely (Kosgeb, 2014).

Turkey experienced a severe economic crisis in 2001 when the state economic policies changed drastically and were an essential factor in JDP's sole power in 2002. Nevertheless, the profile and conditions of the sector remained the same, as we will see in Chapter 4. Following ten years, as mentioned in previous pages, the WRT sector continued to enlarge stably, but then, the sector again faced the fluctuations experienced in the pre-JDP period. In this context, examination of detections of special expertise commission interested in the empowerment of tradesman and craftsman and SMEs in 2014 mentioned in previous pages could be so crucial that referred to in this report, 'expansion of financial apparatus is not adequate to create an efficient and productive economy unless deficient features of this actor on investment decisions and knowledge skills develop' were so important there (T.C Kalkınma Bakanlığı, 2014). In other words, it implied that recovering and developing financial apparatus during the first ten years of the JDP period was not turned into an effective and productive investment by the WRT employer. In this scope, analyzing features forefooting the unmaturing transformation and obstructing and deepening this sector and state intervention in this process could be critical that picturing of reflection of politics and taking the shape of WRT according to it in a historical based can be brightened.

In this context, it is essential to examine the wholesalers in Ankara Gimat as a developing and growing place after 1980. The importance of 1980 is that Turkey's macroeconomic conjuncture was changed and directed in much more neo-liberal logic by the state, and it experienced significant crises in the following years. At this point, the importance of examining the crisis periods is that the fragilities of the WRT sector come to the fore even more, and the relevant public policies are revealed as a means of intervention. In a way, in the analysis of public policies, these years were critical periods for measuring the impact of public interventions. In this context, an examination of the development schema of the WRT sector from 1980, when neo-liberal politics began to be implemented in Turkey, until the 2001 Turkish economic crisis, which paved the way for the power of JDP critically will be examined



preliminarily. After that, it will show how the state interventions developed against the 2001-2008 and 2018 economic crises experienced when JDP opened the way for serious financialization and affected the development and transformation of the wholesale and retail sectors. While making these statements, the 2001 crisis, which brought the JDP to power alone and continued its effects in terms of the measures and results taken, will be tried to be explained based on the policies of the JDP period. As a result, relative analysis of WRT gives clues about WRT's problems and clarifies how it has taken shape from these periods and has appeared in a today's form tried to be mapped.

### **3.2. Historical Evolution of WRT in Turkey**

#### **3.2.1. 1980-90: WRT Starts to Grow with the Effect of Neoliberal Policies**

1980 was a year when Turkey began to experience a neo-liberal transformation period. The relative policy paradigm that was prized to be necessitated by the state for this period was the diminishing effectiveness of the import-substituted economic system that was blamed for deficient current account deficits, non-performance debts, capital intensity in production, the rise of organized labor, and following a social and political crisis that Turkey had faced with during the 1970s (Ayhan & Tan & Baydaş, 2016; Yilmaz, 2020). In order to alleviate the deficiencies mentioned above, decisions such as the devaluation of the Turkish lira, liberalization of import regimes, increasing-price of SEE products, and freeing of interest rates taken on January 24, 1980, were utilized in order to solve the problem preliminary (Durmaz, 2015; Bayar, 1996). On the other hand, the relative losing background of the Justice Party in power within the parliament did not give it the appropriate authority to implement these changes. In this context, implementing these macroeconomic policy changes that impact the industries started after the 1980s when the Motherland Party came to power via the critical character of Turgut Özal in 1983. To summarize, these years have been when the market for trade and capital were opened, and the tendency to trade increased with increasing unemployment.

In the 1980s, main policy frameworks by state developed with the requisition of export firms in a mutually comprehensive way as Emrence states that legal and economic reforms had aimed to create an export-oriented economy in this period (Emrence,

2008). Reduced tariffs, vital subsidy components, and import liberalization assisted with the floating exchange rate and the Turkish lira depreciation were government interventions to facilitate exports (Boratav & Yeldan, 2001; Durmaz, 2015; Krueger, 1995). In addition to that, in order to mount transformation mentioned above within the other sectors except manufacturing solely, trade and interest rates were freed, state economic enterprises tried to be privatized, agricultural subsidies were cut, and then capital inflows and outflows were allowed via the liberalization of the capital account in 1989 by state (Yilmaz, 2020).

In this scope, the merchandise export performance of Turkey increased from 2.3 billion dollars in 1979 to 11.7 billion dollars in 1988. Exports were mainly composed of textiles, clothing, iron, and steel, which were relatively capital-labor intensive products in this period (Arıcanlı & Rodrik, 1990). On the other hand, success captured in this period was mainly sourced from the suppression of the labor side of the economy that decreasing real wages eased the lowering of production costs and cut back domestic absorption that gross profit margins as a ratio of current costs in private manufacturing had ascended from 31% to 38% (Durmaz, 2015; Boratav & Yeldan, 2001). In this respect, these years were a period in which trade was tried to be accelerated by subsidizing the state, while the customer portfolio that constitutes its demand dimension made it more sensitive to indirect and direct interventions of the state due to this policy followed by the state.

Another vital reflection of the policy changes in Turkish society can be shown in consumer perception. In other words, the political outputs of Özal created a society where individualism diffused all branches of the market. For example, due to lowering the tariffs in the 1980s, imported goods appeared in the shops more easily (Tokatli & Boyaci, 2001). When combined with the advertisement in these years, customers' orientation began to relocate savings attitude with consumerism (Çoruk, 2020). Along with these developments, subsidized consumption by the state has started to reveal a retail logic in these years that urbanization, the rising pace of infrastructural developments, and enhancement in product mixture via import goods constituted factors that significant retail investments find a space to invest in the coming years (Kompil & Çelik, 2009).

This situation shows that, as can be seen in the example of India also, government practices that encourage retail are also experienced in Turkey and that a period in which retail can develop and investments are directed to this area has begun.(Franz & Appel & Hassler, 2013). For example, privatization of Migros and Gima, incentives and discounts, and ease of the establishment of major retail shops such as Galeria and Belpa in İstanbul by the state in the 1980s could be considered that the state was also struggling to make the way of extension of retailing in Turkey in these years when examples of the franchise system, foreign direct investments, a joint partnership with foreigners also began to appear (Yurt, 2019; Ulusoy, 2018).

Otherwise, deficiencies in distribution channels of goods because of the non-establishment of marketing and the appearance of organized chain markets equally within the regions strengthened and expanded un-organized WRT in districts of Turkey in the 1980s. In economies where producer and distributor organizations are not sufficiently developed, this situation can be stated as the task of wholesalers to take on an important task, reaching small producers and distributors, buying and selling their goods. (Appel & Franz & Hassler, 2014). The fact that some wholesalers took dealerships in these years and formed a group that continued to grow institutionally is an example of this (Tokatli & Boyaci, 2001). The basis of 2 significant results that can affect the wholesale and retail sector, especially today, was formed in these years.

One is that it caused the creation of a small grocery store, market, and shop system to be served by wholesale centers such as Gimat. Another reflection of this could be said that the prominent manufacturers and distributors, which use the advertising and import freedom provided by the state in their marketing strategy, direct the consumer awareness, which naturally forces the retail stores located at the point of sale to keep these materials in their warehouses in these years. (Öztürk, 2006). As a result, the determination of profit margins and relative selling prices of a good in wholesale and retail manner was turned into being highly responsive to decisions of these firms.

In conclusion, retailers and wholesalers in Turkey found a relative space to make a trade that policy changes also supported in the 1980s indirectly. The change of policy making processes and their support with privatization and government incentives, abandoning strict practices such as heavy state involvement, ranging from price

controls to food distribution, can be given as examples in this process (Özcan, 2000). As Emrence states, Turkey, with its US-style shopping malls, fast-food chains, and local branches of global brands, has transformed into a consumer society that served about ten percent of the urban population in the 1980s (Emrence, 2008). The fact that wholesale centers like Gimat wholesalers' site started to grow by becoming more organized in the 1980s also supports this process. This process, along with increasing product diversity, started the formation of a market structure in which the buyer is strong from the market structure in which the seller is dominant in WRT (Tokatli & Boyaci, 2001)

### **3.2.2. 1990-00: As Organized WRT Enter the Turkish Market, They Encounter Turkey's Own Political Economic Conjuncture**

Liberalization of capital movements in 1989 in Turkey constituted a turning point in the economy that financialization of society and state via the chance of accessing credits reoriented the roots of neoliberal transformation posed in the 1980s. While the transition timing on complete reversible exchanges was still discussed, the state's relative need for this reform and its direct results over WRT make it a significant policy change. Outputs of pre-1989 export incentive policies, in this context, such as the appearance of low skilled workers, salaried groups, urban youth, and the elderly, along with the non-agricultural force in the countryside raiding urban centers, can be labeled as an impact over re-distribution policies governments in the post-1990 period (Emrence, 2008). That anomaly, confronted with the distributive tensions and party fragmentation that cheap credits to business groups, lower retirement age, and generous retirement benefits began to take their scenario in Turkish politics during these years (Durmaz, 2015). It can be said that the borrowing of the government and the transfer of money to the real sector determine the direction of demand in this process, and the amount of circulating capital in the market is determined by the state in this period.

Another vital issue that started to rise due to the government's policies on the market and could not be prevented and directly impacted the working of WRT was inflation in these years. It is stated that the wholesalers who were able to coordinate and carry out these activities in the 1990s, when purchases were made on a deferred basis and

sales could be made with the logic of cash and carry, by gaining an inflation rent and contributing to their growth. (Tokatli & Boyaci, 2001). On the other hand, it seems that the economic and political fluctuations such as the ongoing inflation in these years did not allow the international retailers that came to Turkey to develop and grow and to affect and transform the organized retail elements. This shows that macroeconomic and political conditions are important in the process of changing and transforming the sector (Franz & Appel & Hassler, 2013).

In this respect, it was the result of this pursuit of control that affected the state policies, and as a result, in 1999, the IMF and the state agreed to maintain an anti-inflation policy. That anti-inflation program had increased the financialization of Turkey where, in an agreement period, gross in and out-flows of banking sector external credit was 209 and 204 billion dollars bypassing the 108 billion dollars in 1999 respectively, even exceeding the GNP in 2000 (Boratav & Yeldan, 2001).

In this context, it can be argued that the Motherland Party, which was in power alone in pre-1990's, tried to transfer more shares to the labor and agriculture sectors, which are listed as the two most influential groups in the loss of power in the process leading to the Turkish general elections in 1991 with this change in 1989. (Öniş & Webb, 1992). It can be stated that Motherland Party governments tried to catch the request of repressed classes when they corresponded with the regression in the 1989 local elections (Eşkınat, 2018).

Tax revenues did not rise on the relative enhancement with income equality in the 1980s, and the state was obliged to fortify its relative budget deficit via debts to compensate for increasing costs and investments. Increasing interest payments composed of 4% only in 1981 to more than 20% by the late 1980s could exemplify the relative weakness of the Turkish budget and its dependency on debts in these years (Krueger, 1995). In this scope, struggling of the 2<sup>nd</sup> Motherland Government on liberalization of capital account could be understood as a relaxation of financial constraints which were sourced from the non-realization of transforming of export earnings with investment and taxable sources within the real economy during the 1<sup>st</sup> period of them (Ersel, 1996; Köse & Yeldan, 1998). Also, it could be said that the export-based model resulted in the inability to keep up with the prices of the increasing

goods for the working classes and led to a low consumption at the beginning of the 1990s. It can be said that the move in 1989, which was made to increase the money supply in the market, was aimed to direct consumption. Also, it can be said that this caused the wholesale and retail SMEs to take shape according to the supply and demand-oriented movements of the state at the point of consumption.

In this context, market actors could have a chance to benefit from the increasing capitalization in the 1990s (Köse & Yeldan, 1998). In other words, SMEs operating in the WRT sector continued to thrive in an environment of government-subsidized demand and consumption in the 1990s. In addition, the period after 1990 can be defined as the years when retail, which was developed and organized with the support of the state in the previous period, began to change and transform through more private individuals and institutions. In these years when international organized retail companies entered the Turkish market, a lively WRT sector started to emerge with the entry of local elements in Turkey into the sector at the same time (Franz & Appel & Hassler, 2013). For example, Carrefour, Metro Cash & Carry, The Spanish discounter Dia, British Tesco with Kipa started to be active in the Turkish WRT sector during these years. Another effect of these international companies in the sector is that as a result of the local companies following them, they ensure the institutionalization of the companies and the emergence of local companies. BIM, a local WRT company, followed the German discount market ALDI in these years and used its corporate savings in its company management (Franz & Appel & Hassler, 2013)

However, the fact that this process was carried out in an environment of high genuine interest and inflation, which the government made to meet the distribution expectations in the society, caused the companies operating in this sector to develop in a very risky environment. How sensitive this accumulation method appeared in 1994 when GDP erupted by more than 5%, the inflation rate stood out the almost 150%, and the number of unemployed increased by at least 600000 when it faced with flowing out of capital from Turkey (Köse & Yeldan, 1998). Growth numbers caught by governments in the previous two years were easily reversed due to diminishing the growth pace of consumption that binds the customers and WRT each other. Despite these economic shocks, the state's membership in the European Union Customs Union by lowering the customs in 1995 brought the wholesale and retail elements in Turkey to compete with

the goods produced in Europe and to sell those products in this process(Tokatli & Boyaci, 2001)

In this process, even if the state had taken some emergency action such as devaluation, reduced government spending, and raised taxes, macroeconomic balances had not been established sustainably, the inflow of speculative capital, increasing value of TL, diminishing role of exportation and inflations which existed since 1994 economic crisis, it will lead to 2001 economic crisis once again (Yilmaz, 2020). Even fixed exchange rate policy by the IMF-backed government to rein in inflation resulted in a boom in imports rose by 35.9%, while exports only rose by 7.9% from 1999 to 2000 in the pre-crisis period (Yilmaz, 2020). Turkish business cycle, in this context, had shortcomings in the determination of these types of loaded flowing of hot money that would ensure the valuable and sustainable investments in following periods. Impact of outputs of 2001 economic crisis that hit the Turkish economy critically exemplified this situation that Turkey's wholesale and retail sector faced severe depression that it had contracted -16.1% in crisis year when made it second most shrinking sector after construction (Yilmaz, 2020).

Confronting the financing of the growing fiscal deficit of the public sector and rising wage costs in the labor market with the availability of foreign exchange and valuable TL could be mentioned as an output of policy adjustment in 1989 (Köse & Yeldan, 1998). Otherwise, a macro-economic policy change by the state via escalating public budget resulted in problems that public disposable income declined by 39% during the 1990s, coalesced with negative public savings from 1992 onwards. In addition, sharing a significant part of the budget with interest payments to tax revenues increased from 28% in 1992 to 77% in 2000 (Boratav & Yeldan, 2001). As a result of this process, two significant problems had emerged and were inherited in the 2000s when Turkey should struggle with the establishment of relative legislations for the foundation of controlling not only the fiscal policy in order not to crowd out the monetary policy but also the treasury on the distribution of domestic credits (Köse & Yeldan, 1998).

As a result, although the intervention in the market by the state seemed to increase consumption and growth rates in these years, it did not create stability in inflation and interest rates and did not create a stable economic model for the employers of

wholesale and retail SMEs, which started to grow with state interventions in the previous period. In these years, the Turkish economic crisis in 1994 also showed that the consumption and demand-side economic policies, which were tried to be implemented with the support of the state, can quickly deteriorate and deform with the measures and reactions that consumers will take against the crisis. In this context, wholesale and retail employers, who could not see macro stability due to the state's policies experienced until 2000, may have caused them to be skeptical of the state's policies for years to come. Otherwise, it can be said that employers who can correctly evaluate the crises experienced as a result of state policies have grown, such as by taking the chances of inflation. In this context, in the 1990s, traditional wholesalers both benefited from spot sales and created a continuing prosperity by continuing these sales with the logic of cash and carry, due to the state's inability to fully implement the control and surveillance mechanisms (Tokatli & Boyaci, 2001). On the other hand, in the process leading up to 2001, corporate wholesalers with dealerships facilitated the work of the manufacturers whose dealerships they undertook, strengthened their connections and became more resistant to shocks. However, as stated by (Tokatli & Boyaci, 2001), although the government saw the sector's orientation towards organized retail, the government did not develop a sector-specific intervention for traditional wholesale and retail elements, and it was stated that this would pose problems for the coming years.

### **3.2.3. 2001-09: Government Interventions in Response to Inflationary Growth and the Transformation of the WRT Sector**

One of the most important factors that changed the wholesale and retail sector's financial, market, and institutional functioning was the financialization that the government reorganized in line with the re-determination of a policy against the 2001 crisis in Turkey. In this process, the possibilities of borrowing in general and banking instruments such as credit cards and loans have increased. Although it seems to be a period in which the sector experienced growth, regressions were observed, especially in fixed investments, savings, and labor force creation. One of the factors behind the emergence of this situation can be that while the shares of organized retail elements increased in this process, as I will show in Table 3.2, the shares of the elements we will call traditional retail in the WRT sector in Turkey decreased in this process. At



this point, it can be said that traditional WRT employers, seeing the decline in the sector, aim to protect their existing capital instead of evaluating the above-mentioned economic areas that will generate investment.

Table 3.2. Share of channels in total FMCG retailing

	2005	2006	2007	2008	2009	2010	2011 first 6 months
Organized retail	31,26	34,40	39,86	42,31	45,51	49,08	50,86
Traditional retail	68,74	65,60	60,14	57,69	54,49	50,92	49,14

Source: (Rekabet Kurumu, 2012)

The industry's low added value, low production power, and low profitability rates started to emerge in these years, which are the complaints that the sector has started to voice more frequently nowadays. In this context, the measures taken by the Turkish state in the three main matters mentioned above and the main results of these measures on the wholesale and retail sector in the process until the 2008 world crisis have been tried to be shown in Table 3.3.

Table 3.3. Economic measures and results taken by the state in the process until 2008

<b><i>Financial measures</i></b>	<b><i>Financial Results</i></b>
<ul style="list-style-type: none"> <li>• <i>increased access to finance</i></li> <li>• <i>banking regulations</i></li> <li>• <i>public spending cut</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>banking loans are on the rise</i></li> <li>• <i>low-interest rate</i></li> <li>• <i>fast cash flow</i></li> <li>• <i>precious Turkish Lira</i></li> </ul>
<b><i>Market measures</i></b>	<b><i>Market Results</i></b>
<ul style="list-style-type: none"> <li>• <i>Market designed with financial measures</i></li> <li>• <i>households borrow more easily</i></li> <li>• <i>coordination with the budget and monetary policy</i></li> <li>• <i>increased banking activities</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Increased credit and credit card use</i></li> <li>• <i>A more conscious consumer</i></li> <li>• <i>the decline in labor, savings, and fixed investments</i></li> </ul>
<b><i>Institutional measures</i></b>	<b><i>Institutional Results</i></b>
<ul style="list-style-type: none"> <li>• <i>financial priority for employers' decision-making, similar to the market</i></li> <li>• <i>financial instruments tax exempt</i></li> <li>• <i>low corporate tax</i></li> <li>• <i>no routing</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>low production power</i></li> <li>• <i>low added value</i></li> <li>• <i>concentration in traditional service sub-sectors</i></li> <li>• <i>low profit</i></li> </ul>

Turkish state met the post-2001 period with the regulations it made to eliminate the effects of the crisis, which resulted from its economic policies. In this manner, the 2001 economic crisis resulted in a 7.5% contracted GDP, 68.5% inflation (consumer price index), depreciated Turkish lira (115.3% against the US dollar), skyrocketed

government debt instruments (averaged 96.2%), negative foreign investment and capital movements (the total foreign capital movement was -13.882 million dollars in 2001), eruptive unemployment (2.335.000 people was unemployed that accessed the 10.5% at the end of 2001) and swamped banks (twenty-two bank taken under the control of SDIF that constituted the 29.3% of total gross loans in 2001) (Bakır & Öniş, 2010; Kınaytürk, 2006). On the other hand, the impacts of the crisis on society made the 2001 crisis distinct from 1994 in that all segments of society, whether employers or employees, were affected by the crisis. (Öniş, 2009).

As shown in the field study, the emergence of a wholesaler employer identity, which is suspicious of small grocery stores, markets, and shop owners, in this regard, was due to payment problems in the 2001 economic crisis. In this context, the economic crisis, which started to show its first effects in the banking channel in November 2000, showed its full impact in February 2001 when the immediate forsaking of 6,5 billion dollars led to the jumping of interest overnight rate of 4000% (Tarakcı, 2019).

Those fluctuations also deteriorated the Public Finance that budgeted consumption and costs/GDP was raised to 45,14%; share of interest expense within the budget was ascended to 50%; not accompanying of budget revenues in response to the increasing budget costs launched to budget deficits 55,3% as compared with the previous year; public deficits/GDP was reached to 16,26% (Tarakcı, 2019). This situation also led to the reluctance of banks to broaden the credit channels to SMEs (Napier & Serger & Hansson, 2004). An immediate impact of this turnings can be foreseen on the trade sector contracted 31% and became preliminary in shrinkage in 2001. For example, there was an increase of more than 20 percent in the closing of the tradesman between June 2000 and June 2001. The monthly number of tradesmen among closed companies had approached about 90% in June 2001 (Kınaytürk, 2006). Considering that a large part of the section called tradesmen and craftsmen in these years consists of unorganized small and medium-sized wholesale and retailers in Turkey, it can be said that some of the most important effects of the crisis were created on wholesale and retail SMEs.

Also, with the effect of the crisis, state banks such as Halkbank and Ziraat Bank, which gave cheap loans to SMEs, started to give loans at market rates to collect their duty

losses (Topal, 2018). In addition to that, when the crisis started, banks primarily turned to government bonds and preferred large enterprises as loans group. SMEs that cannot get enough loans from the banking sector have tended to meet their financial needs through their funds, loans they can get from close circles, and mortgages of their immovables (Narin & Akdemir, 2005,p.53).

An important reason for this may be that, as shown in the field study section, employers accustomed to using high-cost loans in the 1990s did not use banking tools during the crisis. As can be foreseen from research, debt exchange between family members and relatives was found at 37.7% for wage earners and 39.3% for tradesmen during the 2001 economic crisis. Borrowing among colleagues/friends are also high for both groups, with 33.3% for wage earners and 39.3% for shopkeepers. The use of banks, credit cards, and mutual funds in borrowing is low, especially for the tradesmen (21.4), and this rate is 31.9% for the wage earners (Erbas & Turan, 2002). Decreasing loans extended the real sector by 16.4% in real terms in October 2001 compared to the end of the previous year, exemplified by this contraction in 34 quadrillion Turkish liras provided to them (Kınaytürk, 2006). Contraction of conversion of deposits to loans collected by deposit banks from 42,1% in 2000 to 30,7% in 2001 and 25% at the end of 2002 also supported the view that access chance of SMEs to finance were significantly deteriorated (Uçan, 2004). It can be concluded that the financing problem of SMEs, who could not have suitable financing conditions due to the fluctuations in the economy during the 90s, became more severe with the effects of the 2001 crisis.

In this context, the 'Strong Economic Transition Program' had been issued, and structural reforms and legal reforms tried to be made by the state. Ensuring the independence of the Central Bank, transparency in the government, strengthening public finance, and increasing competition and efficiency in the economy could be exemplified as a goal that various legal regulations will be made to increase the transparency in government budget law, borrowing law, expropriation law, state procurement law, limitation of extra-budgetary fund application, public banks and SOEs (Yükseler, 2011). It can be implied that the cause of the crisis was found that the financial relief that emerged as a result of the liberalization of capital movements was used by the state in the wrong and unproductive areas in the 1990s. In other words, the state primarily aimed at the self-control of the distribution of finance.

As a result, this period can be mentioned as the years in which the stability desired by the organized retail elements, which could not find the opportunity to fully expand into Turkey's economic geography in the tumultuous economic and political conditions of the 1990s, was achieved relatively. In particular, the policies that the JDP government tried to maintain were supported by international organized retail elements in this process. In this period, which drew attention to Turkey's economic growth and demographic structure, the fact that the sector was evaluated by international wholesale and retailers as the general business-friendly environment supports this (Franz & Appel & Hassler, 2013). In addition, some companies that can better analyze the developments in the sector thanks to their institutional development have started to increase their market shares in different ways and to protect their shares in this process (Gersch & Franz, 2018). With the high competition and falling profit margins in the sector, new partnerships and mergers are beginning to be seen among different supermarkets, hypermarkets and discounters can be attributed to this (Franz & Appel & Hassler, 2013). On the other hand, it can be said that traditional wholesale and retailers, which achieved relative profitability in the years when the inflationary environment and organized sectors could not spread to the whole geography of Turkey in the 1990s, started to decline as the organized retail started to take the sector under control in this period (Yilmaz & Yilmaz, 2008).

#### **3.2.4. 2009-18: The Dominance of Consumer Preferences and Its Impact on Business in the WRT Sector**

The most important reflections of this period in WRT, as foreseen in Table 3.5 below, are the deepening of financialization by supporting the monetary expansion with interest rate cuts with monetary and fiscal policies in Turkey (Cömert & Yeldan, 2018; Uygur, 2010). In this process, as we will see from both households and employers in chapter 4, the rates of using commercial and consumer loans by employers and households have increased significantly. At the same time, as foreseen in Table 3.4, the needs that we have stated as the primary and secondary needs of households have led to the expansion of discount markets, which we can call organized, in this process. In other words, these companies, which managed to reflect their purchasing power on the label prices, started to grow even faster. It can be said that the budgetary concerns and the home economy have begun to reflect more clearly on consumer behavior in

these expenditures in these years. The fact that the exit of international organized retail stores Carrefour SA, DIA and Tesco from the Turkish market, especially in the post-2013 period, coincided with the period when the number of discount markets increased, shows that the organized retail elements in Turkey were also in a change and transformation within these years (Gersch & Franz, 2018)

Table 3.4. Some store numbers' development of top 5 discount markets in Turkey

Retailer (Format)\No. of Stores (Jan)	2012	2013	2014	2015	2016	2017
A101 (Discount)	1,291	1,790	3,014	3,557	5,454	6,500
BİM (Discount)	3,281	3,662	4,014	4,519	5,012	5,656
ŞOK (Discount)	1,256	1,222	2,083	2,257	3,056	4,122
Ekomini (Discount)	--	--	837	1,145	1,399	1,626
Hakmar Ekspres (Discount)	234	252	269	300	326	407

Source:(Gersch & Franz, 2018)

At this point, reasons for this situation could stem from the fact that people started to spend more selectively due to the payment deadlines of debts such as consumer loans used in the 2001-2008 period and due to the deteriorated balance of payments due to the crisis. On the employer's side, as seen in employers in Gimat in chapter 4, there has been a process where those who see the dwindling customer portfolio are considering switching to other business areas or directing their savings to areas such as gold, foreign currency, real estate, and vehicles. The factors facilitating this work may have been because the borrowing, which was opened by the state in this process, was made with low costs yet.

Table 3.5. Economic measures and results taken by the state in the process until 2018

<b><i>Financial Measures</i></b>	<b><i>Financial Results</i></b>
<ul style="list-style-type: none"> <li>• <i>Cut interest rate</i></li> <li>• <i>Selling foreign exchange</i></li> <li>• <i>Increasing bank liquid</i></li> <li>• <i>Loan support by the state</i></li> <li>• <i>Restructuring debts</i></li> <li>• <i>Monetary expansion</i></li> <li>• <i>Encouraging capital inflows</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Increasing financialization</i></li> <li>• <i>Increasing commercial loans</i></li> <li>• <i>employers invest in safe areas</i></li> <li>• <i>no significant change in workforce and investments</i></li> <li>• <i>the shift of cheap finance to real estate</i></li> </ul>

**Market Measures**

- *Increasing public investments*
- *Easier access to finance for households*

**Market Results**

- *consumer credit by banking and debt increased*
- *increasing credit card debt*
- *Consumers who cannot afford durable and semi-durable products have increased.*
- *Budgetary problems of households led to concerns about buying the brand cheap.*
- *declining wholesale*
- *rising chain and discount markets*

**Institutional measures**

- *Reduced tax rates by state*
- *employment cost reduced by state*
- *credit guarantee fund applications by state support*

**Institutional Results**

- *no increase in fixed investments*
- *dependency on government subsidization of inputs*
- *facing a price-driven customer base*
- *prominent organized retail*

Although the 2008 world economic crisis was not a Turkey-centered crisis and did not have long-term effects like the crises Turkey has experienced in the past, the regulations made by the government to overcome these short-term effects, which affected the transformation of the Turkish economy made this period important in the post-crisis period. As of the last quarter of 2008, when the effects of the global crisis began to be felt in Turkey and the GDP growth figures began to take negative values, the crisis primarily disrupted Turkey's export and import balance (Uygur, 2010). For example, over 2009, when the crisis worsened, exports shrank by 22 percent, and imports contracted by 30 percent (Özdemir, 2013). Due to this situation, domestic and foreign demand decreased capacity utilization rates, and industrial production contracted by 1.4 percent at the end of 2008 compared to the previous year (Özdemir, 2013).

The wholesale and retail sector was also affected in this period by the reduction of capital mobility in the market resulting from unemployment and falling demand. For example, the unemployment rate was up to 13 percent as of 2008, when the effects of the crisis began to be felt. As of the first quarter of 2009, when the crisis deepened,

this rate rose to 16 percent (Ercan & Taymaz & Yeldan, 2010). As of October 2008, the decrease in the rate of opening a business by 27 percent compared to the previous year and the increase of approximately 65 percent in the number of businesses closed in the same period also exemplified this situation (Yıldırım, 2010). Consumption expenditure of households according to the gross national product started to take negative values with the third quarter of 2008 in this atmosphere of fear and rush, continued to take negative values throughout 2009, but retook a positive value in the last quarter of 2009 also exemplify this (Cömert & Çolak, 2014). While this process did not show a sharp decrease in sales in areas such as Gimat foreseen in chapter 4, where the food and beverage group are served, it accelerated the formation of a more price-oriented customer base, as we have shown on the previous pages.

In addition, the Turkish economy, which was able to provide a rapid flow of foreign funds from 2002 to 2007, reflected the reflections of panic atmosphere in the international arena in this area. During the crisis, the flow of foreign funds to Turkey slowed down, and there was an outflow of short-term foreign funds (Birol, 2011). It became difficult for Turkish banks to find foreign resources, banks began to be more selective, and a slowdown occurred in the amount of funds transferred to the real sector. On the other hand, this situation ended with the gross fixed capital investment ratios showing sharp decreases starting from the last quarter of 2008 but recovering only at the beginning of 2010 (Cömert & Çolak, 2014). It can be argued that wholesale and retail, which grow or shrink depending on the confidence of consumers and price stability in the market, felt the effects of the crisis in a short time and were primarily affected in the market and financial areas. As shown in chapter 4, this situation may not have put much pressure on the employers in Gimat, who are still distant, even though they started using the financial instruments of banking in the previous period. However, it has forced the consumer mass, who made up for his demand, to access finance, albeit for a short time.

In this manner, the 2008 crisis primarily disrupted exports and imports in Turkey. The fall in domestic and foreign demand in this panic environment that developed in the ensuing period caused unemployment and a further slowdown in consumption expenditures. As a result, the tendency of households to save emerged, followed by a decrease in consumption expenditures. The reflection of this situation in the real sector

was the falling sales and increasing non-repayment rates in commercial loans (Vural, 2018). An interesting point here is that the number of loans provided to companies, which decreased by 7.6 percent in the 2001-2002 period, which was also a crisis year, decreased by 10.4 percent in the 2008-2009 period, which was also a crisis year (Uygur, 2010, p.22). The crisis shows that the banking sector abstained from extending loans to the private sector and could not trust the private sector to repay the loans. The issue that shook the banking sector in Turkey in this context during the global crisis may be that net capital inflows, which had positive values for five years before the crisis, took negative values in the last quarter of 2008 and the first two quarters of 2009 (Uygur, 2010, p.16). We can say that this process made Turkish banking, which suffered deep wounds in the past crises, reluctant to open loans at the beginning of the global crisis. Another reason for this can be that the Turkish banking sector works within much stricter rules after the reform packages realized after the 2001 economic crisis by the state (Kibritçioğlu, 2010).

As a result, while the increasing competition in the local market in this period could be stated as a process that brought organized retail to the fore, it also had serious effects on the organized retail elements, and some multinational enterprises had to leave the Turkish market, as an example. At this point, it can be said that the negative features of hypermarkets, such as the high investment requirements and the potential exit costs, do not match the demands of the customer portfolio in Turkey and outperform them (Franz & Appel & Hassler, 2013). With these features, the wholesale and retail market sector in Turkey summarizes the development of the customer portfolio in Turkey in these years. Especially when it is stated that hyper- and supermarket-type structures are attractive for middle- and upper-income groups, it can be said that there have been changes in Turkey's sociological consumer structure in these years (Tokatli & Boyaci, 2001; Özcan, 2000). Even more dire consequences of this situation, when combined with the fact that traditional wholesale and retail elements are independent, small family businesses, may arise on them. Therefore, being far away from supply management and modern marketing methods causes them to work with low efficiency, and it can be said that as modern retailing develops, their share in the total market decreases, making them even more difficult in the market where even organized retail elements are in harsh competition in these years (Rekabet Kurumu, 2012)3.2.5. 2018



Exchange Rate Crisis: Change and transformation in the WRT Sector accompanies the economic tightening

The 2018 Turkish currency crisis was when the low-interest borrowing policies that the JDP governments tried to follow during their 16-year rule ended. With these factors, the state, which tried to intervene with the increasing financialization in the two economic crises experienced before, was stuck at this point, and the acute effects of this were seriously seen in wholesale and retail and the customer portfolio that formed demand. As shown in Table 3.6, the central bank interest rates were increased to suppress the foreign exchange during the crisis, and the effects of this were a serious alienation from the banking channel in the real sector and households. On the other hand, the measures taken in the market and institutional terms seem to be insufficient in terms of the SME basis of the wholesale and retail sector in Turkey, and it seems that they are only helpful for large companies.

This situation has started a severe problem of inability to repay their debts in private and legal persons who continue their business and private life with borrowing from previous periods. In addition, the rapid increase in foreign exchange rates, which has been able to suppress inflation rates in the last 16-year period, left the state in a difficult situation, and inflation showed a severe increase. This situation has led to serious declines in consumption and shopping areas, especially for employers and households, who are faced with a severe tightening in borrowing channels. As a result, the price orientation that started to develop in the previous periods at the point of demand and the concern to buy the brand cheaply increased. The state's approach, which looks at the process in terms of financialization, has grown so much that it pushes chain and discount markets to monopolize, especially in the beverage and food groups of wholesale and retail, as shown in chapter 4 in particular Gimat.

Between 2010 and 2020, the total number of supermarkets of discount market chains increased by 395 percent, the total number of markets of local chains increased by 90 percent, and the total number of supermarkets of national hyper and super market chains, whose stores were spread over at least three or more geographical regions, increased by 102 percent. This situation confirms the developments given above and shows that the density of the consumer mass in Turkey is concentrated in the discount

markets in line with these developments. In addition, while the share of discount markets in the sector increased from 60 percent to 79 percent in this process; The decrease in the share of local chains from 22 percent to 11 percent in the face of the attack of discount markets also shows that the share of national chains in the total number of markets decreased from 18 percent to 10 percent in the last 10 years. These developments show that the discount markets, which currently operate with 30 thousand 244 stores, will grow by 45 percent by opening 13 thousand 610 new stores until 2027. That is, the development graph, which was concentrated in the discount format of organized retail in the past period, will accelerate in the future<sup>18</sup>. At this point, it can be said that the changing demands and expectations of the consumers, combined with the opportunities offered by the chain and discount markets, led them to the organized retail field. Moreover, the increase in the awareness of the consumers and the change in their wishes and expectations have brought the organized wholesalers and retailers to the fore in the fulfillment of these wishes in the above-mentioned processes. However, as I mentioned on the previous pages, while the expectations of consumers with middle and upper class spending capacity stand out in terms of health, packaging, quality and traceability, it may not be said that such advanced options are very important for consumers with low spending capacity. This process ensures the survival of wholesale and retailers, which we will call traditional, even though the sector progresses in an organized area (Appel&Franz&Hassler,2014)

Table 3.6. Economic measures and results taken by the state in the process since 2018

<b><i>Financial Measures</i></b>	<b><i>Financial Results</i></b>
<ul style="list-style-type: none"> <li>• <i>rising interest rates</i></li> <li>• <i>partial controls on foreign exchange</i></li> <li>• <i>difficult funding</i></li> <li>• <i>restructuring of debts</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>the decline in private sector debt</i></li> <li>• <i>the decline in bank loans</i></li> <li>• <i>increase in unpaid debts</i></li> <li>• <i>increase in non-performing consumer credit</i></li> <li>• <i>deteriorated equity structure of the employer</i></li> </ul>
<b><i>Market Measures</i></b>	<b><i>Market Results</i></b>
<ul style="list-style-type: none"> <li>• <i>increasing public debt</i></li> <li>• <i>prominent fiscal policy</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>low consumer confidence and retail sales index</i></li> </ul>

<sup>18</sup> Dünya Gazetesi. (21,February,2021). 7 yılda 15 bin yeni market açılması bekleniyor. Accessed on: 21 June,2022, <https://www.dunya.com/ekonomi/7-yilda-15-bin-yeni-market-acilmasi-bekleniyor-haberi-612010>

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<ul style="list-style-type: none"> <li>• <i>the solution to expensive domestic products by importing</i></li> <li>• <i>tax deductions on some products</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>consumer's concern about buying the brand cheap</i></li> <li>• <i>price-oriented customer</i></li> <li>• <i>essential needs only</i></li> <li>• <i>deteriorated household budget</i></li> <li>• <i>VAT uncertainty</i></li> </ul>
<p><b><i>Institutional Measures</i></b></p> <ul style="list-style-type: none"> <li>• <i>Investment incentive support</i></li> <li>• <i>New financing projects except bank financing</i></li> <li>• <i>Sectoral investment roadmap</i></li> <li>• <i>Reduced tax rates</i></li> </ul>	<p><b><i>Institutional Results</i></b></p> <ul style="list-style-type: none"> <li>• <i>Increase in unpaid checks and promissory notes</i></li> <li>• <i>withdrawal from check and promissory note</i></li> <li>• <i>using low bank loans</i></li> <li>• <i>low profit</i></li> <li>• <i>big distributors and manufacturers are getting stronger</i></li> <li>• <i>difficulty in employment</i></li> <li>• <i>Obligation to pay VAT to businesses</i></li> </ul>

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The 2018 Turkish currency crisis started in August, and it took about six quarters for the crisis to lose its effects and the economy to return to its pre-crisis levels. There was a net capital outflow of around 2 percent of GDP (Tepav, 2020). The crisis also exemplified that the low interest and exchange rate supported economy pursued by the state after the 2008 world economic crisis did not solidify the economy against currency-induced crises. On the other hand, the crisis can be referred to as a currency crisis since the goal of the state's interventions in this process was generally based on balancing the exchange rate. Although the Turkish lira seems to have lost 31 percent of its value against the dollar in 2018, the decline in this rate was only due to the suppression of the exchange rate shock with the increasing interest rates in the last quarter of the year (Akçay & Güngen, 2019). In other words, the exchange rate, which was 3.78 in January 2018, saw 7.24 in August, causing the biggest exchange rate shock since the 2001 crisis. This decrease in value continued in 2019, and the Turkish lira depreciated by 37% (Taskinsoy, 2019).

The excessive volatility in the exchange rate caused the October 2018 consumer price index to climb to 25 percent and the production price index to 50 percent. In addition to these adverse developments, the international investment position of Turkey has regressed, and this process has further regressed with the dismissal of the central bank

chairman of Turkey. In this process, interest rates on deposits reached 22 percent and increased up to 30 percent on loan debts (Taskinsoy, 2019). Also, the growth stagnation, increasing population, and the increasing exchange rates brought the per capita income below 10.000 dollars at the end of 2018 (Türkiye Odalar ve Borsalar Birliği, 2019). In addition, foreign direct investments accounted for 25 percent of Current Account Deficit in 2019. This rate has decreased to 15 percent in 2020 (Colliac, 2021). In addition, private sector debt maturity, which decreased from 4.2 years in 2018 to 2.9 years at the end of 2020, was observed in the public sector, and debt maturities decreased from 7 years in August 2018 to 5 years at the end of 2020 (Colliac, 2021). Such adverse developments on the macro scale, on the other hand, caused a loss of confidence in the economy, which was the lowest value since March 2009, to decline to 70 percent as of September 2018. In this process, since 2011, when the records were kept, the confidence index of the service sector decreased to 80 percent and the retail trade confidence index to 88 percent. As shown in table 3.7, the retail sector faced with serious contractions in real sales volume in this process.

Table 3.7. Retail sales volume - 3-month average changes

	2018 first 6 months	2018 last 5 months	First quarter of 2019	Second quarter of 2019	Third quarter of 2019	Last quarter of 2019
Retail sales volume	+7%	-8%	-5,3%	-3,9%	+3%	-1%

Source: (KPMG, 2020)

The consumer confidence index has seen its lowest value in the market channel since January 2009 and has declined to 60 percent (Bartholon & Qi & Stamer, 2018). In this context, although the economic crisis, similar to the 2001 crisis, was reflected on the labels as a relative increase in prices and inflation, the crisis experienced on a macro scale made its results felt in the market, similar to the 2008 crisis, with a severe decline in the consumer confidence index. While this inflationist situation has been a pressure factor for WRT to increase its prices, we can say that the falling confidence index and the decline in demand have made it difficult to calculate costs for labels at the same rate. In addition, we can say that due to the high storage power of chain and discount markets, the fact that they have the power to determine the sales prices of the products in the market, and these organized wholesale and retailers sell their products below the

market prices in this process have caused most of the wholesalers, such as Gimat, to make sales considering their equity losses.

In this manner, the increased interest rates that approached 25 points in the crisis period in order to suppress the foreign exchange was one of the most serious results of the crisis that led to cause the debt burden of the private sector, which was around 250 billion dollars, to deepen even more by disrupting the cash flow (Sezal, 2020). In addition, the loss of confidence in foreign investors showed itself in the increase of the private risk premium, which led to the expected sovereign default rate and domestic private interest rate deterioration (Kriwoluzky & Rieth, 2018). The negative values of net foreign portfolio investments and change in reserves from March 2018 to October 2018 can naturally be cited as an example of making financial fragility more evident. In this context, the negative atmosphere that spread in the period leading up to the crisis in August 2018 caused the residents to issue foreign currency of close to 18 billion dollars abroad from March to October 2018 (Akçay & Güngen, 2019).

As a result of these adverse developments, nominal Non-Performance Loans started to climb with the August crisis. While the rate of increase of NPLs was 15% in the first half of 2018, the rate of increase to 31.4% in the second half of 2018 can be shown as another example of the severe consequences of sudden and severe volatility in exchange rates in Turkey in access to finance and repayments (TurkRating, 2020). In the retail sector, as foreseen in table 3.8., there have been serious increases in the NPL ratio after 2018, confirming the above statistics.

Table 3.8. Retail sector NPLs

	End of 2017	End of 2018	October 2019
Retail sector NPLs	13 billion TL	17,5 billion TL	24.4 billion TL

Source: (KPMG, 2020)

As we can see in Chapter 4, especially in Gimat, when interest rates are high and FX activity is so intense, we can say that many employers who were accustomed to using revolving loans from previous processes left them in a difficult situation.

In this manner, Turkey has experienced the full depth of financialization throughout the JDP governments, starting from the 2001 economic crisis until the 2018 crisis. In this process, the demand was accelerated, especially with low-interest rates and

keeping the Turkish lira valuable. However, this process, in which banking was strictly put at the disposal of households and employers for borrowing, yielded results in 2018 similar to the 2001 crisis, as if there was no change in the remaining 17 years. The rapid rise in foreign exchange rates triggered inflation, consumer confidence plummeted, unpaid debts skyrocketed, and the wholesale and retail sectors shrank seriously. In addition, the increasing indebtedness of the households brought along the increasing price focus on the demand side and the anxiety of finding the brand cheap. Chain and discount markets, which may have noticed this situation, are in a strong position at the purchasing point and can reflect this power as cheapness on the label prices have become a monopoly in the market.

On the other hand, this process has pushed the small grocery store, market, and shop, which have come to the brink of extinction in different economic crises, to the point of extinction, and has narrowed the customer portfolio of employers in wholesalers sites such as Gimat. It can be said that this process forced employers in Gimat, which has the chance to reach the financing channel of banking, into areas that cannot be called employment and value-added investment. In this case, just as we showed in the 2001 crisis, it shows that although the government intervened in the crisis with different economic policy tools, the profile and working style of the sector did not change much. While this situation makes financialization questioned, it also makes it questionable which areas this capital has been used in the intervening years and discusses the extent to which the state directs these processes. As a result, the wholesale and retail sector suffered serious losses during and after the 2018 crisis. The change and transformation that started in the previous periods in the sub-sectors of the sector, which we will call organized and traditional, has started to accelerate even more. It can be said that in the development of these processes, the losses that the consumer group, which forms the basis of the demand of the sector, may have experienced in the households in the crisis and post-crisis period, has created pressure at the point of change and transformation of the sector. In addition, the post-crisis period in 2018 has once again shown that the consumption, borrowing rates and debt repayment rates, which the current JDP governments are trying to keep alive through financialization, are seriously dependent on the sensitivity of interest and exchange rates in the economy. This showed that the attempts to keep the demand alive in the sector through increased financialization between 2001 and 2018 are seriously dependent on the

difficulties that may occur in the banking channel as a result of the barriers to accessing finance, such as the decline in the consumer confidence index or the rise in interest rates. At the same time, it shows that the increasing financialization in the intervening years did not allow the sector's stakeholders to strengthen structurally and that no structural transformation has taken place economicall



## **CHAPTER 4**

### **FIELD STUDY: PROVISION OF STATE INTERVENTIONS IN GIMAT**

#### **4.1. Choosing the Study Area**

In line with the purpose of this thesis, it is desired to investigate how WRT SMEs in Turkey draw a path in the light of economic crisis and public interventions. For this reason, Ankara is one of the provinces where this sector is most concentrated and more appropriate to the conditions of Turkey. Although the Gimat wholesaler site, located in the Macun neighborhood of Ankara's Yenimahalle district, was purely wholesale in the 1980s when it was founded, in recent years, the business owners who left the site have tended to open organized retail stores around the neighborhood where Gimat is located. It has become a part of organized retail and wholesale businesses from a purely wholesale center. While traditionally wholesale employers, old wholesalers turning to organized retail, and newly established businesses and business centers transform the region into a trade center, it keeps the old and the new together. In addition, the region has become known by the name Gimat rather than the neighborhood's name.

The most important determinant of this transformation, on the other hand, can be shown as the most rapid effect of the economic crises experienced by Turkey on consumption and the spread of WRT SMEs by leaping from there. In other words, the sector is one of the most vulnerable to the fragility that can be directly affected by the state's economic decisions. For these reasons, developments experienced by employers in Gimat in accessing finance at the point of consumption and the fact that they are both employers and managers at the point of institutional decision making have made Gimat an important place in the analysis and response of the impact of economic crisis and related politics over firm owners.



#### **4.2. Analytic Summary and Inputs for the Key Study**

Historically, Gimat was founded as an association by Food Wholesalers in 1975 when they were doing business in a scattered and irregular manner in Samanpazarı and Atpazarı districts, which are the old districts of Ankara. Then, they bought the 189 decares of land it is currently located on from the Ankara Metropolitan Municipality during the mayorship of Vedat Dalokay and built workplaces there. Then, the area they have bought has turned into a site that currently employs approximately 10000 people with approximately 2500 members and more than 300 SMEs. The neighborhood Gimat existed is close to Ostim/Atisan Organized Industrial Zone and Gersan Industrial Zone.

Although there are settlements in the neighborhood, the adventure of being a trade center that started with the establishment of Gimat in the region has increased in recent years, and with the establishment of new trade and workplaces in the neighborhood as indicated in Figure 4.1, it has become one of the most important places of Ankara trade. The neighborhood is also at the intersection of important roads with Bağdat Avenue in the north, Anadolu Boulevard in the east, Abdul Halık Renda Avenue in the west, and Fatih Sultan Mehmet Boulevard (Istanbul road) in the south. The commercial density in the region has increased, mainly thanks to the Batı Boulevard, which was started to be built to reduce the current density on the road to Istanbul and was completed in 2015. It can be said that the fast and safe transportation through these roads has accelerated the trade over the years in Gimat.



Figure 4.1. Gimat and surrounding neighbourhoods

(Source: Google Earth, 2021)

The region has a commercial vitality created by companies doing business as wholesale and retail jointly and organized gross markets working with the logic of retail at wholesale price. Although Gimat is located within the borders of Macun Mahallesi, the phrase 'I am going to Gimat,' which people use to go to other trade centers and workplaces in the region for shopping, is another indicator of how important Gimat Wholesalers Site has in the trade in the region and Ankara. For these reasons, it is a suitable place to analyze the development and transformation of the WRT in Ankara and Turkey.

When the Turkish Statistical Institute (2020, October) statistics about the main expenditure groups of the Consumer Price Index are taken into account, the food and

non-alcoholic beverages group takes the first place with a share of 22 percent<sup>19</sup>. In addition, according to the 2019 data of the same institution, the food, and non-alcoholic beverages group occupies the second place with a share of 21 percent in household consumption expenditures, after housing expenditures with a share of 24 percent<sup>20</sup>. When it is considered that WRT companies are shaped by the consumer and naturally by demand, economic crisis periods and applied economic policies will change that habit, leading to the fluctuation in the sector. In this context, examining the wholesale and retailers on the Gimat Wholesalers Site specializing in food and beverage can provide information about the impact of public interventions on these developments. Also, organized retail gross markets opened by old wholesalers in Gimat that started to be opened later in the neighborhood can give a chance to compare the wholesale and retail sides of the sector. This information is vital because these company owners had been wholesalers in Gimat before opening their new retail stores. In other words, the company owners have started to use the experiences they have gained in wholesale by switching to the retail channel.

However, while the traditional wholesale business in Gimat is forced to change and transform with the growth and development of organized retail, at the same time, due to the growth of the neighborhood, it is understandable that wholesalers in Gimat are also faced with the cost-oriented pressure and the possibility of losing their customer portfolio created by the discount markets, which have started to become more widespread in Ankara and Turkey. Describing the economic crises that make it challenging to earn money, the criterion that distinguishes the wholesalers in Gimat as a research subject is that they are under the decision-making pressure of crises on their company and under the pressure of transformation in the WRT sector to the retail. For

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<sup>19</sup> Turkish Statistical Institute, number:33870, (2020) Annual rate of change according to CPI main expenditure groups. Ankara. retrieved from <https://data.tuik.gov.tr/Bulten/Index?p=Consumer-Price-Index-December-2020-37378&dil=2>

<sup>20</sup> Turkish Statistical Institute, number:33593, (2020) Household Consumption Expenditure, 2019, Ankara. retrieved from <https://data.tuik.gov.tr/Bulten/Index?p=Hanehalki-Tuketim-Harcamasi-2019-33593#:~:text=E%C5%9Fde%C4%9Fer%20fert%20ba%C5%9F%C4%B1na%20ayl%C4%B1k%20ortalama%20%C3%BCKetim%20harcamas%C4%B1%202018%20y%C4%B1l%C4%B1nda%202.465%20TL%20olarak%20tahmin%20edildi.&text=Ara%C5%9Ft%C4%B1rma%20sonu%C3%A7lar%C4%B1na%20g%C3%B6re%2C%20g%C4%B1da%20ve,20%2C8'e%20y%C3%BCKseldi>

these reasons, the analysis of the effects of the crisis on the wholesalers in Gimat can provide comparative examples.

#### **4.3. Research Design**

The author of this thesis has been working as a 3rd generation manager for about six years in his family firm, which has a history of nearly 40 years. He is also a graduate of Political Science and Public Administration. In this context, he can analyze the current effects of economic crises and the public policies developed against these crises, on businesses, with the existing knowledge he has acquired in theory. For this reason, he knows the reactions of both the traditional employer and SME identities. He also observes where the policy tools that are tried to be developed by the public are lacking by making a comparative analysis. For this reason, by meeting with different employers on the Gimat wholesaler site and researching how the economic crises affected them, he observed how the indirect or direct financial policies were interpreted by them.

In this direction, the questions prepared in the interviews were prepared by making both the discussions in the theory section and the readings related to the economic crises that Turkey has experienced in the past. The questions measure employers' financial, market, and institutional reactions to state interventions. Since this kind of information cannot be obtained with pure data, interviews were conducted with the relevant employers and tried to learn how the past economic crises and the public policies developed against these crises affected their transformation.

The questions I asked in this direction targeted the last 20 years of Turkey. The primary reason for this is that the WRT sector in Turkey has experienced three major economic crises during these years, and to measure how the employers' response has changed as a result of the public interventions developed against these economic crises. The secondary reason is that although the government stated that Turkey was an economy that experienced stability in inflation, interest, and growth rates during the JDP governments between 2002 and 2018, in the August currency crisis in 2018, Turkey shrank similar to the previous crises, interest and inflation increased rapidly, which resulted in a rapid increase in interest rates and inflation. It showed its devastating effects on WRT companies. This effect showed that the financialized economy backed

by the debit and bank loan model to increase financial and market-based consumption, followed by the JDP governments during the pre-crisis period, did not increase the resilience of SMEs operating in the WRT sector against crises and continued their vulnerability.

In this context, interviews were conducted with four different groups to measure how the transformation of WRT SMEs in Gimat in these years was affected by the economic crises and the public policies developed against these crises.

1. While they are wholesalers on the Gimat wholesaler site, a group of people abandon wholesale and move to organized retail.
2. While being a wholesaler on the Gimat wholesaler site, those who continue to wholesale are a group.
3. A group of people switches to distribution, production, and retail areas while also being wholesalers on the Gimat wholesaler site.
4. Employers who take part in the management boards of the Gimat wholesaler site association

The importance of the managers of association comes from Gimat's meeting with the Ankara Chamber of Commerce, the Union of Chambers and Commodity Exchanges of Turkey, and different state institutions and political parties are held in institutional terms by them. For these reasons, interviews were held with 30 entrepreneurs at employer's business addresses as shown in table 4.1 below. In addition, interviews were held at the office of the Gimat association.

The field study has been based on a qualitative research method. Data was collected through in-depth interviews and focus group discussions with a semi-structured set of questions. In some of the companies, the observation technique was also applied. As one of the qualitative data collection techniques, focus group discussion was also applied in the family business. In some interviews, although the decision-making managers of the companies are only one person since they are family companies, interviews were also tried to be made in the form of group interviews, and everyone's opinions were tried to be taken.

As the research strategy, a retroductive approach was adopted. In order to go beyond what is observed and explain it, “working back from data to a possible explanation.” was applied (Malhotra, 2017, p.173). In this context, while the studies on SMEs in the world and Turkey indicate their importance for the country's economies, it has been observed that these researches generally focus on companies operating in the manufacturing sector. However, these studies have not examined the service sector in detail. It has been ignored that countries will have different service sub-sectors according to their internal and external dynamics.

This result will have different results in economic crises and public policies developed against these crises. In Turkey, how the WRT SMEs, which have a significant share in the service sector, respond to the economic crises and the public policies developed against these crises have been tried to be done by examining the financial and market areas in general. In these studies, however, the institutional decision-making processes of employers were not examined, the policy areas developed by governments against the crises mentioned above were tried to be examined only from the statements of governments, and it was not examined how employers, who are solely decision-makers and implementers, were affected and utilized by the decisions and intervention issued by the state.

Table 4.1. List of key informants

<i><b>Codes of Key Informants</b></i>	<i><b>Position</b></i>	<i><b>Type of the Institution</b></i>	<i><b>Method of Data Collection</b></i>
Informant 1 (I1)	Owner-manager	Retailer	Interview
Informant 2 (I2)	Owner-manager	Retailer	Interview
Informant 3(I3)	Owner-manager	Retailer	Interview
Informant 4(I4)	General manager	Retailer	Interview
Informant 5(I5)	Owner-manager	Retailer	Interview
Informant 6(I6)	General manager	Retailer	Interview
Informant 7(I7)	Purchasing manager	Retailer	Interview
Informant 8(I8)	Owner-manager	Wholesaler	Interview
Informant 9(I9)	Owner-manager	Wholesaler	Interview
Informant 10(I10)	Chairman of the general assembly of Gimat	Wholesaler	Interview
Informant 11 (I11)	Owner-manager	Wholesaler	(Focus group discussion)
Informant 12(I12)	Owner-manager	Wholesaler	(Focus group discussion)
Informant 13(I13)	Owner-manager	Wholesaler	(Focus group discussion)
Informant 14 (I14)	Owner-manager	Wholesaler	Interview

Informant 15(I15)	Chairman of the general assembly of Gimat	Wholesaler	Interview
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Table 4.1. (continued)

Informant 16(I16)	Owner-manager	Wholesaler	Interview	
Informant 17(I17)	Co-founder / Owner-manager	Wholesaler and retailer	Interview	
Informant 18(I18)	Co-founder / Owner-manager	Wholesaler and retailer	(Focus discussion)	group
Informant 19(I19)	Co-founder/ owner-manager	Wholesaler and retailer	(Focus discussion)	group
Informant 20(I20)	Owner-manager	Wholesaler and retailer	Interview	
Informant 21(I21)	Co-founder / owner-manager	Wholesaler and retailer	(Focus discussion)	group
Informant 22 (I22)	Owner-manager	Wholesaler and retailer	(Focus discussion)	group
Informant 23(I23)	retail sales manager	Wholesaler and retailer	Interview	
Informant 24(I24)	Owner-manager	Wholesaler and retailer	Interview	
Informant 25(I25)	owner-manager	Association manager	Interview	
Informant 26(I26)	Owner-manager	Association manager	Interview	
Informant 27(I27)	Co-founder/Owner-manager	Association manager	Interview	
Informant 28(I28)	Owner-manager	Association manager	Interview	
Informant 29(I29)	Owner-manager	Association manager	Interview	
Informant 30(I30)	Retired	Association manager	Interview	

The questions used in this research were prepared by examining the readings under the headings of SME, service sector, wholesale and retail sector, public interventions, and economic crisis. In addition, since the questions to be asked will be directed to the firm owners, to get the most accurate answers, the questions that the author has observed and experienced in his business life have been blended with these questions in the analysis. In this context, primarily questions were asked about the current day of the wholesale and retail sector and the tendency of wholesale to the organized retail area.

Afterward, the questions were asked to find out how the effects of the economic crisis were on the owners of the companies. Afterward, it has been tried to find out to what extent the government's indirect and direct financial intervention, as shown in Table 2.2, influenced the access to finance, market access, and corporate decision-making

methods of wholesalers. In this way, it has been tried to analyze how and in what way the economic crises and public interventions experienced in these years and afterward affect the decisions taken by the firm owners today.

To summarize, the contribution of the service sector to the gross national product and employment in Turkey is relatively high. A significant share of these contributions came from the WRT sectors. In this context, the fact that the aim of the country's economy to access an economic model that produces added value by making structural changes has been expressed by official institutions makes it important to analyze the profiles and decision-making processes of managers in traditional service sectors such as wholesale and retail, and how and in what way they will support this process. In this process, elaborating on how employers' savings and investments habits have changed with the experienced economic crises and the public policies against these crises, we analyze how the reactions of the WRT SMEs profiles match with the above-mentioned objectives of official channels and the goal of the researcher. In addition, although the state aims for structural transformations, the small sectoral size, the high number of opening and closing businesses, and the continuing lack of institutionalization in the Turkish WRT sector also show the importance of analyzing the identity of the firm owners operating in this sector. In this context, analyzing to what extent, how, and why they respond to public policies will help meet firm owners' needs and direct them to policy-making tools that target economic structural changes.

#### **4.4. Field Study**

In this chapter, the information reached through the field study, including interviews and focus group discussions with the informants from employers operating in Gimat, is addressed and analyzed. As stated in the above pages, wholesale and retail SMEs in Turkey are seriously affected by the economic crises that Turkey's economy has suffered due to its structural weaknesses. Despite being severely affected by the crisis, as stated by the business owners on the Gimat wholesaler site, employers stayed away from the state's interventions in the direction of financialization after the 2001 crisis and were not very inclined to use it in the process until 2008. However, in the process leading up to the 2018 Turkish currency crisis, employers said they became more dependent on the state's direct and indirect financial interventions.



When making inferences in this direction, we can conclude that the JDP government's financial interventions, which came to power in 2002, made this prudent employer segment more dependent on the policy results. In this context, examining the effects of the economic policies developed by the state in the last 20 years against the crises, on WRT SMEs in particular, could give information about how the SMEs, in general, have transformed and influenced by this process. In this direction, to better measure the economic crisis and state interventions in the 2001 Turkish economic crisis and the subsequent two crises, information will be given about how the neoliberal policies that the governments started to implement after 1980 affected the development and transformation of the WRT employers in Gimat. After analyzing this, it will be tried to show what kind of potential problems transferred to the post-2001 period during these years primarily, and then these three economic crises experienced by employers in Gimat after 2000 will be elaborated on. In this context, between 2001 and 2018, financial, market and corporate government interventions affecting wholesale and retail employers in Gimat in general table 4.2 is also shown.

Table 4.2. The prominent tools that affect the employers in Gimat from the policies implemented by the state in different crisis periods.

<b><i>Direct State Intervention in 2001</i></b>		
<i>Financial</i>	<i>Market</i>	<i>Institutional</i>
<i>No intervention</i>	<i>No intervention</i>	<ul style="list-style-type: none"> <li>• <i>Financial Instruments Tax-free</i></li> <li>• <i>Low corporate tax</i></li> </ul>
<b><i>Indirect State Intervention in 2001</i></b>		
<i>Financial</i>	<i>Market</i>	<i>Institutional</i>
<ul style="list-style-type: none"> <li>• <i>Increased access to financial tools</i></li> <li>• <i>Banking regulations</i></li> <li>• <i>Low-interest rate policy</i></li> <li>• <i>Fast cash flow from abroad</i></li> <li>• <i>Precious Turkish lira</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Household borrowing from banking increased</i></li> <li>• <i>Fiscal and monetary policy coordination</i></li> </ul>	<i>No intervention</i>
<b><i>Direct state intervention in 2008</i></b>		
<i>Financial</i>	<i>Market</i>	<i>Institutional</i>
<ul style="list-style-type: none"> <li>• <i>Selling foreign exchange</i></li> <li>• <i>Loan support</i></li> <li>• <i>Restructuring debts</i></li> </ul>	<i>No intervention</i>	<ul style="list-style-type: none"> <li>• <i>Reducing tax rates</i></li> <li>• <i>Reducing the personnel costs</i></li> </ul>

- 
- *Credit guarantee applications*
- 

Table 4.2. (continued)

<i>state intervention in 2008</i>		
<i>Indirect</i>		<i>Institutional</i>
<i>Financial</i>	<i>Market</i>	<i>No intervention</i>
<ul style="list-style-type: none"> <li>• <i>Cutting interest rate</i></li> <li>• <i>Increasing bank liquid</i></li> <li>• <i>Monetary expansion</i></li> <li>• <i>Encouraging capital inflows from abroad</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Increasing public investment</i></li> <li>• <i>Easing the tools for increasing the access to finance for household</i></li> <li>• <i>credit card facilities in installments and cash advances</i></li> </ul>	
<i>Direct state intervention in 2018</i>		
<i>Financial</i>	<i>Market</i>	<i>Institutional</i>
<ul style="list-style-type: none"> <li>• <i>loan guarantee fund applications supported by KOSGEB</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>tax deductions on some products</i></li> </ul>	<i>No intervention</i>
<i>Indirect state interventions in 2018</i>		
<i>Financial</i>	<i>Market</i>	<i>Institutional</i>
<ul style="list-style-type: none"> <li>• <i>Rising interest rate</i></li> <li>• <i>Partial controls on foreign exchange</i></li> <li>• <i>Difficult funding by the central bank</i></li> <li>• <i>Restructuring of debts</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Increasing public debts</i></li> <li>• <i>Import some fundamental goods</i></li> </ul>	<i>No intervention</i>

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#### 4.4.1. WRT Sector Evolution in Gimat in Context of SMEs Employers from 1980 to 2000

Consumption and inflation phenomenon, which started to emerge when Turkey met with neo-liberal policies, began to influence the employers in WRT, and it was the years that started to enlarge Gimat, especially with indirect and direct policies supported by the state. On the one hand, while import goods began to be enshrined in the showcase of Tv's and major retailers, accessing the relative goods and services except for the wealthy sections of society was not so easy that economically

marginalized people were forced to mobilize their resources at the household level for economic survival.

On the other hand, society had met with competitive individualism, consumerism, possession, aggrandizement, maximization of short-term profits, and individual advantage in a new way in the 1980s (Emrence, 2008). In other words, as relative goods in the market expanded, the access chance of an individual to these items more or less depended on their relative wages and salaries that mostly had been suppressed by export substituted state logic in the 1980s. While this situation can create the concern of creating additional income by buying and selling things for the unemployed and dissatisfied with their income, it can be said that the search for individual and self-employed groups to buy and sell products has grown wholesale centers such as Gimat in these years. At the same time, one of the wholesalers in Gimat could explain one of the processes that accelerated consumption in this manner, and the answer he gave as to why it dropped remains in suspense.

*“In the 80s, the atmosphere of freedom developed, and goods became abundant. At this time, abundance reduced production and consumption”* (I12, Wholesaler)

The answer that the employer, who had a workplace in these years, could not give a complete answer in Gimat, as mentioned in chapter 3, can be said to be caused by the economic heritage of the state that supports exports in these years, suppressing employee salaries and not producing investment in added value areas. For example, manufacturing employers increased capital transferred to traditional channels such as construction. It was foreseen from the adjustments of total fixed investments that only a small portion of these investments was directed to manufacturing as housing investments shined, although the state was mainly paying attention to the requirements of manufacturing actors in the 1980s (Boratav & Yeldan, 2001). It could not be wrong to contend that the deficiency in complementing market-oriented reforms and long-term strategy of industrial restructuring made the export orient strategy unsustainable (Bayar, 1996; Öniş & Webb, 1992). In this context, the export revenues subsidized by the state are not directed by it, which pushes the market actors to consumption tools, which accelerates the growth of wholesale centers such as Gimat in these years.

In 1987, the demand for out-of-home consumables began to increase in the market and among consumers. Seeing this, we have turned to this field since these years and started to sell food raw materials to large companies. We are the company that put the name of non-home consumption in 1987 (I10, Wholesaler)

We were the dealer of an imported company called Akel. We used to distribute it to Central Anatolia and the Mediterranean in the 1980s and 90s. The dealership started to end from these years and declined (I11, Wholesaler)

To summarize, Turkey's economic outlook before 1980 was that of a country struggling with current account deficit, inflation, high-interest rates, and insufficient foreign currency. The emergence of these situations was stated both in the economic decisions of January 24, 1980, and in the governments of the Motherland Party, which came to power in the continuing process, as the import-substituted system. In this direction, Turkey's inability to export was the reason, and the emergence of a state policy that supported exports was defended by the governments of that period. In this direction, the central policies implemented by the government of that period were such as removing customs barriers in front of imports, attracting foreign investors with high interest, foreign exchanges of expatriates working abroad, and increasing the competitiveness of industrialists by suppressing salaries (Durmaz, 2015; Ayhan & Tan & Baydaş, 2016). As a result, these policies did not generally reduce inflation in the period leading up to 1990, causing the government to keep interest rates high.

While unfavorable financial and economic conditions mentioned above have reduced the chances of borrowing in employers in Gimat in these years, positive factors such as valuing goods in warehouses due to inflation evaluated them. That led them to find solutions to possible crises that may occur in the market in line with their business environment. At the same time, it can be said that the inadequacy of bank branching in Turkey at that time prevented most of them from reaching finance naturally (Demirezen, 2015). Otherwise, the fact that employers on Gimat started to hold more various imported and domestic goods at that time and that consumption was supported by government policies revealed the logic of consumption, and consumption began to individualize. In addition to these, doing individual business and making money developed more in this period when salaries were suppressed.

As stated above, the state policy, which supports the logic of suppression of salaries and competitive export, directed people to buy and sell something when salaries were not enough and increased the entrance of the WRT sector in this period. The important

point here was that in these years, with the insufficient number of companies with corporate branches in the local area, the price consciousness has not yet settled in the consumers. As a result of inflation, the increase in the prices of the products allowed these newcomers to do business as a market, grocer, and server, and this mass was the field partners of the wholesalers in Gimat that provided a commercial link that sustained both Gimat and themselves in 1980s.

The 1990s were years with a cost of public debt growing more than 60% of GDP at the end of 1999. Depending on the inflation ratio, real interests and the interest burden of the public budget reached 22% of the GDP environment (Akyüz & Boratav, 2003). These years could be labeled a period in which employers in Gimat continued to seek to stay away from bank instruments and grow by taking advantage of the inflation that the government had paved the way with its policies.

Before 2001, bank loan rates were very high, we couldn't get a loan (I2, Retailer)

“In the 1990s, we did not use any loans due to the heavy costs. In addition, in these years, trade was made by word and debt. After these years, it's over, the trust is gone” (I16, Wholesaler)

During the years of bypassing interest incomes, rent, and profits with a share of wages and salaries in the economy, banking and real estate developments benefit from the relative conclusions of the second phase of neo-liberal transformation (Emrence, 2008). The enthusiasm of the banking sector for governments debts instruments in this context resulted from covering up the corruption and clientelist policies that depend on high real interest rates by more than 30% (Akyüz & Boratav, 2003; Durmaz, 2015). Interest payments turned into a residual burden on the public budget, climbing from 2.8 percent of GNP in 1992 to 6 percent in 1994 when Turkey faced a critical economic crisis (Köse & Yeldan, 1998). However, that situation resulted in no growth in the volume of credits opened by the banking sector to the private sector fluctuating within a band of 15-18 percent in the post-1990s compared with the pre-capital liberalization period (Köse & Yeldan, 1998). That situation can also be attributed to the crowding role of the state in accessing the financial credit channel in post-1990 from the perspectives of employers on Gimat.

Otherwise, the 1990s was when consumption consciousness began to be affected more frequently by the direct and indirect policies of the state. In this context, capital inflows

lead to growth resulting in a current deficit, whereas growth pushes the current deficit, resulting in capital inflows in the 1980s (Boratav & Yeldan, 2001). For example, the immediate impact of expansion in private consumption assisted by significant wage increases granted in the second half of 1991 defined the economic roots of the booming economy in 1992 and increased the GDP growth rate by about 7.3% in 1993. Otherwise, 28.7% enhancement in imports as exports arising just 4.3% in 1992 also exemplified that habit of consuming also began to foresee the impact of liberalization of capital account that market turned to be knitted to importation which lira was overvalued by as much as 20% in purchasing parity in these periods (Bayar, 1996; Köse & Yeldan, 1998).

A drop in export/import ratio from 70% at the end of the 1980s to 53% in 1993 could exemplify this (Köse & Yeldan, 1998). In the employment field, increasing the contribution of state services to GDP from 4.9% in 1988 to 10.3% in 1993 also supported the relative increasing power of the state on distribution channels (T.C Kalkınma Bakanlığı, 2015). Moreover, standing out of tax burden on the corporate sector about 1.7 over and untaxing of capital incomes as interest payments on domestic debts could be stated as direct re-distributive tongs of state in the 1990s (Köse & Yeldan, 1998). Releasing capital over these actors' arms could also be assured as a market development because of the increasing share of disposable income in their hands. Considering the wholesale and retail sector as a sector that moves in terms of demand and income, the factors that facilitated households' spending are coordinated by the state accelerated the sale of goods by employers in Gimat in these years. However, the fact that these policies are tried to be continued with the flowing of capital from abroad and the valuable Turkish lira also shows that the sector started to grow with an unstable fragility in these years.

The state's coffers should be full, the state should distribute the money to the right place. It is not clear where the money distributed by the state goes. Business should not be done with money that is not available (I12, Wholesaler)

Informality in the sector is high. The state also knows this, but turns a blind eye to it. Because commercial equity is not enough, the government does this to cover up low profitability (I26, Association manager)

These state policies and their impacts led WRT to find a relatively smooth place for growth in the consuming market (Kompil & Çelik, 2009). Also, organized

international retailers such as Groupe Carrefour of France, Metro Gross Market, Real Hypermarket, and Praktiker, which we can consider competitors of wholesalers in Gimat, started to open stores in Turkey in the 1990s. That could be interpreted as a relative attraction to the consuming Turkish market and the beginning point of the adjustment period from unorganized to organized retailers within the Turkish entrepreneur (Erkip & Ozuduru, 2015). It can be said that the most significant impact of these stores on wholesalers in Gimat and on consumer awareness in Turkey was marketing (Erdoğan, 2003). while consumers start to buy the products these stores sell, employers in Gimat are also obliged to keep these goods in their warehouses.

*“1 in 1000 probability that I can easily sell a product that is not shown in the advertisement” (I8, Wholesaler)*

Otherwise, the fragmented structure of the Turkish WRT market that did not allow for diffusing of organized distribution channels equally emerged in a market where wholesalers had continued to exist in 1990s. In other words, the fragmented nature of the Turkish economy had made the surveillance of un-organized components of WRT necessary, such Gimat wholesaler site and its customers like neighborhood grocers and shops. That could be why manufacturers tried to agree upon authorized dealerships like wholesalers in Gimat during the 1990s (Erdoğan, 2003). This process can be significant for the wholesalers on the Gimat site, who work as subcontractors, have branded products in their warehouses, and reach grocers and shops from provinces and districts where large manufacturers and distributors find it risky for refund. In addition, not dispersing information technologies in these years in Turkey could be a factor Gimat had benefited from the relative profit margins over the market ratio.

Before 2001, because the cake was not divided and there was no monopoly, the money was going to wholesale in these years, then this started to be cut (I3, Retailer)

Before 2001, franchise was easy, now it is not. Firms do not support the wholesaler while they are trying to stand up for themselves. For this reason, the company that took a dealership in Gimat decreased (I5, Retailer)

Why is wholesale not dying? The answer to this is the variety of products. For this reason, there are groups that factories and companies cannot reach. We reach these groups (I9, Wholesaler)

In summary, an economic model that prioritized exports by the Motherland Party increased the redistribution conflict in the society at the end of the 1980s, and the first

reflection of this was the loss of the 1989 local elections by the ruling party. While the oppression of the salaried workers and those operating in the agricultural sector in this process caused these classes to determine the outcome of these elections, it increased the effort of the ruling party to reach these classes in the society in the process leading up to the 1991 general elections. In this context, the liberalization of capital movements by the Motherland Party government after the 1989 local elections can be said to be a way of reaching these classes by borrowing more easily.

Although the Motherland Party continued such policies leading up to the 1991 general elections, the party lost the elections in that year's election, and the government changed. The constant point here was the efforts of the following governments to manage the distribution struggle created by the neoliberal policies that started to be implemented after 1980 with state interventions. As a result of this search, the public budget deteriorated, the budget deficit increased, and the public interest payments increased throughout the 1990s. This period's high course of inflation led to high real and nominal interest rates. In the financial field, banks used foreign deposits by lending them to the state at high-interest rates, while the private sector remained in the background, this money flow enabled the Turkish lira to appreciate, and the increase in imports exceeded exports. In the market, organized local and international markets started to enter the wholesale and retail sector, and the imported and local goods sold by these stores began to appear on the screens of more consumers with the power of television and advertising.

As a result, with high inflation and factors facilitating consumption, this process improved trade, and naturally, SMEs operate in the WRT. In particular, the continuation of neoliberal policies by the state and the relative liberalization of trade in the 1980s accelerated the development of wholesale and retail elements. During the 1990s, with the entry of organized wholesale and retailers into this development trend, the transformation of the sector gained momentum. Otherwise, we can say that the inability of organized local and international WRT to spread evenly across the entire geography of Turkey has enlarged the places where traditional wholesalers such as Gimat are located in metropolitan and central cities. At this point, consumers living in local cities and towns demanded the advertisement products they saw on their televisions from local retailers and directed them to the Gimat wholesaler site in



Ankara. On the other hand, macro-economic balances were tried to be sustainable by public borrowing with high real interest rates and fixed-rate currency. The deterioration that will occur at these two points can be the state's burden in the process that came to 2001.

#### **4.4.2. WRT Sector Evolution in Gimat in Context of SMEs Employers from 2001 to 2009**

Although this period, which was experienced after the 2001 economic crisis, is stated as the period when the state removed the symptoms of the crisis and the wholesale and retail sectors appeared to be growing, it can also be described as the period when the wholesale and retail sector and its consumer structure deteriorated, especially with the borrowing through the banking channels that started in this period. This period, in which this borrowing phenomenon can be done more easily in the Turkish economy, can also be described as the period when the consumption-based policy of the state disrupted the system or deepened the structural fragility it carried from the past periods. It was the years when the sector's structure became significantly more fragile after 2009. On the other hand, this situation can be shown as a period in which consumption accelerated so much in Turkey experienced a serious regression even in the world economic crisis, the next crisis period that was not caused by itself.

##### **4.4.2.1. The effects of Financial Regulations on Access to Finance**

In this context, responsive action of state instruments against the 2001 crisis was mainly concentrated on primarily reorganizing and straightening financial conditions. Following the Transition to the Floating Exchange Rate regime in February 2001, the 'Transition to a Strong Economic' program tried to increase financial institutions' confidence in lending to private and public institutions. In this scope, significant progress has also been made with the influence and assistance of the European Union and Post-Washington Consensus organizations. This situation is a quest that gets international institutions' support so that it not only could increase its reliability in the post-crisis period but also ease the flow of hot money from outside (Bakır & Öniş, 2010). Kemal Derviş, in this context, as a conductor of a new phase, declared the goal of the program as a separation of economic from the political framework that would realize enough space for structural reforms, increase resistance against external shocks,

reduce inflation, control of public debts and resilience public financial sector (Marois, 2018).

In this scope, it was tried to intervene in the financial field in more than one way. As an announced market disrupter, the banking sector tried to be controlled and consolidated. Drafting laws such as 'Central Bank Law ' and 'Banking Sector Restructuring Program (BSRP)' in April 2001 and in May 2001, respectively, were issued immediately in order to control economic turmoil and strengthen the dynamics of the sector that independence of the Central Bank of Turkey was edged, higher capital adequacy requirements for the banks; higher capital requirements for bank mergers and acquisitions; adjustments to credit limits; reworked NPL provisions; more precise accounting rules for banks linked to other companies (holding groups); improved balance sheet reporting; and so on tried to be issued. Corporate and tax legislation also required that the Turkish financial-industrial groups separate their financial and corporate operations (Marois, 2018; Marois & Güngen, 2018, Bakır & Öniş, 2010).

Otherwise, in order to tidy up the public finance, savings have been increased; the recruitment of civil servants has been stopped except in obligatory cases; investment and expenditure expenses of the public have been reduced; the interest rates of public banks have been determined according to the market; the expenditures and employment of state economic enterprises have been tried to be controlled, agricultural supports have been kept at the rate of inflation; the primary surplus was tried to be increased (Demircan, 2018). In shortly, fiscal discipline, the central bank autonomy, the increasing and superior duties of the banking supervision and regulation agency, the increasing success of independent auditors, privatizations, the abolition of state monopolies, the decrease in corporate tax rates, the reduction of agricultural supports could be said to have ensured money confidence in the market (Öniş, 2009). While such long-term financial arrangements are being made, it can be seen that the government does not offer any short-term reform packages for emergency resource needs arising from the crisis, especially with wholesale and retail SMEs. As a wholesaler pointed out, wholesaler 2 (I2)

*“Most employers in Gimat covered their deficits during the 2001 crisis, thanks to the power of savings under the pillow” (I2, Wholesaler)*

Instead, we can say that it was thought that the transformation of the institutions, which are in the decision-making mechanisms at the point of using and making available financial instruments, will pave the way for more efficient use of capital on real sector actors.

In this context, the positive results of the measures taken against the crisis in the financial area began to be taken after 2003. For example, the debt-credit assets of the banking sector have increased the ratio of total bank assets, loans, and receivables, and deposits to GDP ascended from 54.9%, 15.4%, and 35.4% in 2003 to 65.7, 32.9, and 41.8 in 2007, respectively (Marois & Güngen, 2018). At this point, some wholesalers in Gimat started to have more relations with the banking channel, while some wholesale and retailers still seemed to stay away. The most important point to avoid is the uncertainty of whether the government will implement a short-term financial rescue package in case of any crisis, as it was in the 2001 economic crisis.

I did not use loans in the high interest environment in the 1990s, the loan interest rates were very high. For this reason, I did not have any difficulties in paying the loan in any sense from the 2001 crisis (P3, Retailer)

After 2001, access to bank loans became easier and increased. In this respect, it was important to reach bank loans on favorable terms. However, bankruptcy of the tradesmen in Gimat, who borrowed in foreign currency and above their solvency, during the 2001 economic crisis was an experience for me and that I took these criteria into account in the post-crisis period when using credit (P5, Retailer)

I did not use bank credit in the period after 2002 (talks with I1,I3,I4, I5,I6,I7,I21,I30)

Also, with the effect of the reforms, foreign banks started to enter the Turkish market. This situation is also exemplified by the increase in foreign shares, partnerships, and financialization in the banking sector after the reforms and conditions created by appropriate return on real interest rates. (Marois & Güngen, 2018; Bakır & Öniş, 2010). In addition, the flow of funds from external financial resources accelerated, and more capital had begun to come to Turkey since 2002 when Turkey was able to provide a little more than 0 percent of its GDP with hot money flow, but when it came to 2006, enough net financial inflows were provided that reach 6 percent of GDP (Güngen, 2018).

Coordinated with the financial flows, the government's intervention and the correct use of tools led to real interest rates decreasing to 5 and 6 percent compared to 30-40% in 2002 until 2008 (Ekinci, 2013). As a result, the financial measures taken against the 2001 crisis made the real interest rate 0 in 2007 (Ekinci, 2013). In the period up to 2008, when the global crisis started and started to show its effects, the repayment rates of loans increased significantly with the reform laws and regulations. When compared to the financial development before 2001, it can be said that a process has developed that has directed banks to the private sector from the effort of providing financing to the public, with the effect of the decrease in inflation and interest rates captured by the reforms. For example, the share of the business and consumer loans in GDP increased from 2% and 2% in 2002 to 8% and 13%, respectively, until 2007 (Bakır & Öniş, 2010).

Otherwise, financialization has increased people's orientation to banking and consumption, but at the same time, savings have fallen, making it questionable to what extent financial instruments have gone to investment and value-added sectors. Informant 4 (I4) also states in the same manner that

The ease of access to finance after 2002 accelerated the access of Gimat employers, who had the opportunity, to real estate such as houses and workplaces with loans. However, as a retailer, I can say that the loans given in these years were not used efficiently in production channels such as industry and agriculture, and the reason for the problems experienced in basic food products today is the financing used in inefficient areas in these years (I4, Retailer)

Especially the increase in the presence of factors that increase the fragility of this situation, such as the ongoing increase in hot money inflows, with the contribution of high returns in the stock market, has resulted in a striking size in the stock of hot money the Turkish economy. According to ANKA Daily Economic Bulletin's calculations (February 13, 2006), the value of hot money placements consisting of foreign stocks, public debt securities, and deposits increased from 34.8 billion dollars to 63.8 billion dollars between 2005 and January 2006 (Anka Haber Ajansı, 2006). \$5.3 billion (8.3 percent) of this stock consists of foreign currency debt securities and deposits; therefore, it does not include the braking effect of the floating exchange rate against sudden outflows. In other words, the fact that the flow of hot money could be ensured by government policies in the process leading up to 2008 both prevented the increase in input costs due to foreign exchange at production, distribution, and consumption

points and increased demand by ensuring a positive atmosphere in the market and increasing consumer confidence. One retailer, informant 2 (I2), explained the importance of this situation as follows:

The positive atmosphere in the market after 2002 enabled consumers to act more comfortably in their shopping. In addition, the ease of access to finance increased our orientation to other businesses. While I could not use credit in the 1990s, I bought trucks and forklifts after 2001 and started to serve my customers more quickly and comfortably (I2, Retailer)

We can say that it also prevented wholesale and retailers from making sales that would experience a loss of equity capital at the point of sale, especially in this period when stability was achieved in buying and selling. However, the critical point here is that this process is related to the correct use of the government's policy tools to suppress the exchange rate. This picture can quickly reverse in the rapid deterioration in the foreign currencies (Türk Mühendis ve Mimar Odaları Birliği, 2006).

#### **4.4.2.2. Effects of Financial Regulations on Market Access**

The shock of the 2001 crisis on financial markets, combined with an environment in which labor and real incomes were already suppressed, caused the demand channel and consumption to regress. Especially with the crisis, about 57% of the society approaching the risk of poverty caused the effects of the crisis to be felt more severely in terms of consumption and demand. (Koyuncu & Şenses, 2004, p.22). An important point here is that the crisis seems to have damaged employees and employers. For example, in a study targeting tradesmen and employees, it is said that 92.5% of the target audience, with the effect of the 2001 crisis, changed their previous habits and tended to shop less. In addition, most of those who participated in the same survey stated that they had difficulty with their education expenses and grocery shopping (Erbaş & Turan, 2002).

At this point, it can be said that the crisis has disrupted the balance of supply and demand, and naturally, it has brought about a process where people spend less and disrupt the flow of the market in terms of income elasticity primarily. For example, the decrease in the consumption of products with such flexibility such as textiles and clothing, automobiles, and household appliances emerged itself as the decline of durable consumption expenditures by 30 percent after the crisis and the decrease of 9

percent in private consumption expenditures compared to the previous year exemplify this (Gafuroğlu, 2007). At this point, it can be said that the crisis has primarily disrupted the capital structures of employers in Gimat, where products such as basic food and beverages with an expiration date are sold. In other words, although product costs have increased, in a crisis environment where consumption has slowed down, employers may have had to sell their products at a loss. As I1 states,

In basic food, perishable and expiry date food, in times of slowdowns in the market, the products may perish and thus, even though there is an appreciation of the goods due to inflation, if the consumer cannot buy the material, the goods are damaged at the point where they are not sold. In the 2001 crisis, for this reason, the slowdown of the business to a point where it came to a standstill can be given as an example (I1, Retailer)

On the other hand, informant 9(I9), who continues his business life as a wholesaler, 2001 was in a short-term crisis, and the market recovered in 6 months. The important point is that some wholesalers see crises as a period of opportunity and state that employers who can control and manage the process profit from these periods. As stated by informant 19(I19)

Even though there were grocery stores and markets that were closed in the 2001 crisis, grocery stores and markets that made good use of the conditions of the crisis grew in this process. Population and food consumption are high. Naturally, consumption in food is a must. (I19, Wholesaler and retailer)

In this context, this process primarily decreased the demand and slowed down the capital flow in the market. That is reflected in the wholesale and retail SMEs experience equity losses primarily. Reflections of this deficiency emerged as a boom of the share of the uncollected receivables of the small and medium enterprises in the total receivables in the banking sector increased from 17% to 40% during the 2001 economic crisis, which shows that the falling demand quickly spread across the sectors and disrupted the market (Gafuroğlu, 2007, p.86). For this reason, the market was affected in the worst way when the environment in which financial and budgetary instruments increase consumption was blocked in the 2001 crisis. When we compare this situation with employers in Gimat, who mostly stayed away from banking during the economic crisis in 2001, we can see that the results are not on employers in Gimat but mostly on employers to whom Gimat sells goods. As stated by an informant 29(I29) who also served as a manager in the Gimat association

The perspective of employers in Gimat changed after 2001 on grocery stores and markets. Employers started to prefer cash more in the post-crisis period instead of open account and term work for this customer group. The wholesaler started not to unload his goods from the transport cart in front of the grocery store without paying for his goods. The credit book began to disappear during this period (I29, Association manager)

“Almost 80 percent of the grocery and market customers to whom the employers in Gimat sell goods are liquidated today. After 2001, deterioration began in the goods exchanges and payments of this group” (I9, Wholesaler)

On the other hand, the rapid increase in the exchange rate in the 2001 crisis and the increase in inflation caused the wholesale and retailers in Gimat, which sells product groups with less income elasticity, such as food and beverages, to increase the value of the materials in their warehouses and sell them profitably. (Tarakcı, 2019, p.27). In this context, it can be concluded that the materials and equipment in the warehouses of large wholesalers who do not have any due debt in a short time gain value at the rate of artificial inflation in this process. As informant 21(I21), who compared the 2001 economic crisis with the following crises, stated, wholesalers made money in the crises, and we cannot do this now. At the beginning of the 2000s, he said, "We were able to replace what we bought during the crisis, but we cannot anymore," he said, "We came out of the 2001 crisis growing.

The government, on the other hand, tried to help the shrinkage in the market via the improvement of public finances and the independence of the central bank to gain the confidence of the financial sector and the accessing income groups who did not have good income by directly reaching them through local municipalities (Dinçer & Koru, 2019, p.6). The tight stance in the fiscal and monetary policy in the post-crisis period could be understood as regaining market confidence and restoring consumption and production (Vural, 2018). Moreover, JDP's economic policies depended on credit and low-interest rates, apart from manufacturing, expanded the market channel that mainly concentrated in the traditional service areas (Dinçer & Koru, 2019).

In a way, the expenditures that fell as a result of the contractions in the household budgets were tried to be increased by such state interventions. Trying to accelerate the flow of funds by keeping real interest rates high in support of this policy can be described as seeking to respond to the market's consumption channels to work more efficiently. In addition, the factors supporting this situation were formed, as the

inflation was in a downward trend, and the fall in interest rates in the post-2001 crisis period in the international conjuncture accelerated the recovery of the market and lowered the nominal interest rates in Turkey (Tarakcı, 2019). In this context, such interventions coincided with the 2001 crisis and the aftermath, when organized structures emerged gradually in the wholesale and retail sector and the monopolies were not yet excessive, allowing the employers in Gimat to recover quickly and continue to sell goods to the groups they were selling goods to, albeit cautiously.

At that time, as a wholesaler, after the 2001 crisis, our relations with channels such as grocery stores and markets did not change much for us. At that time, there was no monopoly, the grocery store and the market preferred us in an environment where they made money. (I3, Retailer)

In the 90s, there was no branched market. Neighborhood grocers were not in high numbers. People used to spend their money in grocery stores, when the cake was cut, the neighborhood grocer had a lot of money left. After 2001, the pie started to shrink (I8, Wholesaler).

Also, the effect of monetary and fiscal policies made to open the bottleneck in the market caused the Turkish lira to be overvalued in the period until 2007, and while this process increased the value of the Turkish lira, as stated in previous crises, it also increased consumer demand for imported goods. (Vural, 2018). In this manner, the state's intervention in the market with the valued Turkish currency could be determined as an enlarger factor for the companies with international connections and wholesale and retail sector firms founded on Gimat (Marois & Güngen, 2018). Supporting this development on the supply side with banks on the demand side resulted in more loans being given to the household. In this case, it allowed the household to tolerate the loss in salaries and increased consumption. After 2001, the increase in the number of credit cards and the significant increase in the share of vehicle, home, consumer, and general-purpose loans in the household demonstrated this situation as a climb in sharing of personal loans in GDP from an average of 1.9% during 1998-2002 to 7% during 2003-2007 (Vural, 2018).

This situation could emerge from the consumption expenditures that could not be made during the 2001 crisis and the uncertainty period before were made under favorable market conditions after 2002 (Türk Mühendis ve Mimar Odaları Birliği, 2006). It may cause two important effects on the employers in Gimat by affecting the post-2001 period, while the consumer made more consumption expenditures and created a



consumer awareness. First, as national and international organized retail companies enter the retail point, grocery stores, markets, and small shops, Gimat's customer portfolio has started to decline. The second one can be stated as an effort to reach retail points directly by taking back these dealerships from employers in Gimat, where large manufacturer companies give dealership due to the falling profit margins due to the economic crisis. As a result, while wholesale started to decline after 2001, organized retail started to come to the fore.

The increase in the variety of goods after 2001 increased the trade, and in this process, the awareness of the consumer also pushed the consumers to a brand awareness after 2001. For this reason, we could not buy and sell every property. In addition, since 2005, the manufacturing companies reduced the supply of materials to the wholesalers of that period, like us, and started to sell directly to the retail point. This process has turned most wholesalers in Gimat into customers of organized retail markets such as Çağdaş, Makro, Başgimpa and Altunbilekler, which make large purchases from manufacturers and distribution companies. (I5, Retailer)

An important point to be mentioned here is that loans mentioned above were primarily used by the salaried and low-income part of the society. Wage-earners in this regard accounted for 50 percent of consumer loans in banks until 2013. In addition to that, the annual compounded rate of growth in household debt was about 50 percent, while the real growth in household income was around 8.5 percent between 2002 and 2007 (Vural, 2018; Bakır & Öniş, 2010). This could happen since in the post-2001 period, the social classes, who could not turn to consumption tools in the expensive and inflationary environment in the past, found an opportunity for these tools thanks to the increasing financialization. While this process developed the wholesale and retail sector, it can be said that the organized area of this development process mostly dominated. Most of the interviewees talked about the negative effects of this orientation, which emerged after the crisis, mostly on Gimat.

“The international wholesale and retail stores that started to open in Ankara in the 90s shrank Gimat by 5-6 percent. With the addition of chain markets in the late 90s and early 2000s, Gimat started to shrink even more” (I16, Wholesaler)

The way Gimat works has changed after 2002. When the chains started to form in the 95-2000s, the Gimat continued profitably for a while in high inflation. Afterwards, the trade in Ankara changed shape and the trend towards retail began. Seeing this, some wholesalers turned to channels such as distributorship and production in this process (I26, Association manager)

#### **4.4.2.3. The Effects of Financial Regulations on Organizational Developments**

However, in the period leading up to 2007, it is doubtful to what extent the increase in consumption combined with indebtedness and falling interest rates will be long-term. Because when the rate of unemployment, domestic savings, and fixed investments are compared with other developing countries covering the years 2002 and 2007, Turkey not only lags behind other countries in these three subjects but also shows that it lags behind the values it had before 2002 (Yükseler, 2011).

In this context, although the wholesale and retail sector, which has maintained its weight of 55 percent in the services sector and 30 percent of foreigners in wholesale trade and wholesale brokerage in the period until 2008, shows its strength of it in maintaining its development and attractiveness in the process up to 2008. Otherwise, the ratios of business surplus and total added value to turnover tended to decrease, showing lower labor productivity in the services sector compared to manufacturing (Dinçer & Koru, 2019). In this scope, adverse developments in indicators such as turnover in WRT decreased from 80 to 77 out of 100, and the total value added decreased from 18 to 10 during 2002-2007, enforce businesses who will direct and make investments may be faced with making investment choices with less capital in following years (Yükseler, 2011). These adverse developments may have resulted from the fact that in the period up to the world crisis, employers had not yet been able to get rid of the uncertainty created by the 2001 crisis in the market and therefore tended to more reliable areas. As informant 10 (I10) points out,

“I am afraid of government support packages. There is a revolving capital structure on property and land, these are appreciated as the economy regresses” (I10, Wholesaler)

Otherwise, the 2001 crisis created an environment of increased uncertainty and self-defense for the management staff of enterprises that investment targets have started to be postponed, and employers have turned to more cost-cutting searches such as layoffs (Gafuroğlu, 2007). In addition to the layoffs, the fact that the number of people working as illegal workers increased from 2 million 570000 people in the first quarter of 2002 to 3 million 163000 in the second quarter of 2002 with an increase of 23 percent, shows that employers are looking for a solution to the crisis as getting rid of the tax and social security premium debts in the short term (Uçan, 2004). When

knowledge economy and capital are taken into account in this manner, human and knowledge capital, which are two of the important elements of institutionalization, may have been damaged in those years in companies operating in the wholesale and retail sectors (Napier & Serger & Hansson, 2004).

In this context, the effect of the 2001 crisis on the management level of the employers in Gimat can be listed as the fact that, accompanied by the tightening created by the crisis in the markets, the managers make decisions that will reduce the sales on credit, slow down the sales of bulk goods, seek a way to collect the debts quickly and delay the investments. In this process, dismissal was tried to be evaluated as the last by most managers. The investments made in the training of the personnel, on the other hand, have come to a point where they are almost nonexistent. At this point, the ideas of informant 4(I4), who continue their business life as organized retail, may be necessary. While the manager acknowledged a shortage of qualified personnel in the wholesale and retail sector, he said that during and after the crisis, they did not invest in their personnel, including their firms, educationally and did not prefer this. While this situation can create an unskilled workforce when interpreted specifically to Gimat and to Turkey in general, it can be understood from what informant 24 said why the managers in Gimat moved away from the point of qualified personnel.

*“We are trying to fix the economy after the crisis and eliminate the effects of the crisis. We cannot afford other areas” (I24, Wholesaler and retailer)*

On the other hand, it can be said that the measures that are tried to be taken institutionally are those that take into account the wishes and demands of large-scale companies rather than taking into account the needs of WRT SMEs. In this respect, SMEs try to shape their decision-making processes according to the results of the intervention tools directed at large-scale companies rather than following the policies directed at them by the state. For example, as an institutional precaution, the government left capital gains and income from financial instruments tax-free and kept corporate tax at 10 percent in 2003(Türk Mühendis ve Mimar Odaları Birliği, 2006). It was hoped that the capital would turn into investments by leaving money in their hands. This goes together with the perspective that fewer taxes on income and profits will increase investments (Ekinici, 2013).

When elements such as access to information, managerial capacity, and other human capital are considered in decision making, Employers on Gimat were left alone that support at the institutional level generally concentrated on facilitating their ways to increase financialization in the post-2001 period. The negative reflections of this process are mentioned in a study investigating the production power of the service sector between 2003 and 2015 that financial instruments were mainly utilized after the 2001 crisis, and decisions and measures taken by the government to direct companies to value-added areas did not lead to an efficient economy that creates added value (Dinçer & Koru, 2019). It can be said that while such measures strengthen service companies whose management level is suitable for multi-organization and whose capital structures are strong, the effect of such measures in wholesale and retail areas such as Gimat is more specific to employers. This situation highlighted the employer-manager identity in wholesale and retail SMEs in many interviews at Gimat.

Except for 10 percent of all employers working in Gimat, most of them survive by buying and selling in their livelihoods. There is a mass of managers who are not financially literate and do not calculate the interest rates, rate of dollars and gold, these people do not know the market and investing. He does not go out of his own business for these reasons (I6, Retailer)

In the period of stability that developed after 2002, I evaluated my earnings in traditional areas such as land and housing, which were postponed in the 90s. I do not have the expertise on where to invest, so I evaluated my savings in guaranteed places (I3, Retailer)

There is one person who takes the risk and responsibility. We are going in the trade with courage and determination (I2, Retailer)

In this context, although the external debt of the banking sector went from 11.7 billion dollars in 2002 to 60 billion dollars in March 2008, the loans provided to the private sector and households mentioned in previous pages increased in the post-crisis period. The increasing unemployment figures and the decrease in fixed investments in the following period show that this situation did not create a general incentive for employers to open new workplaces and invest. (Bakır & Öniş, 2010). Although banking seems to have created this period after 2002, it could also be specified that policymakers were also lacking in the direction and distribution of investments in this period. It turns out that the state, which drew the macroeconomic framework and legal infrastructure of the increasing financing conditions, did not guide private institutions in the following period in terms of oversight and direction of investments. Especially

between 2002 and 2008, in an environment where the average profitability rates of the enterprises that concentrated in the construction and services sector showed a limited development and annual average increases were realized as 6.0 percent and 3.4 percent. Interestingly, the entrepreneurs in Turkey continued to concentrate on traditional service areas such as wholesale and retail despite this low level (Yükseler, 2011).

This makes it open to debate to what extent the state makes long-term plans and encourages its entrepreneurs to make these plans. It can be said that this situation, combined with the downward trend of inflation after 2002, caused the Gimat employer, who already works with low-profit margins, to push their profits and earnings down further. As a result, there has been no increase in employment and fixed investments in Gimat tradesmen. Many employers stated in this process that the number of new organized and unorganized workplaces allowed to be opened by the state pushed the profit margin of the sector further down. Many said that with the policies carried out by the government, most wholesale and retail companies in Gimat, directly and indirectly, prevented them from saving and investing. In this process, it was stated that the Gimat association did not do its duty and directed the employers to investment areas such as land and real estate that would have a late return.

While municipalities immediately give license to open a business to anyone who comes in front of them, this process accelerated after 2001. When the falling profitability combined with this situation, the sector turned into an overly competitive. Maybe the Turkish commercial law should change in this regard, there should be a limit to this (I2, Retailer)

Competition in food is excessive, which can lead to loss of equity with the goal of selling. We don't know if we're losing stock" (I7, Retailer)

In the post-crisis period of 2001, employers bought land and real estate, turned to foreign currency, and fewer people invested in business. The managers of the Gimat association also made mistakes. They pushed employers to buy land and real estate. They did not manage the processes correctly in these years (I28, Association manager)

This situation can be said to show that in the post-2001 period when financial relief was experienced in Turkey, SME managers in the private sector, who will use increasing financialization, had problems in which areas they would invest. A study covering the years 2003 and 2015 exemplifies this situation that the support packages given to SMEs during these years, which planned to increase production, created more

than zombie firms concentrated in the services sector (Dinçer & Koru, 2019). It can be said that these adverse developments, when combined with the three fragile elements of SMEs in Turkey, such as finance, technology, and competition, further weakened the level of development of SMEs. (Moreau & Çolakoğlu, 2011).

In this context, considering the years 2002 and 2008, the inability of the improved financial conditions to integrate with technology and competition and the decrease in rates such as value-added, investment, and savings shows that the institutionalization that will combine finance with the other two fields was incomplete, that there was no remarkable and healthy progress in this area, and that the state's plans were not implemented perfectly. This point shows that with the measures taken after the 2001 crisis and increasing financing conditions, people are more directed to do their own business, which is concentrated in wholesale and retail, auto repair, and furniture, led mainly by traditional service areas. This situation was realized in higher numbers in the rural areas of the Turkish economy and the countryside, comprising 43% of new businesses in 2004 (Napier & Serger & Hansson, 2004). It can be said that the maturity and suitability of financial conditions showed a revival in the market at the point where demand increased, directing people to establish businesses in areas where the consumption is. However, considering the unemployment rates, fixed investment rates, and the production values of the sectors mentioned above, these entrepreneurs have workplaces primarily established out of necessity to make a living. While this situation reduces profit margins and increases competition in wholesalers such as Gimat, it can be said that some of the managers in Gimat who saw this situation accelerated the idea of turning to areas other than a wholesale

As a dried fruit maker, I was not very impressed with the grocery stores after the 2001 crisis. Before the 2001 crisis, we had little relationship with the markets, we left that channel with the effect of the crisis. Therefore, I did not lose any of this customer portfolio. Between 2002 and 2008, we built our factory, increased our retail branches, and accelerated the supply. There are 5-6 companies in Gimat, we are one of them (I28, Wholesaler and retailer)

To summarize, expectations of different classes in society in demand for distribution in 1990 and 2000 caused the state to take this responsibility. In this process, financial losses were under the responsibility of the state. This responsibility taken by the state has brought about a process in which high inflation, high-interest rates, high current account deficit, increasing interest and debt obligations of the state, and the banking

sector, which does not pay attention to the private sector while it is pouring funds to the public. The fact that employers in Gimat stayed away from the banking channel in these years also exemplifies this process. At the end of this process, the 2001 economic crisis was experienced. Turkey faced unemployment, increasing NPL, high exchange rates, high interest rates, inflation, increased number of closed workplaces, loss of consumer confidence, and management problems that delayed institutionalization.

At the end of this, the state took responsibility for the crisis as in the previous period, reviewed itself and its institutions, and took decisions that would give a new direction to the economy. Decisions taken had financial priority, such as increasing the supervision of public institutions in the use of financial instruments, constructing a public body that acts with the mind of the market by correcting public finances, switching to a floating exchange rate, organizing banking activities and transferring funds to the private sector by working with financial instruments according to the needs of legal entities and individuals rather than the state. As a result of these remedies, the banking channel has been strengthened, foreign banks have started to increase their weight in the Turkish market, while the amount of loans provided by banks to private and legal entities has increased in this process, there has been an increase in the use of credit cards.

It can be said that the relative stability of inflation in these years, when interest rates entered a decreasing trend, and a balance was achieved in the exchange rate, minimized equity losses and increased predictability in many wholesale and retail organizations such as Gimat, which had low financial literacy and lacked institutional competence. On the other hand, this process facilitated the spread of organized wholesale and retail elements that could not spread to all economic geographies of Turkey during the turbulent political and economic processes of the 1990s. In coordination with this, it can be seen that the laissez faire injection of financialization into the society by the state in this process also affects employers in their decision making process. For example, in the process leading up to 2008, increasing financialization did not lead to an increase in employment, added value, and fixed investments, as can be seen in Gimat, while many employers turned to gold, foreign currency, real estate, and vehicles, while many continued to stay away from banking, emphasizing the importance of precaution. Also, considering the effect of the relative

stability of the foreign exchange in the foreign currency of the hot money coming from abroad in this process, it can be said that the foreign exchange sensitivity of the economy has increased.

In addition, concentration in traditional service areas such as wholesale and retail continued to increase, which leveled up the competition. The concentration of this competition on branded imported goods enabled the dealers and distributors selling these goods to protect their profits, while the profits of local wholesale and retailers selling these goods decreased. In this process, profitability that further regressed was the debt of the salaried and lower class of the society in these years. This segment, which is more financially vulnerable to crises, started to increase in price indexed shopping. This situation caused processes that regressed traditional wholesale areas such as Gimat and accelerated the development and growth of chain and discount markets, which are organized retail places.

#### **4.4.3. WRT Sector Evolution in Gimat in Context of SMEs Employers from 2009 to 2018**

This period after the world crisis could be characterized as a period in which the increasing indebtedness phenomenon, which started to be injected into the Turkish economy in the previous period, accelerated with government policies. While both employers and households were involved in this process, the increasing borrowing phenomenon did not show any improvement in areas such as investment and employment by employers in Gimat. On the contrary, employers have turned to real estate and construction areas such as land, real estate, and vehicles as an example of their search for similar finance use from previous years. In addition, the borrowing of households, which increased in the previous period, seems to accelerate in this period, and it can be characterized as a period in which all the facts of financialization deepen in Turkey. In terms of the wholesale and retail sector, another importance of this period is that the development and progress in the organized retail side of the sector accelerated. The most significant developments supporting this situation in this process were the price orientation that has started to develop more in the customer base and the concern of finding the brand cheaply. In short, as a result of this period, especially as stated by employers in Gimat, while trade seemed to continue to progress



in its normal flow, many traditional wholesale and retailers began to lose their existing customers, and their profit margins decreased even more due to the competition concerns of developing organized markets.

#### **4.4.3.1. The Effects of Financial Regulations on Access to Finance**

The state's interventions against the 2008 crisis, generally stated, can be stated as a search to overcome the squeezes in the financial area by learning from the foreign exchange and interest squeezes that occurred in the previous crises. For example, The Turkish central bank cut interest rates 11 times from November 2008 to September 2009, and the interest rates came to 7.25 percent (Cömert & Yeldan, 2018; Uygur, 2010). In addition, dividend distribution was prohibited in 2009 to strengthen further the banking sector (Uygur, 2010). Also, to prevent any possible foreign exchange squeeze in the market, the central bank held foreign exchange selling auctions 20 times between 2008 and mid-2009 and reduced the foreign exchange reserve ratio from 11 percent to 9 percent (Cömert & Çolak, 2014). In addition to these measures, provision rules are loosened, and banking liquid amounts have been changed in order for the real sector to have easier access to financial resources. In addition, to meet the financing needs of tradesmen and craftsmen and alleviate the cash crunch in the market to some extent, the “Zero Interest Employment Index Lifeline Loan Support” with a loan volume of 350 million TL was launched on November 26, 2008. “Zero Interest, 2nd Lifeline Loan Support” was initiated within the framework of the same program with the budgetary opportunities and the support provided by the Ministry of Finance. It is planned to create a new loan volume of 150 million TL with the 2nd Cansuyu Loan Support with Zero Interest Employment Index (Öksüzler & Teyyare, 2010). It has been observed that the target audience of these aids is generally very small businesses, and employers in Gimat complain about the inadequacy of the opportunities provided by these packages.

The credit limits that the state tries to distribute through its institutions are very low, and small SMEs can reach them. SMEs, which can be considered as large, with the intention to invest and have a history in the sector, could not benefit from these aids. (I3, Retailer)

These loans, which were tried to be given by the state, were used to open a pastry shop for the housewife. Those who could invest and manage their savings could not reach this financing (I2, Retailer)

In addition to these measures, the central bank has allowed tradesmen and people who have a bad record at the central bank due to unpaid checks, notes, and debts to restructure, pay and erase their bad records (Kılıç,2010). On the other hand, this change mainly was criticized by the employers in Gimat.

The softening of the checks law and the postponement of the penalties specified by the law opened the door to weak companies. Companies that use Checks and commit fraud have sprung up in Gimat. In this context, it should be difficult to open a business without providing business and accounting education, and the sector needs quality, trust and standardization (I28, Association manager)

In this context, informant 29 states that while the state determines the law about checks, it should cover everyone, but when this is not done, Gimat's employers stay away from checks and promissory notes (I29, Association manager). It can be said that the financialization of employers increased even more between 2008 and 2018, while the losses incurred as a result of such regulations of the state-directed the employers in Gimat to banking instruments that they found more reliable. In this context, it can also be evaluated that commercial loans were the most used and demanded banking instrument in the process until 2015 as a result of the measures developed against the crisis (Vural, 2018). In other words, the monetary expansion that continued with favorable macroeconomic conditions after the 2008 crisis increased the loans provided to the retail sector between 2011 and 2018 by 20-30% annually (KPMG, 2019). While the employers in Gimat mainly mentioned the low interest and increasing installment opportunities provided by banking, they said they primarily directed the loans they used to areas such as real estate, and very few employers evaluated investment and workforce creation.

I used low interest loans between 2010 and 2018. In addition, banks give the employer the chance to installment in the purchase and sale of goods, allowing him to collect the goods he sells in a more comfortable and safe way” (I8, Wholesaler)

In the past, employers used to approach banks more cautiously, and in the period after 2008, a mutually positive atmosphere developed between banks and employers. However, most of them do not know where to use the loan. I find banks guilty here, these loans were directed to areas such as housing and consumer loans, they did not invest. While the banks were not fulfilling their duties, the state remained a bystander (I29, Association manager)

I did not use a loan between 2010 and 2018. With the loans taken, employers bought a car, a summer house, a house, a car for the child, fields and land. It did not contribute anything to the economy. In exchange for the bill, credit should be given for what is in return (I17, Wholesaler and retailer)

This successive process with favorable interest rates has facilitated access to credit, as stated by employers in Gimat. An important example was that the loans extended to the retail sector showed an annual increase in double-digit numbers from 2011 to 2018 while closing 2018 as single digits just 3%. For example, the biggest reason for this was the severe increase in loan interest rates in the second half of 2018 (A&T Bank, 2019). Although this situation shows that the use of banking by retail sector players has increased under increasing suitable financing conditions, the increase in interest rates and the sharp decrease in the annual increase in the loan rate show that interest rates are still one of the most important factors determining the bank-private sector relationship in Turkey. In this context, when compared with the past crises, it was seen that the increasing financialization in the environment of relative stability and confidence in the economy caused rapid growth in loans in the post-2008 crisis period. In contrast, its deterioration caused a rapid decline at the same rate as in the past economic crisis experiences in Turkey in the process coming to 2018. Informant 25, who was both the employer and the manager of the Gimat association, said that:

Competition and low profitability narrow the market even if financing is appropriate, so companies stay away from loans. Assuming there are 100 companies using the loan in Gimat, only 5 of them are using loans for investment purposes. People use loans to delay debts. The meaning of the loan is to pay off debt in Turkey (I25, Association manager)

While this situation shows that the direct and indirect interventions of the state in the financial area contracted the traditional wholesale and retail sector in the post-2008 period, it also shows why the owners of the companies chose safer areas instead of turning to labor and investment areas with the loans they could use.

#### **4.4.3.2. The Effects of Financial Regulations on Market Access**

The impact of the crisis on the market, on the one hand, manifested itself as a marked increase in unemployment and an increase in the number of those who could not reach a certain income. One factor to support this judgment was that even though the inflation rate did not rise significantly during the economic crisis and public expenditures increased, there was a corresponding increase in unemployment and income loss (Kibritçioğlu, 2010). As a study on 2402 households showed, from October 2008, when the crisis began, and its effects began to be felt, to May 2009, the rate of those who said they had lost income was approximately 16.6%, while this rate

was approximately 42 percent in informally employed households. We can say that this situation has caused more serious wounds and loss of income in part with low education levels and informally working. As shown in the same research, the consumption channel reflects that 71 percent of people tend to buy cheaper food, while 57 percent tend to reduce the amount of food consumed at home (Aran, 2013). At this point, employers in Gimat, who stated that their jobs were interrupted in 2001, even if it was for a specific time, said that there was no interruption in 2008, even if only for a moment (talks with I5, I7, I9, I10, I18). Some employers attribute this to the fact that food and beverage are a necessity that must be consumed. Nevertheless, they said that the most apparent change they saw in the consumer during and after the crisis was the search for cheap food and that this process started to make organized retail companies even more prominent.

Wholesaling turned into supplier, chain discount markets disrupted the sector. Wholesale turnover is declining. The power of retail chain elements over the manufacturer to make goods gives them the power to have the manufacturer make goods at the price they want. In this process, even if the chain stores make products out of the standard, the consumer's concern and habit of cheap products pushes them forward in the sector (I2, Retailer)

The purchasing power of discount markets is putting pressure on wholesale and retail companies. When it is known that equity capital is important in wholesale, this process slows down the wholesale at the point where it cannot sell (I8, Wholesaler)

As chain and discount markets grow, they become stronger against manufacturers. They make agreements to leave them a profit margin of 5% and connect the entire production line to them. This has grown them enough to affect other sectors and companies (I14, Wholesaler)

The effect of these events on the market, on the other hand, showed itself as a falling consumer confidence index and increasing savings. It could be said that the crisis, which started to be felt seriously at the end of 2008, caused a 10% contraction in consumption expenditures compared to the same period of the previous year until September 2009, which proves the adverse situation in the market (Cömert & Çolak, 2014). In addition, the fact that the Turkish services sector, which grew by 7.2 percent in 2006, grew by only 0.4 percent in 2008, the year of the crisis, shows how considerable the fluctuation in consumer behavior is and how significant the loss in the market is (Yıldırım, 2010). Compared to interviews at Gimat, this may indicate a sharp decline in demand for durable and semi-durable goods, while consumers have not sharply cut spending on essential items such as food and beverages.

In this case, the state realized how vital the household was in the consumption relations in the market and tried to take a series of measures to revive its demand. In this context, the main objectives of the measures taken against the crisis could be to increase household consumption, increase employment, increase exports, and encourage capital inflows from abroad (Uygur, 2010; Kılıç, 2010). Although the total debt of the central government, which approached 75 percent in 2001, decreased in the period leading up to 2008, its increase again during the crisis can be seen as a support for the pursuits mentioned above. (Uygur, 2010).

In this context, the most important reasons for the increase in the public debt burden were finding a solution to the increasing unemployment in the market with public policies and temporarily taking over the expenses that would arise from this. In particular, policies such as the development of a short-time working allowance, the convenience provided to tradesmen in social security premiums, and increasing unemployment salaries that are trying to be implemented by the state in a crisis period can be stated as a search for a solution to unemployment (Ercan & Taymaz & Yeldan, 2010). When it is known that the wholesale and retail sectors have a demand-side advancing and declining structure, it could be said that the struggle to try to compensate for the savings of this sector, which is likely to decrease due to unemployment, with government packages supported in this way has been given by the state. We can mention that such supports help the wholesalers in Gimat overcome the market's short-term shock. As informant 11, who continues to work as a wholesaler, stated,

The 2008 crisis reduced our business, markets, grocery stores, cafeterias and restaurants, which are the places we sell goods, went into crisis, albeit for a short time, and we could not collect our receivables (I11, Wholesaler)

Another important point to be mentioned here is that, as stated in the previous pages, in the post-crisis period, a similar process of increasing financialization was experienced in the household. In the banking sector, consumer loans increased from 19 percent in 2005 to 24 percent in 2014. The fact that the debt ratio of households to GDP, which was 13.6 percent in 2008, increased to 23 percent in 2013 also proves this situation (Vural, 2018). The increase in Obligations/Disposable Income, from 36 percent in 2009 to 55 percent in 2013, could be given as another example of the increasing financialization of the household (Vural, 2018). This situation, combined

with the increase in the household number, incomes, and the search for cheaper goods after the 2008 crisis, brought a process that provided more benefits to organized retail chains and discount markets (A&T Bank, 2019; KPMG, 2019). Informant 8 (I8) in Gimat said that households prefer the organized retail space and do not turn to the traditional retail and wholesale channel in the post-crisis period mainly.

We did not feel the damage of international wholesale and retailers. Discount markets affect us a lot. The power that they buy in bulk and distribute the same goods all over Turkey provides them with cheapness, and while selling, they can sell products far below us (I8, Wholesaler)

On the other hand, the increase in credit card debts during and after the economic crisis pushed the government to take measures, and with the measures taken, the credit card debt in debts within the banking sector decreased from 10 percent in 2007 to 8 percent in 2011. Likewise, in 2013 and 2014, to prevent further increases in consumer loans, banking lending risk situations were increased, and the ways of accessing loans for households were tried to be made difficult (Vural, 2018). In this context, it can be said that while increasing loans make it easier for people to reach consumption tools, it can be said that restrictions such as credit cards push people to choose their spending at the point of spending and cause difficulties in purchasing and selling materials, also for wholesalers who use credit cards for large goods purchases. The effects of such regulations on wholesale can be critical. Informant 7, a former wholesaler who switched to retail, says on this subject that wholesale naturally makes deferred sales obligatory. Informant 6 (I6), which turns to retail similarly to I7, says that thanks to retail, they abolished deferred sales and turned entirely to cash and credit cards and that this turned out to be cheap when they made their purchases. In this context, we can state the limitations on credit cards as factors that support wholesale weakening.

However, these tightening steps were reversed with the reopening of financialization to revive consumption after the 2016 coup attempt. In this process, the loan-to-value ratio for housing loans has increased from 75 percent to 80 percent, monthly installment limits on credit card spending and cash withdrawals have increased from nine to 12 months, and payment in consumer loans has been increased from 36 months to 48 months (Vural, 2018). On the other hand, the increasing financialization of households and efforts to facilitate their access to consumption resources by the state have expanded chain and organized retail markets in the last ten years, while wholesale

and retailers are trying to do business in local and traditional channels are put in a difficult situation(Gümüşhane Ticaret ve Sanayi Odası, 2021). The shift of the consumer's expenditures to organized retail attracted the attention of some of the wholesalers in Gimat, and new organized retail shops named GrossMarkets around Gimat started to be established by the old wholesalers came out of Gimat during this period.

After 2008, retail grew and trade with automobiles increased. The more parking space you have, the more customers you appeal to. In this process, we are trying to provide our customers with the power we have achieved in purchasing, by working with cash and by using factors such as no logistics expenses (I1, Retailer)

After the first gross, we opened in 2017. Organized chain stores with multiple branches have expenses such as rent, field costs and warehouses, which make their goods more expensive. In this context, we have our own warehouse, we do not have rent expenses, we work in cash, and we minimize our costs. We are a gross market trying to use this difference at the point of sale (I6, Retailer)

After the global crisis, the increasing number and turnover of shopping malls and the increase in the number of discount markets in the last ten years also prove this trend(Gümüşhane Ticaret ve Sanayi Odası, 2021). In addition to this, the fact that the number of online shoppers was 5 percent compared to the population in 2007, while this rate was 30 percent in 2018, indicates that organized retailers, which are more robust in terms of financial and organizational management, will become stronger against traditional retailers in the future (KPMG, 2019). This process forces companies in wholesaler sites such as Ankara Gimat, which primarily serve the domestic market and rely on income flexibility as the materials they sell, to new searches and force for find a place for themselves in other business areas.

Wholesale is going backwards. The future of Gimat has evolved to the retail point. We do not have an agreement with the markets, we are in direct contact with the customers. After 2008, we started to operate in both production, retail and wholesale channels (I18, Wholesaler and retailer)

In 2018, organized retailers came to the position of choosing the manufacturers, and they have become superior in competition against wholesalers, manufacturers, and traditional retailers. An important indicator supporting this situation was the increase in retail turnover, reaching 30 percent of GDP in 2019. (A&T Bank, 2019). The critical point mentioned here was that the consumers in Turkey create this turnover by mostly turning to non-durable consumer goods such as food and textiles. In other words, the

demand for durable consumer goods was low due to the high exchange rate, increasing unemployment, and low consumer confidence (A&T Bank, 2019). In this context, it can be said that the changes in these 3 points cause a contraction in the sales of durable and semi-durable products, and the effect in the wholesale and retail sectors can be shown as the creation of a price-oriented customer portfolio, as stated above, and the decline of traditional wholesale areas such as Gimat.

#### **4.4.3.3. The Effects of Financial Regulations on Organizational Developments**

The impact of the crisis in an institutional manner can be understood by examining the real sector confidence index in the Turkish market, where most family and small-scale companies are concentrated. In this context, the real sector confidence index, which was 101.2 percent in November 2007, dropped sharply to 54.6 percent in November 2008, and it was seen that the company managers were in a panic mood due to the crisis (Yıldırım, 2010). It can be said that this development has caused employers in Gimat to question the business logic. In the same manner, although it is not a study specific to the wholesale and retail sector but a study involving manufacturers and SMEs in Kayseri, the positive and negative explanations of the 2008 crisis in the article discuss the institutional effects of the crisis on the management floor may be helpful for our study.

In this study, it is implied that the crisis caused to simplify the organizational structure, improved the ability to make quick decisions, allowed the restructuring of the enterprise, enabled the enterprise to expand abroad, caused question the understanding of management, and encouraged them to export, enabled to understand the importance of the qualified workforce, allowed getting to know customers more closely, provided more importance to quality. It was also claimed that it helps better prepare for the possibilities and causes the business to improve itself by seeing the deficiencies (Özdemir, 2013). The evaluations of the employer, who left wholesale and turned to organized retail in the post-crisis period, about retail indicate that he also had negative ideas about wholesale in these years and supported the above ideas.

*“Fresh foods, dried legumes and non-food products are groups that should be sold separately in stores. Organized retailers are making progress as they manage this organization better” (I4, Retailer)*



In the same research, the adverse effects were the level of interdepartmental relations in the crisis, decreased quality of the decisions taken, loss of knowledgeable personnel, confusion in authorities and responsibilities, difficulty in reaching the purpose of the enterprise, production below the capacity of the enterprise, deteriorating the morale of the employees, psychological problems of the managers and personnel. These effects increased the negative attitudes of the personnel towards the changes and the crisis. In this respect, the adverse effects of the crisis on the employers in Gimat are due to the nature of the sector, rather than the situations mentioned above, due to the decision and responsibility of the only person who has the logic of working both an employer and a manager. Despite seeing the decline in wholesale trade, especially in the post-crisis period, the employers who did not or could not move to other areas turned to the areas they considered safe in the market conditions created by the government with the interest rates and the valuable Turkish lira.

There are hardly any employers who do inflation accounting in Gimat. Therefore, as the turnover increases, it may seem like the profit has increased, but there is actually no profit. For this reason, smart employers are trying to gain zoning rent by turning to areas such as land and trying to secure themselves. In addition, those who are credible and can provide bank financing, used loans and accumulated gold and foreign currency, in order to be reliable and predictable (I26, Association manager)

The vast majority of employers in Gimat went cautiously between 2010 and 2018. Solid tradesmen go prudently. Many turned to construction. One reason here can be said that the dominant financial system is based on title deed and real estate (I29, Association manager)

On the other hand, the state reduced tax rates, reduced payments in social security insurance premiums, and tried to support interest rates to increase investments, against the prudent stance of the real sector, which mostly took measures such as savings and postponement of investments and layoffs. It could be stated that the goal that is tried to be achieved with such measures would be to keep more capital in the hands of the companies and direct them to investments. However, at this point, although the real sector confidence index, which decreased towards the end of December 2008 with the effect of the crisis, started to rise in September 2009 with the measures taken, the fact that this increase was not reflected in total fixed private investments in the same interval shows that the company owners were still reluctant to invest (Uygur, 2010).

This situation may be related to the fact that employers in Turkey see crises not as a temporary thing but as an experience, a reality of Turkey, as informant 14 states that

there is a crisis every ten years in Turkey. We naturally proceed cautiously during the post-crisis period (I14, Wholesaler). This indicates that the expansion steps made with the fiscal and monetary policies aimed at increasing the state's consumption in the market and reducing unemployment did not immediately see the same desire for investment from the employer's point of view. The opinions expressed by the informant 15, who continues their business as a wholesaler, may be important. He said that

Mehmet Şimşek was the minister of treasury and finance, during this period, people paid off their debts with the loans they took. There is an audience that uses the loan as if they will never repay it. In this context, most people who used loans turned to cars, houses, fields and foreign currency. Few people invested in his business (I15, Wholesaler)

In this process, some employers also drew attention to state institutions of KOSGEB's practices and discussed right and wrong in practice. Some of the employers in Gimat stated that they were able to follow KOSGEB's Credit Guarantee Fund practices but did not receive any institutional support other than providing loans. Most said that any public official from this institution did not come to listen to them and their goals. This situation is that the favorable financial environment provided by the state will only turn into something at the point where employers combine their creativity.

Few know Kosgeb, most employers do not go to his door. I think it's hard to find from employers found in Gimat, transmitted to the state” (I8, Wholesaler)

We did not use any public support. If the state came, we would use it, but no one came” (I11, Wholesaler)

In terms of my own company, I did not see Kosgeb in Gimat, we were not taken care of. Those who produce on the production line or a small wholesaler group became aware of Kosgeb and took advantage of its opportunities. The procedural high, having a wide variety of support packages makes it difficult to follow (I26, Association manager)

On the other hand, although it was mentioned in previous pages that the managerial features of traditional retailers, such as quick decision-making and easy adaptation to changes, would be profitable for the development process, the growth and increasing numbers of the organized retailer in Gimat was indicating that these features are not very important. In other words, the organized chain elements that have increased in the Turkish retail sector in the last 10 years show that customers are oriented to both price-oriented and care to find the same product with the same quality and

care(Gümüşhane Ticaret ve Sanayi Odası, 2021). These developments also show that, the state's laws and regulations on taxation in the crisis period such as Tax Procedure Law, Value Added Tax No. 3065, the Wholesale Value Added Tax, the Value Added Tax Rates, Same Base Taxation and VAT Applied to Energy Expenses in order to reduce the damage done by the crisis at the point of profit were the fact that these must be constantly adjusted by the state according to current market conditions which reveals the importance and necessity of the state in terms of following the reforms and adjusting them according to current conditions. (TOBB, 2012). In other words, the convenience of insurance premium payments, discounts in expenses such as electricity and water, and VAT reductions, which were tried to be implemented during the crisis with loss of turnover, relieved the employers. However, it can be said that these conveniences, which were removed by the state after the effects of the crisis began to pass, combined with the increasing costs and loss of customers after the crisis, created a traditional Gimat employer that was more expected by the state.

In short, in the post-2008 crisis period, employers in the Gimat region have directed to become more dependent on the direct and indirect decisions of the government. At this point, as informant 4(I4) points out, the practices of the state started to become more important after 2008, when the selling of the brand cheaply and at a cheaper rate than the market intensified (I4, Retailer)

The height of the unregistered trade, and the state's spectacle and allowing uncontrolled trade, make trade unjust. Deterrent penalties may be considered" (I9, Wholesaler)

Wholesaling has transformed, the state needs to lower VAT" (I14, Wholesaler)

As a result, although not Turkey-centered, the 2008 world crisis created problems in exports and imports, primarily affecting the industrial sector and spreading to other sectors in Turkey. In the process leading up to the crisis, while the old policies increased the use of banking, they caused investments to be in consumption sectors while creating an orientation in reliable areas such as gold, foreign currency, real estate, and vehicles, as seen in employers in Gimat, areas such as value-added, labor and fixed investment declined. While it can be said that the 2008 crisis has once again revealed the fragilities of the wholesale and retail sector, it can be said that the effect on employers in Gimat is caused by consumers. In other words, the sector, which

experienced serious contractions in the purchase and sale of durable and semi-durable products, did not cause a sharp decline in Gimat due to the primary needs of food and beverage groups. However, it can be said that the crisis especially increased unemployment in the informal and low-educated workers, disrupted the incomes of the households, reduced consumption expenditures, and created a mass of consumers who tended to cheap products and whose focus on price increased.

In the process leading up to 2018, while the organized wholesale and retail elements have increased their share in the sector, the fact that the stores offering services in discount market format have increased their share even further exemplifies that the developments in the demand point develop in coordination with the developments within the sector itself. In this period, which developed into a period when even internationally organized wholesale and retailers had difficulty in competing in the Turkish market, it is also seen that the state remained laissez faire in the possible negative consequences that could be experienced in the traditional part of wholesale and retail. While this showed that the sector developed decision-making processes on its own, it showed that the policies that the government developed indirectly and directly on a macro scale, paving the way for financialization, were used by the SMEs in Gimat, who continue their business in the traditional way.

In addition to this, it can be said that in an environment where most employers emphasize predictability, the crisis weakened this situation, causing most employers in Gimat to enter safe commercial areas. At this point, the government tried to intervene in the crisis by increasing financialization by leading the quantitative easing practices, which are tried to be implemented and enforced around the world under the leadership of Central banks. In this context, interest rates have decreased, borrowing has been facilitated, the liquid needs of banking have been taken into account, the exchange rate has been suppressed, zero-interest loans have been distributed, debt restructuring has been made, and employment supports have been given to employers. Also, credit card usage has been facilitated, tax rates have been reduced, and service sector companies have been included in the scope of Kosgeb's supports by state. Among these regulations, the most important ones affecting the employers in Gimat in the process leading up to 2018 could be increased access to bank loans and the increase in borrowing. In the market area, consumer and consumer loans serve

individuals, while applications such as making purchases with credit cards, using revolving loans, and using loans, as stated by the employers in Gimat, have served the employers.

In this process leading up to 2018, while the decrease in profitability did not keep employers away from banking, the most important reason is that loan costs allow employers to maintain their profitability due to low-interest rates. On the other hand, the loans given seem to have shifted to luxury and private consumption expenditures, to areas employers mostly call reliable. Also, organized retail points have grown in the race to catch the price consciousness that has developed in the consumer, and employers in wholesale places such as Gimat have started to decline even more in this process. What makes this even more negative can be stated as the goal of dealers and manufacturers to foresee this process and connect directly with retail points. Most wholesale employers in Gimat started to question the future of wholesale in these years, while transitions to other sectors began in these years, while those who could not make this transition continued to concentrate on safe investment areas, using financial abundance. It can be said that this segment, whose financing costs increase as competition increases and profitability decreases, has emerged as an employer segment that is more sensitive to the decisions to be taken by the state until 2018.

#### **4.4.4. WRT Sector Evolution in Gimat in Context of SMEs Employers from 2018 to Present**

The most critical impact of the 2018 economic crisis in Gimat was the price orientation that started to occur at the customer point in the previous period. The quest to buy the brand cheaply by demand led the employers to an irreversible change. In this process, the loss of customers and the collapse of the wholesale side of the sector, which were ignored thanks to low-cost borrowing in the previous period, started to be expressed more frequently by the employers in Gimat. As a result of this situation, there was a period when most of the wholesalers in Gimat were considering moving to other business areas, and the instinct to protect their savings became more evident. When it is considered on behalf of the service and wholesale and retail sector in Turkey, the repercussions of the turnover and profit losses, which accelerated in this process, on the employers' side, further developed the instinct of not investing and protecting. This

process is because the use of banking debts between 2008 and 2018 did not reveal a solid sectoral structure that would not be affected by crises. That caused the anxiety of paying off debts in 2018 when the crisis reinforced an employer identity that does not reduce unemployment and demands more from the state.

#### **4.4.4.1. The Effects of Financial Regulations on Access to Finance**

The reflection of the exchange rate crisis on the WRT sector showed itself when the NPL ratio, which was 3 percent in September 2018, approached 5.4 percent on December 19 (TurkRating, 2020). In this process, the government increased the interest rates once again in September to contain the crisis environment, which could be caused by the foreign exchange, primarily with the central bank. For the same purpose, partial controls were made in the foreign exchange market not to cause the currency crisis to deepen and to reduce the pressure on the Turkish lira (Orhangazi & Yeldan, 2021). In addition, the Central Bank increased the Over-night funding to over the week, making the liquidity in the market difficult (TOBB, 2019).

Central bank practices, such as allowing private banks to hold Turkish lira deposits in foreign currency, and reducing the central bank's obligation to hold foreign exchange reserves from 40 percent to 30 percent, can also be described as seeking to facilitate access to foreign currency for this purpose (Sivramkrishna & Nandipati, 2019). In addition to these monetary measures, the government tried to intervene in the deteriorated cash flow of companies in August 2018 with the regulations it made regarding the restructuring of debts to the financial sector. With these restructuring and securitization steps, \$20 billion of debt was restructured (Akçay & Güngen, 2019). Such policies, which aim to overcome the difficulty of non-refundability in the market, have been tried to be continued in 2019. Informant 14, who experienced this crisis, responded to the government's priority approach, which tried to suppress the rising exchange rate at this point, as follows.

When the government pursues monetary expansionary policies, trade becomes abundant. When the market shrinks, all sectors contract. The comfort and stability of the economy on a macro scale is important at this point, it needs to adjust the exchange rate. Especially when the interest rate is falling, the exchange rate should be fixed at some point (I14, Wholesaler)

In this process, in September 2018, the new economic program was announced, and it was stated that budget discipline and financialization would be increasingly used as a solution to the exchange crisis. As a result, the measures taken started to reduce the debts of Turkish banks and companies in dollar terms. While the private sector debt, which was 20 percent of GDP in 2002, approached 90 percent in 2018, the increasing interest rate and the uncertain environment made it difficult to access credit and caused this rate to decline (Orhangazi & Yeldan, 2021). At the end of 2018, the fact that bank loans were only able to achieve a growth of 12.3% , with a decrease of almost 9 percent compared to the previous year, also shows the effect of access to finance, which became more difficult with the measures taken against the crisis (TOBB, 2019). Employers also experienced difficulty accessing finance in this period in Gimat, and most employers said that unconscious employers, accustomed to the financial conditions made suitable by the state after the 2008 world crisis, and had difficulties in their relations with banks when the 2018 currency crisis took place.

Prior to the 2018 crisis, employers were accustomed to financing instruments such as revolving credit. Many employers went bankrupt because of this when banks abruptly cut it in the 2018 crisis (I11, Wholesaler)

On the other hand, counter-interventions in finance against the currency crisis could not create a supportive environment for the increasing financing needs. The ratio of non-performing loans to total loans increased from 3 percent in 2016 to 7.65 percent in June 2019 also shows that it is difficult to access finance in this area (Sezal, 2020). In this context, as of June 2019, when the effects of the crisis continued, 85% of the unpaid loans were SME and commercial loans (Sezal, 2020). The fact that the total NPL ratio of WRT increased from 17.5 billion TL at the end of 2018 to 24.4 billion TL as of October 2019 shows that it is difficult to access financing and that the measures to be taken in the financial field in repayment of debts cannot solve the financing needs of businesses in the wholesale and retail sector (KPMG, 2020). Despite the decline in the exchange rate to 5.20 in February 2019, especially with the increase in interest rates, the rise seen above in the NPL rate shows that the policy aiming to suppress the exchange rate in the market and management channel of the crisis is not sufficient alone to overcome the impact of crisis (TurkRating, 2020). One of the reasons for this situation is the changing attitude of the banking channel towards employers due to the crisis:

Banks made their conditions difficult in the 2018 crisis and tried not to give loans. This left both the state and the market in a difficult position. In this process, although the right to a loan guarantee fund was granted, most employers stayed away from these loans as high interest rates were also requested. In addition, the number of companies using for investment purposes in Turkey is maybe 5 out of 100 companies. In these loans, which were distributed during the 2018 crisis, the debt of the companies that were indebted increased even more under the name of restructuring (I25, Association manager)

Credit card limits increase more easily in public banks such as Ziraat bank, Vakıflar bank and Halkbank compared to private banks. This allows us to make purchases more comfortably while we buy high prices of goods that have increased as a result of inflation. Private banks did not give us this chance in the crisis, they do not increase it easily (I16, Wholesaler)

In this context, the Turkish economy's fragility continues despite the state's intervention following the crisis. Another critical point is that the macro-scale negative changes in the exchange rate and interest rates can quickly spread to the market, reduce demand, and lead to a severe contraction that prevents employers from earning money to pay their debts. This creates a situation that dissolves the equity capital of the wholesalers in structures like Gimat, which aims to make money from the goods they sell by investing in the goods while also disrupting the capital accumulation and creating obstacles to the renewal and growth of the country's economy.

*“The state had to provide free support, depending on tax, employment or turnover, in the turnover that fell due to the effects of the economic crisis. Credits alone were not enough”* (I10, Wholesaler)

#### **4.4.4.2. Effects of Financial Regulations on Market Access**

The crisis tightened financial conditions in the market, and further weakened the weakening purchasing power of households. When the weakness in the economy caused deterioration in the workforce in this context, the consumer confidence index, which is very important for the market, fell below 60 percent in December 2018 with the effect of the crisis (KPMG, 2020). The deteriorated confidence index also caused a deterioration in retail sales; while the real sales volume of the retail sector grew by 7 percent in the first seven months of the year, it shrank by about 8 percent in the post-crisis period. While this rate is reflected in 2018 as an average of 1.7 percent growth, another point to be seen is that retail can fall sharply in the face of fluctuations and crises at the macroeconomic level (KPMG, 2020). When it is known that retail covers



sectors such as furniture, automobiles and white goods, it can be said that, similar to previous crises, the fact that the food and beverage group must be consumed as essential has prevented the wholesale and retailers in Gimat from being overly affected by the crisis. However, with the crisis, while consumers' lowering consumption and their search for a cheaper brand increased, it can be said that this process has led consumers to organized retail areas such as the gross market established around Gimat and the discount market established in the neighborhoods.

*“After 2018, the wholesale regressed. Discount stores and chains have completely taken over the market. The local grocery store is completely gone” (I2, Retailer).*

The retail sales index, which had a decreasing trend in the last three quarters of 2018, shrank by 6.5 percent in the 4th quarter compared to the last quarter of the previous year, exemplified this situation above also (Tüsiad, 2019). On the other hand, households reduced their consumption expenditures as a reflex to the economic fluctuations in the macro area. It fell 8 percent (KPMG, 2020). The decrease in the retail sales index by 7 percent and 3 percent compared to the previous year in September and October, which is right after the crisis, also shows that the households reduced their expenditures with a reflexive attitude, as stated above (Türmob, 2020).

The indicator that this situation has become even more harmful is the decrease in private consumption by 4 percent, real wages by 5 percent in the last quarter of 2018, and a decrease in retail sales by 20 to 50 percent in white goods and automobile sales in 2018 (Kriwoluzky & Rieth, 2018; Sivramkrishna & Nandipati, 2019) In this case, while the increase in products resulting from inflation after the 2018 crisis and the budgetary difficulties of households put them in priority targeting in spending points, this allowed the food and beverage wholesale and retailers in Gimat to continue without losing much at the customer point. However, we can say that the process is an essential factor for the consumer to become more price-oriented.

As a nut producer, wholesaler and retailer company, we can say that we were not affected much in the crisis as the food industry. However, the crises reduced the purchasing power of consumers, the profit margins and customers of the companies decreased. Especially as a dried nut seller, the fact that nuts are not a primary food product causes it to be a product that people give up on consuming in times of crisis (I23, Wholesaler and retailer)

An important factor in the decrease in retail sales can be attributed to the increase in prices of more than 25 percent in furniture, various goods and services, and food and non-alcoholic beverages groups (TOBB, 2019). This may also be related to households' budgets deteriorating in the face of rising costs. The increase in people who could not pay their debts in the post-crisis period and the increase in failing to pay personal loans by 20 percent compared to the previous year supported the idea that the ongoing panic atmosphere in the market has increased (TOBB, 2019). Such adverse developments are important in showing that people restrain themselves except for essential needs. In other words, households' budgets deteriorated in the face of price hikes as a result of inflation. On the part of the employers in the Gimat, the sudden increase in the goods and product groups, even though the profitability decreased, was reflected as a VAT payment obligation due to the artificial increase in the turnover. Some of the following practices of the state in this process forced the employers in Gimat.

VAT discount is not reflected in food. During the crisis, discounts in white goods, furniture and textiles did not appear in the food sector (I1, Retailer)

During the crisis, VAT in food should have been 1%, the state makes me buy the goods from the producer with 1 percent, and when I sell it, they sell it with 8 percent. The state pushes the tradesmen to informality, there is no justice in this matter. The producers, not the employers, need control (I8, Wholesaler)

Considering that the money in circulation in the market is essential for the correct functioning of the consumption instruments, the fact that the foreign currency deposits of the residents approached 16 percent, and the money in circulation in real terms decreased by 14% in August 2018 (Türkiye Odalar ve Borsalar Birliği, 2019). While it can be said that this tightening of the money circulating in the market put the consumer in a stronger position against the employers in Gimat, as informant 23(I23) stated, the increase in the prices of goods at the point of competition had a harmful effect on most employers. Most employers could not increase the prices of goods for fear of losing customers due to competition (I23, Wholesaler and retailer):

We were selling a product for 89 liras while we were selling goods for 60 liras. The product cost was 65,70,75,80 and we continued to sell at 89. When it cost 85 liras, we had to increase it. At the point where uncertainty and costs increase, our profit margins are decreasing due to competition in the sector (I23, Wholesaler and retailer)

On the other hand, it could be said that the government did not reduce its expenditures against the contraction in the market during the crisis, as in the global crisis, which prevented a GDP loss (Tepav, 2020). Especially in the period after the 2018 crisis, it was seen that the government sought to increase the public debt and maintain the demand and functioning in the economy that monetary policy aimed to tighten against the crisis, and fiscal policy can be specified as one of the solutions to the squeeze (Akçay & Güngen, 2019; Orhangazi & Yeldan, 2021). Also, within the general framework of the new economic program announced, measures were tried to reduce the inflation pressure by the state. The importance of preventing tax losses and evasion and the importance of the timely and correct collection is vital in showing that the government would work for this purpose there (T.C Hazine ve Maliye Bakanlığı, 2018).

In the post-crisis period, the tax-related ones of such regulations of the state received much criticism from the employers in Gimat, as mentioned above. In addition, the use of the import by the government to reduce the price pressure on some primary food products, which increased due to inflation in the domestic market, created price uncertainty in the market. The wholesalers in Gimat complained this process for being created an uncertainty in the market. They said that the state's breaking the rules of the macro economy and subsequent short-term interventions create a serious uncertainty about which goods, when and how much we will buy.

We cannot predict what the government will do. Every decision taken by the government affects us as a retailer. On the other hand, the desire of the producer to export causes the products to increase in the domestic market. At this point, the grains and pulses imported by the state from abroad ended the domestic agriculture (I4, Retailer)

The state does not have a proper agricultural policy. This causes cost uncertainty and product stock uncertainty in the products we have sold, prices vary a lot. Especially in recent years, uncertainty in items such as beet, crop, barley, oil and sugar has increased (I2, Retailer)

It could be said that such non-structural measures aim to encourage people to shop and melt the warehouses held by the wholesalers due to the crisis. Although measures have been taken, it was seen that government policies aiming to increase the demand in the market with non-structural measures did not create significant changes for 2019, which we can call the post-crisis period. For example, between October 2018 and January

2019, the market channel was tried to be expanded with tax reductions in the furniture, automobile, and white goods groups, which we can say after the crisis. However, it has been observed that this policy target, which aims to restore sales, did not direct people to these products, and sales decreased compared to the previous year (Öz & Baran, 2019).

In particular, the decline in the sales volume of the retail sector in the last quarter of 2018 continued in 2019, and the average shrinkage of 5.3 percent in the first quarter of 2019, 3.9 percent in the second quarter, and 1 percent on average in the last quarter was substantial in terms of showing that the effects of the crisis continue in this context (KPMG, 2020). At this point, the only positive value is the 3% positive value seen in September 2019. The important reflection of the adverse commercial developments in the above areas of the wholesale and retail sector, in the field of food and beverage, is that the price orientation, which has increased since the previous period, has completely taken over the sector. While many wholesalers in Gimat stated that their business declined after these years, employers in a monopoly position in price competition became profitable due to inflation in the post-crisis period.

As a distributor and dealer of an international company, our products are valued in times of crisis. My products have no competitors. When the producer company raises the prices of the goods, I raise my prices and this gives me a profit. However, let me also point out that I do not accelerate sales during the inflation period, I try to buy as much as I can afford (I17, Wholesaler and retailer)

Also, as mentioned in the previous pages, Turkey experienced rapid financialization before the 2018 crisis, taking advantage of the opportunities provided by the global crisis. On the other hand, it is said that GFC increased rent-seeking behavior, which naturally caused problems in the effective and efficient use of resources, and scarce resources mainly were concentrated in traditional areas such as construction (Tepav, 2020; Orhangazi & Yeldan, 2021). While this situation rapidly increased the indebtedness levels of the companies before the crisis, it also increased the foreign currency borrowing rates, which was another sensitivity in the period leading up to the 2018 currency crisis. Although this situation did not directly affect the employers in Gimat, it can be said that the inability of the banking sector to collect their receivables as a result of the rapid increase in the exchange rates of the crisis was one of the difficulties for the employers in Gimat to reach the credit channels of banking in the

crisis and post-crisis period. Because the banking sector, in general, tightened by entering a negative atmosphere against the real sector. (Akçay & Güngen, 2019; Barthalon & Qi & Stamer, 2018).<sup>21</sup>

#### **4.4.4.3. The Effects of Financial Regulations on Organizational Developments**

Financial developments mentioned above adversely affected the retailers in Gimat, who could not reflect the necessary cost transitions in their prices due to decreased access to finance and increased loss of customers. Therefore, it was a period when many employers with debts to banks made sales at a loss and faced equity losses. (Tüsiad, 2019). Nevertheless, the 35 percent increase in unpaid checks and promissory notes in 2018 indicated a severe deterioration of companies' cash flow (Türkiye Odalar ve Borsalar Birliği, 2019). An important point to be added here is that monetary expansion and increasing SME financing to solve the recession in 2016 and 2017 reduced the number of unpaid checks by nearly 45 percent in 2017 compared to the previous year. This situation showed that the sudden monetary and fiscal expansions in the macroeconomic environment continued to directly impact the wholesale and retail sector, as in past crises, and have consequences for the companies regarding whether the checks are paid or not (Türkiye Odalar ve Borsalar Birliği, 2019). It can be said that these situations reduce the use of checks and bills used in forwarding sales and have consequences that narrow the maturity in Gimat:

We use checks when making purchases. However, I can say that we are careful in this area. In 2018, most tradesmen went bankrupt due to unpaid checks. A Grossmarket went bankrupt in 2018 due to a single outstanding check (I4, Retailer)

In the crisis, we shortened the long-term sale while selling goods. In times of crisis, capital and money allow you to keep stock. In other words, if you don't have equity, your chances of finding and selling goods decrease. Each crisis has its own conditions, but after the 2018 crisis, capital and money came to the fore in the sector (I12, Wholesaler)

When the number of companies opened and closed in this process is examined, in 2018, the number of joint-stock and limited partnership companies closed down increased by 5.7 % and 33.3 %, respectively, compared to the previous year. In

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<sup>21</sup> Debts of the private sector increased by 25 percent in the period from 2010 to 2018 and that 56 percent of these debts are FX denominated debts. This figure has a ratio of 37 percent to GDP of Turkey in 2018.

contrast, the number of 'limited liability and limited partnership companies' decreased by 9.4 %. The number of sole proprietorships and cooperatives closed down decreased by 11.0 and 12.8 %, respectively (Türkiye Odalar ve Borsalar Birliği, 2019). The fact that the figures do not look negative can be related to the growth that took place in the first seven months of 2018 because the number of companies opened in 2019, when the effects of the crisis continued to increase, decreased by 1.3 percent compared to the previous year (T.C Hazine ve Maliye Bakanlığı, 2021). The employers in Gimat, on the other hand, attribute the reason for the decrease in the number of business openings mentioned above to the inadequacy of the policies issued by the government against the crisis and the cost uncertainty that emerged after the crisis is still not fully resolved, although it has been about three years since the crisis:

Past economic crises lasted for a month, then we quickly recovered. We have the impression that the crisis continues in 2018 and afterwards. Prolonged uncertainty bothers us (I16, Wholesaler)

State interventions in the 2018 crisis were not evenly spread. In this context, employers in Gimat, who could not see stability and regular work in the state, withdrew into their shells and investments fell (I29, Association manager)

There was an uncertainty in the market as a result of inflation. In this context, our inventory and stock control were high in 2018 and beyond, and we followed our warehouse. Our business is a bit like jewellery. We are dealing with price changes, most of the time, we do not price our goods without asking prices from manufacturers and importers (I19, Wholesaler and retailer)

In the process of such reluctance in employers, investment incentive support was tried to be provided to the employers by the state. That is, 40 percent of the employers receiving support were service sector companies and took first place (Türkiye Odalar ve Borsalar Birliği, 2019). The new economy program mentioned that by promoting digital transformation, modern and new generation financing methods such as Crowdfunding and ICO (Initial Coin Offering) as an IPO alternative will be popularized for financing innovative projects. It could be said that the severance pay reform was brought to the table again, and an attempt was made to find solutions to employer and employee problems. In addition, it was mentioned that training and consultancy services would be organized, and projects that will enable SMEs to develop innovative business models in order to brand, institutionalize, increase productivity, and provide access to international markets will be supported.

Another important point in the new program is the view that sectoral investment roadmaps will be prepared, including the permit, approval, and license processes for the investment and operation periods, and will guide the investor (T.C Hazine ve Maliye Bakanlığı, 2018). While it is said that such support packages can facilitate the work of large-scale companies, it cannot be said that they are very effective in areas such as Gimat, which has unique characteristics of Turkey, in the wholesale and retail sector. In this process, informant 3(I3) claimed that the ministry of commerce was involved in everything without knowing the trade and not listening to anyone, while informant 10(I10) said that after the 2018 crisis, it became more and more challenging to open and run a business, and this situation only made the big ones bigger (I3, Retailer; I10, Wholesaler)

While most employers in Gimat gave a negative feedback about the export capacity, this situation also showed that companies in the wholesale and retail sector in cities such as Ankara are more engaged in trade depending on the domestic market. It can be said that this process shows that the direct and indirect economic decisions of the state will have more serious consequences on them:

We're starting back 5-0 on exports. As the Central Anatolian region, we are behind in this area. We do not have experience in exporting" (I9, Wholesaler)

Export is very difficult in Turkey, our export capacity is weak. A sworn accountant is required for export, there is no company to pay for it. In this context, the chamber of financial advisors publishes about the regulations related to accounting, no one follows it. In addition, there is a mismatch between the Gimat association and the employers. In this regard, there is no information about where the trade that guides the tradesmen is going (I17, Wholesaler and retailer)

The importance of guiding the employer in the new economy program could be understood as benefiting from the previous experiences and looking for the future realization of the structural reforms that could not be realized in the increasing financial environment in coordination with the private sector by the state. As a result, the 2018 currency crisis increased the debt liabilities of both financial and non-financial companies in foreign currency and increased their financial dependence, made it difficult for the private sector to access credit channels, led to a tendency to save in households and increased unemployment (Tüsiad, 2019). Such developments have also shown that increasing financialization in the past could not reveal robust

economic modeling. Informant 4(I4), which continues its business as wholesale and retail in Gimat, states the following on this subject:

As a consuming society, employers kept up with this and used the comfort of financialization between 2010 and 2018 to consume, not to produce something. Most employers go for easy and simple money. He works only for himself with the income he earns” (I18, Wholesaler and retailer)

This supports the view that the financial relief provided in the past in the administrative field did not lead to structural investments that would create a strong economy. Because discounts and chain stores open stores in every neighborhood and street and appeal to their customers in terms of time, distance and price, it will further develop organized retail. Especially in the current time, where the power of advertising is increasing, it can be said that the increasing anxiety of consumers to find the brand cheaply shifts this process to the organized side even more. The state does not control this issue because while capital structure itself strengthens the national and international producer and distributor companies that are sufficient for advertisement, it regresses those that do not. This process forced the employers in Gimat to comply with these companies' conditions. The fact that consumers can find these products in every organized and unorganized wholesaler and retailer only makes money for the manufacturer in selling these products, and profitability, which is one of the most important actors in investing in Gimat's employers:

The increase in the number of people using television and the internet increases the power of advertisements. Those who see these ads on these platforms increase the demand for these products. In this context, companies with advertising power are forcing wholesalers. Advertising needs to be standardized. While international companies are given incentives by the state in this regard, this pushes the nationals back (I29, Association manager)

This view could be interpreted that the crisis-affected structure of wholesale and retailers serving in the traditional channel will deepen, and it will become more challenging to do business in the traditional channel in the future <sup>22</sup>. In this context, when we put demand as a determining factor for workplaces, it can be seen that with the economic developments experienced in Turkey on a macro scale, the consumer

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<sup>22</sup> StratejiCo. Organize Perakendecilik ve Fiyatlandırılmaya Etki Eden Unsurlar Masaüstü Araştırması, [https://stratejico.com/\\_upload/pdf/report-stratejico.pdf](https://stratejico.com/_upload/pdf/report-stratejico.pdf) p.6



structure tends to prefer organized retail more, and these developments will leave wholesale and retailers in a difficult situation in doing business mainly in the traditional channel. Otherwise, in organized retail, as stated by most employers, the fact that they are described as opportunistic by the state will cause a crisis between these companies and the state in the long run. Most retail employers blame the government's wrong policies in this regard:

Although wholesale food is as important a sector as agriculture, it has no value and importance in the institutions of the state. In order to go to professional organizations such as Ankara Chamber of Commerce and listen to yourself, you need to have at least 50 employees. In relation to this, the state's characterization of us as opportunistic also changes the way institutions view us and prevents us from getting support (I2, Retailer)

We did not receive any support from the state during the crisis. There is pressure on how much you buy and sell the goods for, the state is suppressing it, we seem to be doing business in a controlled way (I4, Retailer)

It can also be seen that this situation will result in the danger of losing their customer portfolio for the employer in the Gimat wholesaler site, who buy and sell in the leading food and beverage areas, which are generally subject to fierce competition, without an export structure like Ankara, and will put pressure on these workplaces for change and transformation.

In summary, the 2018 turkey economic crisis showed that the state's policy before the crisis, increasing borrowing thanks to financialization, did not consolidate the economy in cases such as the currency crisis. In this context, pre-crisis policies led to a period in which rent-seeking behaviors increased, facilitating the borrowing of private and legal persons, as in Gimat. There was no progress in the increasing added value, increased labor force participation, fixed investment, and sectoral development that the state set in its policy targets. These developments, in August 2018, caused a crisis similar to the economic crisis in 2001. The crisis created a sudden increase in exchange rates, resulting in serious consumer and producer inflation increases. By creating a shock effect, this process also caused a decrease in the consumer and retail sales indices and has revealed distorting effects in the market. On the other hand, banks acted cautiously and narrowed their credit channels, and most employers could not access credit in this process. In this period, which coincided with the increase in the number of private and legal persons who could not pay their debts, most Gimat

employers who had access to financing also borrowed once again by using the financing they could use to pay off their existing debts.

On the household side, while the budgets that deteriorated due to the sudden increase in inflation were used only to meet the essential needs such as food and beverage, there were severe decreases in the demand for durable and semi-durable products. The price orientation that started to develop among the salaried and low-educational population during the previous crisis began to spread throughout the society with this crisis. At the end of this process, while the companies serving in traditional wholesale and retail channels, as seen in the employers in Gimat, regressed, chain and discount markets that could control the consumer's perception came to the fore.

The situation that makes the unorganized wholesale and retail channel even more difficult at this time can be specified in two matters. First of all, employers could not reflect the new prices directly on their labels due to competition, in the face of increased purchasing costs via inflation, and even worse, employers who might have debt from the previous period made sales at a loss and suffered equity losses. Secondly, wholesale and retailers operating in the Turkish economy, which experienced the highest devaluation after the 2001 crisis, received the opportunistic characterization from the state during this period. The wholesale and retail sector and society, which were heavily financialized, entered an even more complex process with the government's decisions. In this period, the government produced foreign exchange priority policies to suppress the increased inflation due to foreign exchange. In this process, interest rates were increased, and the Turkish lira was tried to be devaluated.

To not cause any foreign exchange squeeze, the amount of foreign currency kept by the central bank from the banks has been reduced. In addition, as mentioned above, although financial instruments other than banking were suggested, employers did not approach these instruments, as seen in Gimat. In addition, although VAT discounts were made, the fact that these discounts were not in the market channel as stated by the employers in Gimat during the crisis prevented them from being reflected as a discount to the consumer. In this process, the statements that the government would take care to collect taxes while increasing its expenditures, as seen in Gimat, received reactions from companies operating in the wholesale and retail sectors. Many business

owners in Gimat said these taxes were excessive due to rising costs and falling profitability.



## **CHAPTER 5**

### **CONCLUSION**

With this thesis, the effects of the economic crises on the WRT SMEs and the consequences of financial interventions developed by the state against these crises on WRT were investigated by examining how wholesale and retail employers in Ankara Gimat in Turkey experience these interventions. By approaching employers as implementers of public interventions in the field, it has been tried to measure how the interventions affect and transform them. In general, the factors that make it important to conduct research on wholesale and retail service SMEs can be stated as follows. Firstly, in the literature review, despite the fact that SME discussions are made over manufacturing SMEs, there is a significant density of service SMEs in countries and they have different effects and reactions from the manufacturing sector. Secondly, the development processes and structures of developed and developing countries' economies are different, and this result ensures that service SMEs in those countries have different sectors and sub-sectors. Thirdly, service sub-sectors such as wholesale and retail, which grow especially in response to demand, are extremely sensitive to developments in the economy of the country in which they are located, thus making them dependent on the interventions of the state that manages the economy.

The state's interventions were examined by emphasizing the periods of economic crisis. It has been stated that a country like Turkey, which is faced with neoliberal transformation policies without fully developing its industrial sector in the 1980s, has developed service sub-sectors that can be called traditional such as wholesale and retail. While it shows that the wholesale and retail sector, which is in the economies of structurally weak countries, can develop and overgrow, it is stated that this sector can go into a rapid recession and experience the crisis most sharply in times of economic crisis. In addition, it was stated that the crisis changed the direction of the demand in the environment where the wholesale and retail sectors depend. It has been

stated that the wholesale and retail sector in Turkey, which has been developing with the sensitivity of demand in these developments, has made it more dependent on the state's interventions in recent times when Turkey's economy has financialized more. How this situation was experienced was investigated by examining the wholesalers, wholesale and retailers, and former wholesalers who turned to organized retail in the Ankara Gimat wholesaler site. In addition, by interviewing owners of the SMEs who took charge in the Gimat management association on different dates, it was investigated how the expectations and demands of the employers changed in different periods. In this way, change in the sector that the transition of the wholesale and retail sector in Turkey to the organized retail area acceleration was to be examined by interviewing distinct WRT managers.

Within this general framework, the key findings of this study are divided into theoretical and empirical results. When the theoretical framework of the discussion is made, what emerges is that SMEs may have different sub-sectors according to the economic framework of the country they are in. Especially being a service SME such as wholesale and retail has different inputs and outputs than an industrial SME. When an examination is made of wholesale and retail, these situations make it vulnerable, and these vulnerabilities become more pronounced in times of economic crisis.

It has been observed that these processes are more complicated, especially in crisis-prone countries, which include structurally weak sectors with high demand sensitivity, have unevenly developed sectors, and the macro and micro policies of the state are not well managed institutionally. The intervention's financial, market and institutional sides are not included in the intervention processes in a complicated way. The fact that these interventions are concentrated only in the financial field cannot reinforce the development processes of the employers operating in the sector against the economic crises and remain insufficient.

The first theoretical findings include the emergence of SME literature, the transformation of the concept over the years, the importance of SME for national economies, different definitions of SME, and its separation as manufacturing and service SMEs and wholesale and retail SMEs. In this way, it is showed that being a WRT SMEs has different dynamics such that as economic crises disrupt their financial

strength, market access and decision-making processes, they make these already fragile features even more fragile. Thus, while mentioning the content and importance of the service sector, it was also stated that the sector shows different development processes in the economies of developed and developing countries. As a result, it has been observed that traditional service sub-sectors such as wholesale and retail are more concentrated in developing countries, which cannot fully develop their economic development.

For this reason, contribution to GDP, employment, fixed investment and value-added by the wholesale and retail sector to the economy was problematized by examining in different country examples. While trying to reveal the strong and weak sides of the enterprises, it showed that these enterprises are affected by these species that they manage their WRT SMEs under 3 main headings, which we can list as financial strength, market access, and institutional corporate capacity.

In addition, it has been observed that the intensity of being affected by existing vulnerabilities affects the decision-making processes of employers in the above-mentioned areas during the periods of economic crises and public interventions developed against these crises. For this reason, the reality of the economic crisis and how wholesale and retail SMEs are affected by these crises are examined, considering that they are businesses that are managed under the influence of both family firms and owner-manager identity.

As a result, it has been seen that the economic crises create distorting effects on the financial, market, and institutional processes of the enterprises in the sector and make decision-making effects on employers outside of their everyday processes. In addition, it has been observed that even if the crisis processes were resolved during the crisis, reduced, or postponed as a result of state interventions, they also affected the decision-making processes of the workplaces in the post-crisis period.

As seen in the thesis, even if financial difficulties are overcome, problems in the market or corporate direction can continue. As a result, when the targets that the government considers by using financial instruments cannot find a response on the employer's part, it continues to be a sector that is vulnerable to other possible crises in the future. While this naturally shows how important the government's financial,

market, and institutional interventions are for the sector, it has been observed that public interventions developed against economic crises in developing countries such as Turkey generally concentrate on financial instruments. As mentioned in Chapter 4, this process has made the employers operating in the sector more dependent on the interventions and decisions of the state, and it has exemplified that financial interventions are insufficient.

Secondly, the employers operating in the wholesale and retail sector in Turkey have become more dependent on the state by changing their stance against the state's intervention as a result of the financial weight policies pursued by the JDP in the last 20 years in power. In other words, it seems that the wholesale and retail sector in Turkey has become more vulnerable to government decisions interventions in the 2001 crisis, which was influential in the JDPs coming to power, and the subsequent 2008 and 2018 crises and the processes after it. For this reason, although the states' financial, market and institutional intervention tools have been mentioned in chapter 2, it is foreseen from chapters 3 and 4 that the state in Turkey realizes its effects on the sector mostly with financial indirect and direct interventions.

While making this discussion, two factors affecting the development of the wholesale and retail sectors were emphasized. The first of these is that the food and beverage group has an important place in the consumer inflation and household expenditure calculations of the Turkish statistical institution. Secondly, with the current change in the wholesale and retail sector in Turkey, it has been observed that the wholesale business has declined and the organized retail elements have progressed, and it has been stated that the most important reason for this is that the economic crises affect the demand and change shopping habits.

In this case, considering the fragmented structure of wholesale and retail, it has made necessary to examine the wholesalers, retailers and employers operating these two areas together in Turkey. For this reason, the employers in the Gimat wholesaler site, whose development dates back to the 1980s when Turkey has begun to experience neoliberal policies, and which includes the elements of transition to organized retail in today's conditions, were examined by considering the fragmented structure mentioned above.

Thus, by showing the profile of the sector in today's Turkey, how central it is and its vulnerabilities, it is stated that these elements are formed as a result of the economic crises that have developed over the years and the public interventions developed against these crises. By specifying the employers as the actors who have experienced these processes, it has been seen that while the interventions that focused on wholesale and retail through indirect and direct financial interventions differed in the policy tools of the state compared to before 2001, the lack of market and institutional aspects of these interventions made employers in the wholesale and retail sector dependent on these financial interventions of the state.

Thirdly, since SMEs' employers are actors affected by crises and take decisions in line with the state interventions against these crises, they can be called the main actors of the rules that the state wants to change in the market, namely the rule enforcers. In this respect, the foundations of the state's economic intervention focused on industrial SMEs were incomplete. In addition, in government reports, it has been seen that its own indirect and direct financial interventions do not contribute to employers in terms of investment, added value, and workforce. These studies stated that the skills and abilities of employers and managers who can use these financial instruments would be guided and supported by the state.

Despite this argument, the decreasing profitability, increasing competition, and low investments for employment by WRT SMEs in Turkey showed a disconnection between the state's intervention tools and the SMEs who are the implementers. In this direction, the interface of public interventions and employers has been examined. As a result, examining the employers operating in the wholesale and retail sector has differentiated this thesis from the industry-based studies in the literature. In short, although the institutional capacity of the SMEs operating in the wholesale and retail sector to convert financial instruments into investments is questioned in Turkey, especially in the Government reports, the negative consequences of the use of the state's increasing financialization on this sector have been seen on the side of the employers. In a way, it has been observed that while the state has analyzed the fragile aspects of the wholesale and retail sector in Turkey well and written in the reports, it has not made any market or institutional interventions to correct it.



As a result, while the wholesale and retail sector in Turkey is in the practice of development and transformation, it has also faced very shocking and severe economic crises and faced different state interventions that followed these crises in advance. In this process, while the intervention approach of the state to wholesale and retail service SMEs in general developed as laissez faire, it was seen that the customer mass, which constitutes the center of the demand point of the sector, experienced the effects of this crisis and government interventions mostly on a macro scale. In this direction, although state interventions in Turkey did not develop as sector-specific interventions and took place as laissez faire, it was observed that the effects of the decision and intervention tools taken by the state based on the macro economy were mostly experienced in the sector.

After 1980, the wholesale and retail sector started to develop in the environment of commercial freedom that developed with the neoliberal transformation, in which the state led an export-oriented policy, as an example. However, as an example of the state's laissez faire attitude, the goods that increased with increasing imports did not encounter an organized retail network that would spread equally to all economic geographies of Turkey in these years. In this process, while traditional grocery and market-type structuring generally formed the basis of wholesale and retail in Turkey, the development of wholesale in the distributor logic accelerated in these years. The state indirectly paved the way for the development of wholesale and retail elements.

This unorganized situation started to change together in the 1990s, and more than one organized wholesale and retailer on a local and international scale entered the Turkish market. However, in a way that draws attention to the importance of the state's macroeconomic intervention logic in the sector, it has been stated that the inability of organized stores to spread throughout Turkey in these years was due to the political and economic uncertainties in these years. Although there is a stability after 2002 at these points, it can be seen that the multinational wholesale and retailers that entered the wholesale and retail sector in Turkey in the 1990s and early 2000s exited the Turkish market after the 2010s. In other words, low profitability and high competition, which are the unique conditions of the wholesale and retail sector in Turkey, have made it difficult to meet the costs of these companies that serve at the scale of hyper and super market concepts.

In addition, the intervention logic led by the increasing financialization after 2002 did not produce effective results in the sector's demand point to take on a stable and solid structure. Despite the increasing indebtedness figures on the households side between 2001 and 2018, the 2018 crisis affected the wholesale and retail sector in Turkey with similar results to the 2001 crisis. Along with the falling consumer confidence index along with the crisis, the serious tightening of the market and the decrease in expenditures increased the non-repayment rates of the debts of the retail sector in this process. This shows that the strengthening of demand, which is tried to be achieved through financialization, provided temporary prosperity in Turkey in the 17 years of the transition.

At the same time, it was seen that the laissez faire approach of the state enabled the traditional wholesale and retail to survive in the face of rising organization in the 1990s and early 2000s. In these years, it was seen that the un-controlled mechanisms of the state over WRT and the high inflation figures created a rentier environment and supported the traditional segments. The fact that this prosperity, which was captured in an environment where inflation and organized elements could not fully spread to all economic geographies of Turkey, started to decline after the 2000s, changed the investment preferences of employers operating from the traditional side of the sector. The state's channeling of financialization into the society as laissez faire has revealed its negative effects in the sector in this direction. In this process, it has been observed that many traditional employers, who have suffered turnover losses and customer losses, have directed increasing financialization to areas such as gold, foreign currency, real estate and vehicles, instead of areas that may generate investments.

In addition, it has been observed that the organized chain market segments of the wholesale and retail sector, which can be called similar processes, have entered into a declining development graph even though they continue to develop after the 2010s. It is seen that the sector will grow faster in the concept of discount markets in the next 10 years. That is, the price-oriented sensitivity of the customers, which constitute the demand point, is seriously affected by the macro-scale developments as a result of the financial interventions of the state at the end of the crisis processes, and naturally these conditions also affect the merchandising logic.

In shortly, although the wholesale and retail sector have internal changes and transformations, the demand point of the sector is sensitive to the direct and indirect interventions of the state on the macro economy. This showed that the WRT sectors of developing countries, in the case of Turkey, will not experience demand sensitivity in environments where the state pursues expansionary economic interventions. However, as I mentioned above, it cannot be said that the sector is in a process of change and transformation within itself and that the stakeholders within the sector are completely independent of these regressions, advances and pauses. The fact that employers operating in the traditional wholesale channel in Turkey saw the decline in their business after 2002 and used the increasing financialization for their own purposes, while not showing any structural transformation in economic terms, shows this. The picture to be seen in the example of Turkey is that the results of subordinate financialization do not cause a structural transformation in the environment where the government directs laissez faire policy to the sector and that financialization should be supported by market and institutional interventions.

When we came to discuss the empirical findings, the following results emerged. First of all, although the wholesale and retail sectors have been seriously damaged by the economic crises from the financial, market, and institutional sides, differences in their sub-sectors have been observed. Although wholesale and retailers that sell the primary needs of people, such as food and beverages, were affected by the crisis, they differed from other wholesale and retail sub-sectors and did not feel the economic crisis intensely. However, the economic crisis experienced in Turkey and the financial interventions of the state against these crises have changed the customer portfolio of wholesale and retailers selling food and beverage groups. The damage caused by the crises in the household is that consumers seek to find the brand cheaply, which causes an increase in consumer awareness and increasing price orientation. It is seen that this situation regresses the wholesale that we will call traditional and puts organized retail first, which we will call monopolizing discount, chain, and gross market.

Secondly, the state's direct and indirect financial intervention tools against the economic crisis periods in Turkey forced the employers to financialize even more during the crisis and post-crisis periods. As monopolized markets began to take over the market, traditional wholesalers and retailers composed of wholesalers, small

markets, grocers, and shop owners, who were faced with customer losses, switched to other business areas using the financing channels that the state had made available cheaply. In addition, using this cheap financing, they turned to areas such as gold, foreign currency, and real estate, which we can call sheltered areas. On the other hand, this monetary expansion environment did not create any improvement in employers operating in the wholesale and retail sector in terms of investment, workforce, and added value. On the contrary, this process has created the idea that economic expansion will only provide money to the market with the support and maintenance of the state, and this has evolved into a process that creates a dependency between the employer and the state.

As shown at the beginning of the research, while discussions on SMEs focus on manufacturing SMEs, service sector SMEs have generally been an unattended area. It can be said that this situation has led to an industrial SME leadership in the state's decision-making processes. That is, interventions against crises are designed to meet the expectations and demands of a manufacturing SME. However, as the literature review shows, service SMEs occupy a vital place in countries, and in addition, service SMEs may show different characteristics depending on their presence in developed and developing countries. We can distinguish these different features as being prone to and not prone to crisis due to the different dynamics of service sub-sectors, which are more evident in times of economic crisis. In addition to that, economic crises are not static and fixed and can affect the decision-making processes of employers in post-crisis periods as experience that may affect the decision-making processes of employers and customer portfolios in countries where crises are common.

At this point, the importance of the state emerges. That is, it is the way governments ensure their legal legitimacy, for the economic crises to be brought under control, and for the markets to function at their normal levels before the crisis. Especially as mentioned in our thesis, the economic crises in which spending habits changed and combined with the state's direct and indirect financial interventions caused the wholesale and retail employers in Turkey to face a customer portfolio with different demands. Price orientation, finding the brand cheap, and increasing consumer awareness about products could cause what WRT employers face now. While this process seems to have enlarged discount and chain markets and caused them to

monopolize the sector, wholesale and retailers, which we call traditional, suffered severe losses.

Thus, the public interventions developed against the economic crises, in the case of Turkey, changed the expectations and demands of the customer portfolio of the WRT. The employers, who analyzed this process and managed to meet customer demands and moved to the organized retail area, were realized, as in the case of Gimat.

- As mentioned above, the sector's transition to the organized side has also created an employer identity that tries to use the savings in safe investment areas, as seen in the case of employers in Gimat. The subsidization of this process by the JDP governments, especially in the post-2002 period, with increasing financialization, met the expectations of the employers in this regard and provided a concentration in areas such as valuable jewelry and goods, real estate, vehicles, and foreign currency, which we can call the consumption expenditure of expenditures and investments.
- The fact that the government saw this decline in the sector and intervened with the increasing financialization helped employers in Gimat to compensate for the losses they experienced on the customer side during these years by borrowing. For example, this situation is combined with the falling value-added, falling fixed investments, and high unemployment in WRT. In this context, the most prominent deficient side of the state intervention in Turkey is that the state saw the decline in the traditional areas of the sector and did not use the advantages of cheap loan financing correctly to transform the sector. In other words, the state made deficiencies in how and in which areas the increased monetary expansion will be used.
- However, not all employers in Gimat could access the financing provided by banking equally. Banks want real estate, land, and title deed as collateral and security while giving loans did not make the loan as easily accessible as it seems. While this process enriched the employers that were strong in the above-mentioned areas in Gimat, it further weakened the employers that were weak. In addition, although the chance of access to finance has increased, a small group of employers who know how to use loans can calculate inflation results and equity. Low financial adequacy seems to keep employers away from the opportunities that the

banking channel has given them. In this context, as the field study section in the thesis shows, in countries like Turkey, which are likely to suffer from economic crises, unless public interventions are seriously organized and coordinated, they can only delay crises, but may create more serious crises in the future.

- While the wholesale and retail sector in the food and beverage sector is going towards monopolization, there is still an entrepreneur profile trying to enter this field by opening shops, grocery stores, and markets in the traditional sense. This situation causes similar companies to sell the same materials around the same location. Profit margins and turnovers of employers are getting worse. In addition, it is stated that allowing businesses to open in an uncontrolled and unaccounted manner causes problems in terms of quality and standardization in the market. It is said that unofficial organizations that work without insurance, do not have any workplace, do not have a tax sign, and act with the aim of buying and selling, spoil the market. While this situation provides price injustice, it causes the prices of many wholesale and retail employers that make institutional breakthroughs for branding to remain above the market prices, while creating unfair competition.
- The high number of business openings in the wholesale and retail field shows that there may be unemployment and equity losses in the sector in the coming years, considering the transition and orientation of the sector to organized retail. It can be said that the purchasing and marketing power of huge discounts and chain markets make them attractive in front of the consumers, as seen in Gimat, which are not accessible to wholesalers and small grocery stores, markets, and shop owners where wholesalers sell their products. This situation also reveals sociological results when the family foundations and responsibility awareness of the managers of wholesale and retail SMEs are considered. Considering that SMEs are already small and the person who takes decisions, implements them, and bears the consequences is generally only one person, this situation puts intense pressure on them. The SME phenomenon is a socio-economic reality, and the height of family firms is considered. The employers consider this situation a priority to prevent the family phenomenon, which is one of the important parts of society, from the impact of possible crisis scenarios. While this situation encourages employers to invest in sheltered areas, it may also be why Turkey's sectoral development, the

transformation of the economy, and savings cannot be directed to value-added areas.

- Although e-commerce is progressing in the wholesale and retail sector and has a significant share in the sector, many of the employers in Gimat are still not used to it. This is because some wholesale and retail workplaces do not have the institutional ability to manage this process, while others do not have the capital adequacy to implement this sales channel in the workplace and employ personnel for this.
- Although the number of employers who make the debtor-creditor relationship with credit cards, which are banking tools, is increasing, checks and promissory notes continue to be a reality in the sector. In addition, although applications such as forward sales and sales by the trust have been abandoned by most of the employers in Gimat, it is seen that there is still a mass of employers who use it. It can be said that the use of these maturity tools by employers lies in the aim of using them as a means of competition with chains and discount markets, which have taken the leading position in the sector. In other words, these companies, which reflect the pricing power they provide in purchasing on the labels as cheapness, maintain their sales logic institutionally with the cash and carry logic and do not make forward sales. In this direction, employers that make forward sales or use the tools such as checks and promissory notes, which we can see as an example in Gimat, try to stand in the sector by showing the tools that these corporate companies cannot offer to their customers as a privilege. Although this is a privilege, the fact that the goods sold cannot be collected and the payment maturity is faced with tools such as inflation makes these employers question their capital losses.
- Although export is stated as a tool to be encouraged in the official documents of the government, it is seen that the wholesale and retail sector is dependent on the domestic market in most of the centers except Istanbul, Kocaeli, Izmir, and Antalya, which are close to the production and distribution centers. The most obvious examples of this are seen in the employers in Gimat in Ankara. It has been observed that there are question marks at the point of export even in the managers of companies that turn from wholesale to organized retail seem to have achieved a high degree of institutionalization compared to the wholesalers staying in Gimat and achieving high turnovers. In addition, it has been observed that many of these

employers are sensitive to directing their savings to areas such as capital instruments and construction. In this respect, there are serious questions about how much the employers, who are on the organized side of the wholesale and retail sector, can contribute to the sectoral transformation of Turkey.

In the light of the findings obtained at the end of the empirical findings, the following types of policy suggestions and recommendations can be made. These can be listed as follows:

- Foreign exchange rates are essential in determining the sales prices of employers operating in the wholesale and retail group where the food and beverage group is sold. When the macro balance in foreign exchange rates deteriorates and rises, this is reflected as inflation, and it causes a price increase in the products in the market. This, in turn, caused the government to increase interest rates to suppress the foreign exchange, which seriously impairs access to finance. In this respect, the situations that will cause the deterioration of the macroeconomic balance should be transferred to the sector employers through state institutions in the pre-crisis periods; In this way, employers can increase the level of predictability by knowing the conditions under which they have to make risky decisions.
- While there is an increasing dependence on government policies on the employer's side, there is also a rising fear and uncertainty. For this reason, it seems that this mass of employers directs their savings to safe areas where the state's control can be minimal. On the other hand, the sectoral infrastructure that will enable the state to realize a sectoral transformation that produces more, creates more added value and provides employment in this process will be possible by directing employers' savings to areas that generate production investment. This situation will be possible primarily by the state updating itself through its institutions and revising the laws it has enacted according to the day. In particular, the pressures exerted by the government to forcefully lower the price pressures that occur as a result of the government's disruption of the macro balances further increases the distrust towards the government. In this regard, the supervision and surveillance of officers, who are incapable of buying, storing, and making cost-benefit analyses without knowing trade, should be abolished.



- There is no demand, expectation, or search for branding in wholesaler employers. At this point, the fact that branding necessitates the institutionalization of companies can disrupt the company's finances as increased costs may indicate why company managers stay away from this channel. In addition, the presence of an employer group in the wholesale and retail sector, which conducts business undocumented and unregistered by the state's surveillance and control, provides an unfair advantage to this group against companies that seek institutionalization. At this point, removing obstacles to branding will primarily lie in the state's role in preventing group that continues to trade by making an unfair profit from this process since the state cannot fully operate this mechanism. While penalties can be considered, especially for employers who continue to trade without official documentation and are unregistered, decision-making processes can be improved by supporting those who want to become a brand on software issues.
- In the wholesale and retail sector, wholesale is declining, and retail is coming to the fore, while many wholesalers still stand out with their high storage capacity, as seen in Gimat wholesalers. At this point, the arrangements to be made against the financing and institutional inadequacies mentioned above in the e-commerce logic can enable wholesalers, who experience severe losses in terms of turnover and profit margin, to communicate directly with their customers through e-commerce by using their high storage power. Supporting these wholesalers, which lagged behind chain and discount markets in terms of awareness by the government in terms of advertising and branding, may enable this group to communicate with customers again. It may be hindered in matters such as unemployment, which is possible to develop.
- The high rate of entrants to the wholesale and retail sector shows that people are looking for a job because the wholesale and retail sector does not include eligible functions such as creativity, know-how, engineering, and raw materials as much as the industry and manufacturing sectors. In other words, the perception that it is easy to buy and sell something that people perceive leads many people to this sector. On the other hand, the fact that the exits from the sector are as high as the entries indicate that this situation is not so easy, while in fact, it can be said that every entrepreneur or employer who exits is unsuccessful to a certain extent, faces capital losses and leaves the sector because they cannot make a profit. At this point,

the state should direct the entrepreneurs who want to start a business but who cannot turn to the industry and manufacturing sectors in terms of institutional competence to sectors in line with the economic restructuring indicated in their official documents without causing this accumulation and loss of equity capital. This shows that state institutions should be restructured at a level that can direct savings.

- Whether or not employers will use banking financing instruments is strongly related to the mortgage. This is generally based on real estate, and title deed drives many small SME employers away from banking while large ones are getting bigger. At this point, considering these small employers, the mortgage logic should be updated and revised by the state. Because the ongoing bank loan logic around mortgages directs employers and entrepreneurs to make mortgages they will obtain through construction, which causes the savings to be channeled into construction.

Thanks to the field study, the above findings were realized within some limitations. These limitations of the research and recommendations for some possible future research are as follows:

- A total of 30 people were interviewed in the field study section. Interviews were conducted with the employers involved in wholesale, retail, and wholesale-retail elements jointly and the association's management, paying attention to the sharing of equal numbers. However, it has been indirectly tried to examine how the stores with the concept of neighborhood grocers, markets, and shops, which we call traditional retail in Turkey, are affected and transformed by the economic crises and the state interventions developed against these crises, through the customers of the wholesale SMEs in Gimat. In this direction, the fact that these processes have not been analyzed by direct communication by the employers who manage these workplaces shows a vital need to analyze how the above group, which we call traditional retail, among wholesale and retail elements in Turkey, interacts.
- This research was carried out with the wholesalers, wholesale retailers, association managers, and SMEs that established Gross markets in the neighborhood by moving to the organized retail area today while doing wholesale in Gimat wholesaler site in Macun neighborhood of Yenimahalle district of Ankara. This diversity has allowed analyzing the factors such as loyalty to the domestic market,

high competition, low product diversity, narrow sectoral size, and concentration of similar business lines in Turkey, which are the characteristics of wholesale and retail elements in Turkey. However, it is necessary to conduct further research and analyze how the wholesale and retail elements of cities such as Istanbul, Izmir, Kocaeli, and Antalya are close to the production and distribution mechanisms that the place has given them, putting them in an advantageous or disadvantageous position. In the future, these studies may also be helpful for the public to design appropriate policy tools and consider the country's different dynamics in managing the intervention tools.

- The research has examined how the economic crises and the indirect and direct financial interventions developed against these crises affect and transform the wholesale and retail employers in Gimat. In this direction, the official documents and statistics of the state were examined, and specific results were tried to be reached from the analyzes made about the sector. However, while conducting the research, employers were analyzed to measure the impact of the interventions against the crisis, while it was not analyzed what kind of difficulties the legislators and those who maintain it faced while applying the intervention tools. In this direction, the analysis of why civil servants working in institutions related to the sector have difficulties in analyzing the sector or in applying their analyzes in future studies may reveal what this employer group, which has become more and more dependent on the state, what they expect from the state and where those who have to apply have difficulties.

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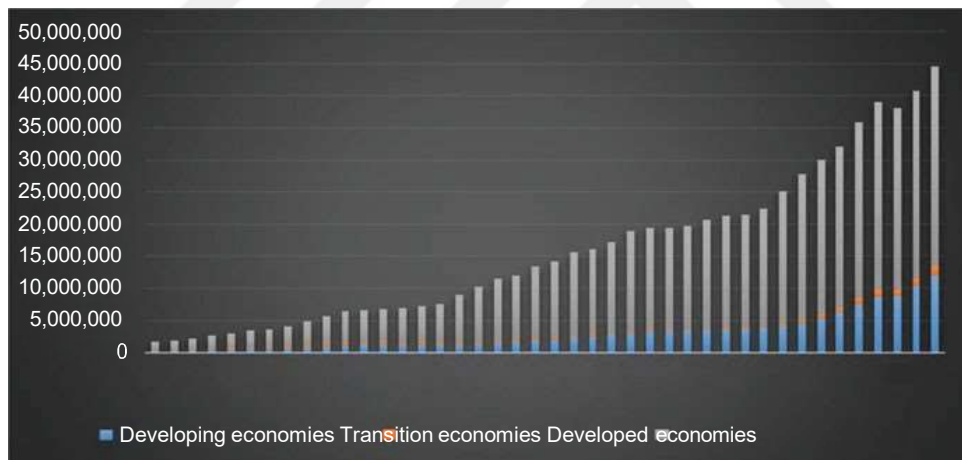
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## APPENDICES

### A. DEVELOPMENT OF SERVICE EXPORTS OF COUNTRIES OVER THE YEARS

In this chart, economies of developed, transitional and developing countries in the period from 1970 to 2012 is compared and showed the revenues of countries from service exports. While the earnings of all countries have increased, it is striking that the earnings of developed countries are higher than other countries (UNCTAD, cited in Elango, 2015, p.230).



## B. STRUCTURAL INDICATORS FOR WHOLESALE TRADE

Structural indicators for wholesale trade (NACE 46) and sub-sectors, EU-28, 2013

Source: Eurostat, Structural Business Statistics (sbs\_na\_dt\_r2), calculations.

(Eurostat, cited in Dachs et al., 2016, p.26).

	<b>Sector</b>	<b>Firm size (no. of persons employed)</b>	<b>Firm size (value added)</b>	<b>Value added by</b>
46	Wholesale trade, except motor vehicles	5.72	308,675	53,994
46.1	W. on a fee or contract basis	1.74	75,406	43,240
46.2	W. of agricultural raw materials	5.26	261,647	49,766
46.3	W. of food, beverages and tobacco	8.46	403,917	47,722
46.4	W. of household goods	7.42	483,263	65,144
46.5	W. of info. and comm. equipment	9.56	799,922	83,689
46.6	W. of oth. machinery, etc.	7.82	496,111	63,406
46.7	Other specialised w. trade	8.12	356,406	43,907
46.9	Non-specialised w. trade	5.49	212,360	38,713



## C. GROSS PROFIT RATIOS OF SECTORS

It can be understood from the gross profit ratio of sub-sectors of service about 13,500 firms in all around the world that wholesale trade either durable or nondurable have one of the lowest ratio of profit even if there can be some developments in recently

**Note:** Gross Profit Ratio is computed by subtracting cost of goods from sales and dividing by sales, and is expressed as a percentage. Cost of goods and sales data at the firm level are secured from GlobalVantage database of Standard & Poor's (Standard&Poor's, cited in Elango,2015, p.192).

### Gross profit ratio (global average, 2-Digit SIC)

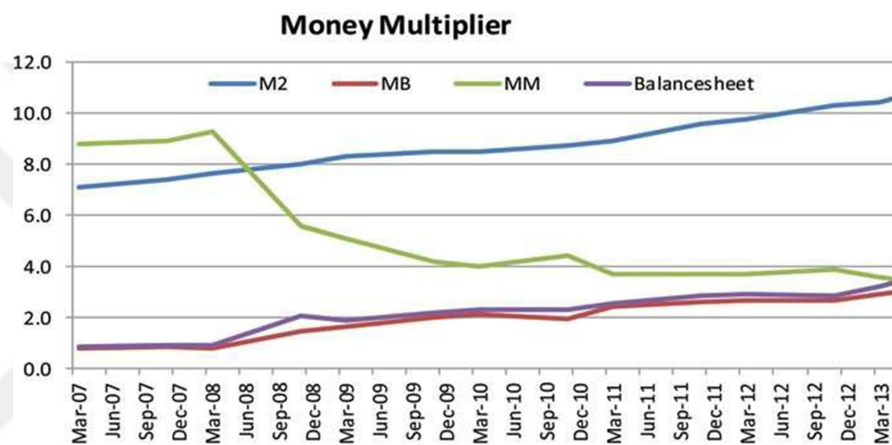
SIC	Industry	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
40	Railroad Transportation	47.3	30.3	32.6	31.7	30.4	29.8	30.6	29.3	31.5	31.8
41	Local & Interurban Passenger Transit	41.9	32.5	29.1	30.7	30.1	33.1	32.6	29.7	32.1	29.1
42	Trucking & Warehousing	32.3	27.2	25.9	28.7	29.3	28.0	6.5	28.9	28.2	25.4
44	Water Transportation	44.3	37.1	31.2	36.8	36.5	36.3	35.8	34.2	32.2	33.4
45	Transportation by Air	42.7	37.2	33.9	31.0	27.6	28.5	31.1	30.1	28.7	28.8
47	Transportation Services	44.5	40.4	39.5	38.9	38.5	39.4	40.9	38.5	38.8	38.7
48	Communications	46.9	9.8	41.7	46.4	38.7	-37.1	47.3	48.3	47.7	47.3
49	Electric, Gas, & Sanitary Services	49.8	43.8	30.6	40.3	37.8	38.2	39.3	38.6	38.8	39.8
50	Wholesale Trade – Durable Goods	24.8	22.7	21.4	20.0	20.4	2.9	7.3	-1.1	21.1	21.1
51	Wholesale Trade – Nondurable Goods	25.1	19.9	17.6	18.4	20.4	20.9	22.3	21.6	20.9	21.0
52	Building Materials & Supplies	41.7	34.7	35.2	34.0	33.9	34.2	34.0	34.2	33.7	35.0
53	General Merchandise Stores	36.0	33.4	33.3	31.7	32.0	30.8	32.3	32.2	33.2	33.5
54	Food Stores	35.7	31.7	28.7	27.7	28.3	28.9	29.1	31.4	28.8	29.0
55	Automotive Dealers & Service Stations	26.2	24.8	23.3	22.9	22.4	44.6	23.0	22.1	22.4	23.4
56	Apparel & Accessory Stores	48.4	48.2	48.5	46.6	48.4	47.2	48.0	49.2	48.8	48.1
57	Furniture & Homefurnishings Stores	35.2	32.9	34.0	34.3	39.4	27.7	14.6	34.7	35.2	34.7
58	Eating & Drinking Places	53.7	50.6	50.0	46.2	45.9	45.3	41.3	45.0	45.5	46.0
59	Miscellaneous Retail	40.8	37.9	29.4	27.9	36.8	37.4	34.7	34.5	37.9	38.0
60	Depository Institutions	43.0	43.4	43.6	-3.0	39.7	41.7	42.3	41.9	41.7	40.6
61	Nondepository Institutions	66.9	51.5	55.0	62.9	57.2	50.7	54.4	62.5	65.5	63.1
62	Security & Commodity Brokers	61.1	59.1	60.5	64.3	58.3	61.2	58.7	60.8	59.7	60.4
63	Insurance Carriers	22.7	21.9	20.6	18.6	17.5	19.2	19.3	19.3	20.3	21.6
64	Insurance Agents, Brokers, & Service	40.9	47.2	57.6	57.5	57.0	53.9	59.3	64.6	62.5	58.5
65	Real Estate	39.8	44.0	39.9	36.1	19.4	19.0	25.8	-22.4	30.6	36.9
67	Holding & Other Investment Offices	61.9	71.1	37.1	64.4	52.4	34.1	67.1	69.6	28.6	57.0
70	Hotels & Other Lodging Places	56.0	-0.3	52.4	53.0	53.7	50.9	51.5	50.9	49.1	51.8

72	Personal Services	41.8	41.5	42.3	42.7	42.4	44.6	46.0	48.2	48.6	46.9
73	Business Services	48.2	43.3		42.2	41.4	42.6	40.8		44.1	42.6
75	Auto Repair, Services, & Parking	50.2	45.0	41.0	40.3	40.7	45.5	46.3	46.0	50.3	47.0
78	Motion Pictures	41.9	-2.6	48.5	29.6	33.4	29.9	36.5	35.9	34.6	34.7
79	Amusement & Recreation Services	-27.4	44.7	47.5	47.3	48.5	46.5	48.7	49.9	51.2	49.5
80	Health Services	-51.3	36.3	39.1	38.4	36.8	36.7	36.7	37.1	36.3	35.8
82	Educational Services	41.9	48.5	46.5	40.8	44.5	45.4	44.9	44.3	45.0	44.2
87	Engineering & Management Services	39.8	34.1	28.4	30.9	30.2	29.1	30.7	29.7	24.2	30.3



## D. VELOCITY OF MONEY IN CIRCULATION

Even if massive liquidity injection grew up in banking sector in United States (M2), the velocity of money in circulation (MM) is more or less stable, i.e., financial expansion in market was not be compensated by market in crisis and post-crisis period (US Federal Reserve, cited in Sheel, 2014, p.250).



**Note:** US money multiplier. (US Federal Reserve. retrieved from <http://www.federalreserve.gov/econresdata/statisticsdata.htm>)

## E. APPROVAL OF METU HUMAN SUBJECTS ETHICS COMMITTEE

UYGULAMALI ETİK ARAŞTIRMA MERKEZİ  
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27 EKİM 2021

Konu : Değerlendirme Sonucu

Gönderen: ODTÜ İnsan Araştırmaları Etik Kurulu (İAEK)

İlgi : İnsan Araştırmaları Etik Kurulu Başvurusu

Sayın Mustafa Kemal BAYIRBAĞ

Danışmanlığını yürüttüğünüz Evren AYDOĞAN'ın "Ekonomik kriz dönemlerinin ve krizlere karşı geliştirilen kamu politikalarının, Türkiye'deki toptan ve perakende sektörü üzerindeki etkileri" başlıklı araştırması İnsan Araştırmaları Etik Kurulu tarafından uygun görülmüş ve 421-ODTU-2021 protokol numarası ile onaylanmıştır.

Saygılarımızla bilgilerinize sunarız.

Prof. Dr. Mine MISIRLISOY  
İAEK Başkanı

## F. TURKISH SUMMARY / TRKE ZET

Bu tez, neo-liberal politika oluřturma srecinde devlet mdahalelerinin Kk ve orta lekli iřletmeler (KOBİ'ler) zerindeki roln ve etkisini incelemektedir. zellikle KOBİ'lerin devletin mdahalelerine karřı daha duyarlı olacađı ifade edilmektedir. Bu bađlamda, bu tez, KOBİ'lerin ekonomik olarak zayıf, kurumsal destek mekanizmalarını organize edemeyen ve imalat ve hizmet sektrlerinin tam olarak btnleřmemiř geliřmekte olan lkelerde daha kırılgan olduđunu savunmaktadır. Byle bir ekonomide KOBİ'lere bakmanın nemi, bu iřletmelerin Trkiye gibi geliřmekte olan lkelerde iřsizliđı ve GSYİH'yı azaltmada sađladıkları destekten kaynaklanmaktadır. Ekonomik krizlerde bu devletler kolayca etkilendiđi iin devletin mdahalesi ve politikaları ok nemli hale gelmektedir. Bu kapsamda devlet mdahalelerinin ne kadar srdrlebilir olduđunu ve sektrleri nasıl etkilediđini gstermek nemlidir.

Ayrıca KOBİ'lerin markete ve paraya ulařmaları gerektiđinden bu mdahalelerin finansal, piyasa ve kurumsal temellere sahip olması gerektiđi de gsterilecektir. Ayrıca, karar alma mekanizmaları nedeniyle kurumsal yapıların glendirilmesi gerektiđi belirtilecektir. Bu durumda arařtırıldıđında Trkiye gibi geliřmekte olan lkelerde bu mdahale araları arasında dođrudan ve dolaylı finansal araların ne ıktıđı grlmektedir. Bu bakımdan bu mdahaleler, Trkiye gibi lkelerdeki Toptan ve Perakende Ticaret (WRT) iřverenleri arasında Devlete finansal bir bađımlılık ve politikalarına karřı bir gvensizlik oluřturmuř ve bu aracın artık kullanılamadıđı gsterilecektir.

KOBİ'ler uluslararası bir olgu olmasına rađmen, farklı zellikleri onları bulundukları lkeye zg kılmaktadır. Hizmet ve imalat KOBİ'leri arasında bir ayırım yapılabilirken, lkeler bu sektrlerde bile farklı KOBİ trlerine sahip olabilmektedir. nc blmde gsterildiđi gibi Trkiye, toptan ve perakende gibi geleneksel hizmet alt sektrlerinin yođunlařtıđı bir ekonomik yapıya sahiptir. Buna rađmen, literatrde Trkiye'deki KOBİ tartıřmalarının ođunun imalatı KOBİ'ler zerine yapıldıđı grlmektedir. Byle bir KOBİ tasarım ve mdahale ortamında hizmet sektrnn

nasıl bir gelişim ve dönüşüm süreci yaşadığının göz ardı edildiği gözükmektedir. Bu bağlamda bu tez, Türk Devletinin müdahalelerinin geleneksel hizmet alt sektörleri olan toptan ve perakende üzerindeki etkilerini analiz ederken hizmet KOBİ'si olmanın farklılıklarına ve beklentilerine katkıda bulunmayı amaçlamaktadır.

Türkiye'de toptan ve perakende sektörü, ülkede neo-liberal politikaların uygulanmaya başladığı 1980'lerde hızlı bir gelişme göstermiştir. Aynı zamanda bugüne kadar birden fazla ekonomik krizle karşı karşıya kalmış ve her krizden sonra devletin bu krizlere çözüm olarak müdahaleleri gelmiştir. Ancak, Ağustos 2018 döviz kuru krizi, önceki krizlerde olduğu gibi işsizliğin artmasına, dövizin ve faiz oranlarının yükselmesine, tüketici ve üretici enflasyonunun aşırı yükselmesine neden olmuştur. Sonuç olarak satın alma gücünü azaltan bu faktörler Türkiye'de talebe dayanan toptan ve perakendeyi ciddi şekilde etkilemiştir. Burada önemli bir nokta, Devletin 2001 ve 2008 krizlerine çözüm olarak uyguladığı ekonomik tedbirler sayesinde derinleşen finansallaşmanın sektörü ve müşteri kitlesini aradan geçen 17 yıllık süreçte güçlendirmemiş olmasıdır.

Türkiye'de toptan ve perakende sektörü, üçüncü bölümde ayrıntılı olarak açıklandığı gibi, hem GSYİH'ya hem de istihdama katkısı açısından en önemli sektörlerden biridir. Ayrıca ekonomilerde aile işletmelerinin yoğunluğu dikkate alındığında sektördeki olumlu ve olumsuz gelişmeler toplumu da etkilemektedir (Dana ve Ramazani, 2015). Ayrıca sektör, Türkiye'de iş yeri açma konusunda liderliği elinde bulundurmakta ve ticarete açılan bir kapı görevi görmektedir (Tüik, 2020).

Burada önemli bir husus, sektördeki işyeri açma rakamlarının, ikinci bölümde gösterildiği gibi aynı hızda kapanacak kadar yoğun olmasıdır. Bu da krizlerden etkilenecek kadar hassas olan bir yapının, üçüncü ve dördüncü bölümlerde de görüldüğü devletin müdahalelerine ihtiyacıdır. Doğrudan ve dolaylı devlet müdahalelerinin sonuçlarına bu açıdan bakmak önemlidir.

Bu noktada Türkiye örneği, devletin bankacılık kanalı aracılığıyla yaptığı dolaylı ve doğrudan finansal müdahalelerinin sektörün işleyişini ve gelişmesini desteklemek için yeterli olmadığını göstermektedir. Finansal destek paketleriyle tek başına kriz dönemlerini atlarmaya çalışmak sektörün kırılganlığına engel olmamıştır. Gerçekleştirilmeye çalışılan finansal, piyasa ve kurumsal desteklerin ise, KOBİ'lere ulaşmadığı görülürken, büyük kurumsal şirketler bu müdahalelerden faydalanmıştır.

Müdahale paketlerinin finansal araçlarının ise daha çok toptan ve perakende KOBİ'lere ulaştığı görülmüştür. Bu noktada, 1980'li yıllardan günümüze kadar olan süreçte, Devletin finansmana dayalı müdahalelerinin sektörü Devlet müdahalelerine daha fazla bağımlı hale getirdiği ifade edilebilir. Bu sebeplerle, devletin doğrudan ve dolaylı finansal müdahalelerin sektördeki firmaların finansa ulaşım, markete erişim ve kurumsal gelişimi üzerindeki etkileri araştırılacaktır.

Devletin ise birden fazla enstrümanı olmasına rağmen Türkiye'de toptan ve perakende sektöründe faaliyet gösteren şirketlerin çoğunun Devletin bankacılık üzerindeki doğrudan ve dolaylı müdahalelerinin sonuçlarından etkilendiği görülmektedir. Türkiye'de ise bankalar teminat olarak tapu talep etmekte ve her işveren için finansmana erişim bu yönüyle kolay olmamaktadır. Aynı zamanda Türkiye'de toptan ve perakende sektörünün karlılığının düşük olması, kriz dönemlerinde bu sektörde çalışan işverenlerin finansmana erişim imkânlarına zarar vererek kredi maliyetlerinin artmasına neden olmaktadır. Ayrıca, müdahalenin dikkatli bir şekilde planlanması ve KOBİ'lerin mali, piyasa ve kurumsal yönlerine yönelik olması gerektiğini göstermektedir.

Bu doğrultuda bu çalışma, Türkiye'de toptan ve perakende sektörünün dönüşümünü yerinde analiz etmek amacıyla, Ankara Gimat Toptancılar sitesindeki işverenlere yönelmiştir. Seçilimin bu alan üzerinde olmasının sebebi ise, kurulduğu 1980'li yıllarda tamamen bir toptancı merkezi olan sitenin günümüzde, Türkiye'deki toptan ve perakende sektöründe oluşan gelişmelerin birer özeti olacak şekilde organize perakendeye yönelmeye çalışması ve farkı kriz dinamiklerini ve devlet müdahalelerini de bu süreçte yaşamasıdır. Ayrıca, ikinci ve üçüncü bölümdeki tartışmalarda da göstereceğim gibi, sektörün zincir ve indirim marketler diyeceğimiz organize alana yönelimi de Gimatta görülmektedir. Ayrıca bu yönelimin etkilerini artan finansallaşma ile birlikte Gimattaki toptancı işverenler üzerinde neden yatırım yapmamayı tercih ettiğini göstermektedir.

Bu doğrultuda bu çalışma, Ankara Gimat toptancılar sitesindeki işverenlerin bu konularda ne kadar iyi dönüşüm süreçleri geçirdiğini ve devletin dolaylı ve doğrudan finansmana öncelik veren müdahalelerinin etkilerini finansal, market ve kurumsal anlamda analiz edecektir. Bunu yapmaya çalışırken, farklı türde toptan ve perakende KOBİ'leri ile görüşmeler yapılmış ve müdahalelere yönelik eylemleri

değerlendirilmiştir. Ayrıca toptancı sitesinin yönetim kurulunda farklı tarihlerde görev alan işverenlerle görüşmeler yapılarak, işverenlerin beklenti ve taleplerinin farklı yıllarda nasıl değişip dönüştüğü incelenmeye çalışılmıştır.

Bu bağlamda, bu tez üç ana temel üzerine inşa edilmiştir. Öncelikle KOBİ literatürünün çoğunun imalat KOBİ'lerine odaklandığı ancak Türkiye'de önemli bir KOBİ oranının sanayi değil hizmet KOBİ'leri olduğu belirtilecektir. Bu hizmet KOBİ'lerinin önemli bir bölümünün toptan ve perakende olarak faaliyet gösteren firmalar olduğu gösterilecek ve bu noktada bu işyerlerinin profillerinden, kırılanlıklarından ve Türkiye ekonomisinde ne kadar merkezi konumda olduklarından bahsedilecektir.

Ayrıca bu sektörde faaliyet gösteren firmaların aşırı talep hassasiyeti göz önünde bulundurularak çalışmamız devletin müdahale ve düzenlemelerinin etkilerini tarihsel bir perspektiften incelemeye çalışmaktadır. Ayrıca Devletin ekonomik müdahalelerinin yönü, beklentileri ve taleplerinin işverenleri bu süreçlerde baş aktör haline getirdiği değerlendirilecektir. Bu nedenle, bu tez, sektörde neler olduğunu anlamak için işverenler ve Devlet arasındaki arayüze odaklanmıştır.

İkinci olarak, Türkiye'de Devletten daha uzak olan ve Devlet politikalarına uymayan işverenler, yıllar içinde dönüşerek ve Devletin kararlarına daha bağımlı hale gelen işveren portföyüne dönüşmüştür. Ekonomik krizin farklı dönemlerinde kullanılan doğrudan ve dolaylı finansal müdahale araçları piyasa ve kurumsal anlamda tam olarak desteklenemediğinden, bu süreçlerin sonunda toptan ve perakende sektöründe işverenlerin kırılanlıkları ise devam etmiştir. Finansal müdahalelerin, market ve kurumsal olarak desteklenmesi gerekli olsa da, bu çalışma sektördeki durumun böyle olmadığını gösterecektir.

Üçüncü olarak, Türkiye'deki toptan ve perakende KOBİ'lerinde Devletin işverenlerin kurumsal karar verme yeteneklerini geliştirmeye yönelik müdahalelerinin yetersiz olduğu gösterilecektir. Bu durumun, Devlet destekli finansallaşma ortamında işverenleri düşük yatırım ve istihdam alanları oluşturmaya yönelttiği ifade edilecektir.

Saha çalışması bölümü düzenlenirken toptancı, perakendeci, hem toptan hem de perakendeci ve dernek yöneticilerinden oluşan 30 KOBİ sahibi ile soru-cevap şeklinde mülakatlar yapılmıştır. İlk olarak, sektöre toptancı olarak giren ve günümüzde toptancı



olarak devam edenlerle görüşmeler yapılmıştır. İkinci olarak, Türkiye'de toptan ve perakende sektörünün günümüzde organize perakendeci alana eğiliminden hareketle, sektöre toptancı olarak başlayıp son dönemde organize perakendeye geçenlerle de bu durumun Gimat'ta nasıl geliştiğini ölçmek için görüşmeler yapılmıştır. Üçüncü olarak, hem toptan hem de perakendeci olarak iş hayatlarına devam eden işverenlerle görüşerek, tecrübe edilen ekonomik krizler ve devletin doğrudan ve dolaylı finansal müdahaleleri analiz edilmeye çalışılmıştır. Son olarak farklı tarihlerde Gimat derneği yönetiminde görev alan işverenlerle görüşülerek, farklı kriz ve devlet müdahalelerinin işverenlerin tepkilerini bugüne göre nasıl değiştirdiği ölçülmeye çalışılmıştır. Toptancılığın dünü ve bugünü, farklı kriz dönemlerinde toptancılığın nasıl etkilendiği ve devletin bu krizlere karşı son 20 yılda geliştirdiği dolaylı ve doğrudan finansal müdahalelerin bu krizlerin gelişiminde ve dönüşümünde kendilerini nasıl etkilediğine ilişkin sorular sorulmuştur.

Bunlara ek olarak, bu tezin kapsamı, AKP iktidarının son 20 yılı ve üç büyük ekonomik krizin ve kriz sonrası süreçlerin kamu müdahaleleriyle Türkiye'deki toptan ve perakendeyi nasıl etkilediği ve dönüştürdüğüdür.

İkinci bölümde, tezin ana argümanlarının teorik arka planı tanıtılmaktadır. KOBİ'ler, hizmet sektörü, toptan ve perakende sektörü, kamu müdahaleleri ve ekonomik kriz konularında literatür taraması yapılmıştır. Literatür taramasının önemli bir sonucu, devlet müdahaleleri ile KOBİ'ler arasındaki ilişkinin genellikle KOBİ'ler arasındaki ülkeye özgü farklılıklar dikkate alınmadan araştırıldığı ve tartışmanın genellikle imalatçı KOBİ'lere odaklandığıdır. Aynı zamanda devlet müdahalelerinin de bu doğrultuda hareket ettiği, imalatçı KOBİ'lere yönelik müdahalelerin öncelikli olarak planlandığı görülmektedir.

Ayrıca literatürde gelişmiş ve gelişmekte olan ülkelerin KOBİ yapılarının kendi aralarında farklı özellikler gösterdiği görülmüştür. Gelişmekte olan ülkelerde hizmet sektörü KOBİ'leri içinde toptan ve perakende gibi geleneksel hizmet alt sektörleri önemli bir pay alırken, bu tartışmaların genellikle bunu görmezden geldiği ve genel olarak imalatçı KOBİ'lere odaklandığı görülmüştür.

Bu doğrultuda toptan ve perakende KOBİ'lerin devlet müdahalesine ihtiyaç duyan bir oluşum olduğu ortaya konmuştur. Uygun ve tutarlı bir devlet müdahalesine duyulan ihtiyacın toptan ve perakende KOBİ'ler tarafında olduğu gösterilmiştir. Teorik

çerçeve, hizmet ve imalat KOBİ'lerinin farklılaşması, gelişmiş veya gelişmekte olan ülke KOBİ'leri içindeki önemi ve ekonomik kriz dönemlerinin toptan ve perakende sektörünü nasıl etkilediğini en doğru şekilde ölçmek için incelenerek oluşturulmuştur.

Devletin müdahaleleriyle bu etkileri nasıl değiştirdiğini toptan ve perakende KOBİ'lerin finansal, piyasa ve kurumsal krizlerden nasıl etkilendiğini gösterilerek açıklanmıştır. Bu doğrultuda toptan ve perakende KOBİ'lerin ne kadar kırılgan oldukları ve ekonomik krizlerden nasıl etkilendikleri gösterildikten sonra sektörün değişim ve dönüşümleri gösterilmiştir. Ardından, Devletin finansal müdahalelerinin kriz ve kriz sonrası dönemlerde toptan ve perakende KOBİ'lerinin finans, piyasa ve kurumsal olarak gelişimini ve dönüşümünü nasıl etkilediği araştırılmaya çalışılmıştır. Sonuç olarak, devletin ekonomik krizlere müdahalesini finansal müdahalelerle sınırlandırmanın toptan ve perakende işverenlerin finansal, piyasa ve kurumsal yeterliliklerini iyileştirmede yetersiz kaldığı ortaya konmuştur.

Üçüncü bölümde, Türkiye'deki toptan ve perakende sektörünün günümüz Türkiye'sinde neden bu kadar merkezi bir konumda olduğu gösterilmektedir. Ayrıca sektörün ne tür özelliklere, türlere ve oluşumlara sahip olduğu gösterilmeye çalışılarak Türkiye'de parçalı bir toptan ve perakende sektör yapısının var olduğu gösterilmektedir. Son olarak, sektörün Türkiye'ye özgü kırılganlıkları, ekonomik krizlerde devlet müdahalelerinin sektöre neden müdahale etmesi gerektiğini göstermektedir. Bu kırılganlıkların, Türkiye'nin yaşadığı farklı ekonomik kriz dönemleri ve bu krizler sonrasındaki kamu müdahaleleri doğrultusunda şekillendiğini gösterilerek, sektörün farklı tarihsel ve ekonomik krizler sırasında nasıl bir gelişim ve dönüşüm geçirdiği gösterilmeye çalışılmıştır.

Bu doğrultuda, 2001, 2008 ve 2018 ekonomik krizlerinin Türkiye'de toptan ve perakende sektörü üzerindeki etkileri ve bu krizlere karşı geliştirilen kamu müdahaleleri araştırılmıştır. Bu süreç, 2001 ekonomik krizini izleyen süreçte başlamış ve bu krizin sonuçları açısından AKP'yi iktidara getiren bir süreç olmuştur. Bu süreci takip eden yıllarda yaşanan ekonomik kriz ve kamu müdahalelerinin AKP'nin iktidarda olduğu döneme denk gelmesi, ekonomik müdahalelerinin analizinde AKP'nin doğrudan ve dolaylı mali müdahalelerinin ön plana çıktığını göstermektedir. Ayrıca 2001 krizine giden süreçte Türkiye'de toptan ve perakendenin farklı özelliklerinin, türlerinin, profillerinin ve kırılganlıklarının Türkiye'nin daha neo-

liberal politikalarla karşı karşıya kaldığı 1980'lerden itibaren değişmeye başladığı düşünülmektedir. Bu nedenle araştırma, 1980'lerden 2000'lere kadar da analiz edilmiştir.

Dördüncü bölümde, bu tezin saha çalışması yapılmıştır. Bu doğrultuda öncelikle Gimat örneğinin çalışılmasının gerekçesi gösterilmeye çalışılmış ve neden bu sitenin seçildiği açıklanmaya çalışılmıştır. Özellikle doğrudan ve dolaylı kamu müdahalelerinin etkilerinin ölçülmesinin salt veri olarak analiz edilememesi nedeniyle farklı işverenlerle görüşmelere ihtiyaç duyulmuştur. Bu noktada toptan ve perakende unsurların günümüzde birlikte bulunması, hem de yiyecek ve içecek gruplarıyla ilgili toptan ve perakende işveren tiplerinden oluşması Gimat'ı önemli bir araştırma alanı haline getirmiştir.

Bu görüşmeler sonucunda dördüncü bölümde gösterildiği gibi 2001 yılındaki ekonomik krizden 2018 yılındaki döviz kuru krizine kadar olan süreçte Devletin müdahale araçlarının dolaylı ve doğrudan finansal müdahaleler şeklinde yoğunlaştığı görülmüştür. Bu finansallaşma talebe dayalı ve sektörel büyüklük sorunlarını kısmen hafifletirken, KOBİ'lerin üçüncü ve dördüncü bölümde bahsedilen finans, piyasa ve kurumsal alandaki Türkiye'ye özgü sorunların çözümünde bir gelişme göstermemiştir. Bu açıdan 2001 öncesi döneme göre hükümetin 2001 sonrası politikaları değişmişken, sektörün profili ve çalışma koşulları farklılaşmamış hatta daha çok Devlet müdahalelerine bağımlı hale gelmiştir.

Ayrıca, bu yıllarda hanehalklarının artan finansallaşmasının bu sektöre yöneldiği gözlemlenirken, bu sektörde sabit yatırım, istihdam ve katma değerde önemli bir gelişme kaydedilmemiştir. Hanelerde artan finansallaşmaya rağmen, bütçe sıkıntılarının yaşandığı ve bu durumun sektörde yiyecek içecek gibi öncelikli ihtiyaçların satıldığı alanlarda değişimi beraberinde getirdiği gözlemlenmiştir.

Beşinci bölüm ise sonuç bölümüdür. Dördüncü bölümdeki saha çalışması sonucunda ortaya çıkan bulgular ve tartışmalar gösterilmektedir. Bu bulgular ise temel olarak teorik ve ampirik bulgular olarak iki ana kategori altında toplanmıştır. Teorik bulgular, Türkiye'deki toptan ve perakende sektörünün bir gelişme ve dönüşüm pratiği içindeyken, aynı zamanda çok şok edici ve ağır ekonomik krizler ve bu krizleri önceden takip eden farklı devlet müdahaleleri ile karşı karşıya kaldığını göstermiştir. Bu süreçte devletin toptan ve perakende hizmet veren KOBİ'lere müdahale yaklaşımı

genel olarak karışmama siyaseti olarak gelişirken, sektörün talep noktasının merkezini oluşturan müşteri kitlesinin bu krizin etkilerini yaşadığı görülmüştür. Bu doğrultuda, Türkiye'de devlet müdahalelerinin sektörel müdahaleler olarak gelişmeyip karışmama siyasetinin bir yansıması olacak şekilde gerçekleşmesine rağmen, devletin makro ekonomiye dayalı olarak aldığı karar ve müdahale araçlarının etkilerinin sektör üzerinde yaşandığı gözlemlenmiştir.

1980 yılından sonra toptan ve perakende sektörünün, devletin ihracata yönelik bir politika izlediği neoliberal dönüşümle gelişen ticari özgürlük ortamında gelişmeye başladığı görülmüştür. Ancak devletin karışmama siyasesetinin bir örneği olarak, ithalatın sayesinde artan mallar bu yıllarda Türkiye'nin tüm ekonomik coğrafyalarına eşit olarak yayılacak şekilde bir organize bir perakende ağı ile karşılaşmamıştır. Bu süreçte Türkiye'de genel olarak toptan ve perakendeciliğin temelini geleneksel bakkal ve market tipi yapılanma oluşturmaya devam ederken, toptancılığın gelişimi hızlanmıştır. Devlet dolaylı olarak toptan ve perakende unsurlarının gelişmesinin önünü açmıştır.

1980'li yıllarda geleneksel kanallarda gelişmeye devam eden bu durum 1990'lı yıllarda birlikte değişmeye başlamış, yerel ve uluslararası ölçekte birden fazla organize toptan ve perakendeci Türkiye pazarına girmiştir. Ancak devletin makroekonomik müdahale mantığının sektördeki yansımalarına dikkat çekecek bir şekilde, organize mağazaların bu yıllarda Türkiye geneline yayılamamasının bu yıllardaki siyasi ve ekonomik belirsizliklerden kaynaklandığı görülmüştür. Bu noktalarda 2002 yılından sonra bir istikrar yakalanmış olsa da, Türkiye'de toptan ve perakende sektörüne 1990'larda ve 2000'lerin başında giren çok uluslu toptancı ve perakendecilerin 2010'lardan sonra Türkiye pazarından çıktığı görülmüştür. Diğer bir deyişle, Türkiye'de toptan ve perakende sektörünün kendine özgü koşulları olan düşük karlılık ve yüksek rekabet, hiper ve süper market konseptleri ölçeğinde hizmet veren bu firmaların maliyetlerini karşılamayı zorlaştırmıştır gözükmektedir ve bu firmaları Türkiye pazarının dışına itmiştir.

Ayrıca, 2002 sonrası artan finansallaşmanın öncülük ettiği finansal müdahale mantığı, sektörün talep noktasında istikrarlı ve sağlam bir yapıya kavuşmasında etkili sonuçlar üretememiştir. 2001 ve 2018 yılları arasında hanehalkı tarafında artan borçluluk rakamlarına rağmen, 2018 krizi Türkiye'de toptan ve perakende sektörünü 2001

krizine benzer sonuçlarla etkilemiştir. Krizle birlikte düşen tüketici güven endeksi ile birlikte piyasanın ciddi şekilde daralması ve harcamaların azalması bu süreçte perakende sektörünün borçlarının geri ödenmeme oranlarını arttırmıştır. Bu durum, finansallaşma yoluyla sağlanmaya çalışılan talebin güçlenmesinin Türkiye'de 17 yıllık geçiş döneminde geçici bir refah sağladığını göstermektedir.

Aynı zamanda devletin karışmama siyasetinin 1990'larda ve 2000'lerin başında gelişmeye başlayan organize perakende unsurlar karşısında geleneksel toptan ve perakendeciliğin ayakta kalmasını sağladığı görülmüştür. Bu yıllarda devletin toptan ve perakende üzerindeki kontrolsüzlüğünün ve yüksek enflasyon rakamlarının bir rant ortamı yarattığı ve geleneksel toptan ve perakendecileri desteklediği görülmüştür. Enflasyonun kontrol altına alınmadığı ve organize unsurların Türkiye'nin tüm ekonomik coğrafyalarına tam olarak yayılamadığı bir ortamda yakalanan bu refahın 2000'li yıllardan sonra azalmaya başlaması, sektörün geleneksel tarafında faaliyet gösteren işverenlerin yatırım tercihlerini ise bu yıllarda değiştirmeye başladığı görülmüştür. Devletin finansallaşmayı karışmama siyasetinin bir parçası olarak topluma kanalize etmesi sektördeki olumsuz etkilerini bu yönde ortaya koymuştur. Bu süreçte ciro kayıpları ve müşteri kayıpları yaşayan birçok geleneksel işverenin artan finansallaşmayı yatırım üretebilecek alanlar yerine altın, döviz, gayrimenkul ve taşıt gibi alanlara yönlendirdiği gözlemlenmiştir.

Benzer şekilde, toptan ve perakende sektörünün organize zincir market sektörleri de 2010'lu yıllardan sonra gelişmeye devam etse de düşüş gösteren bir gelişme grafiğine girmiştir. Önümüzdeki 10 yılda ise sektörün indirim marketleri konseptinde daha hızlı büyüyeceği görülmektedir. Bu da Türkiye'deki müşteri tiplemesinin fiyat odaklılığının , kriz süreçleri sonunda devletin finansal müdahaleleri sonucunda makro ölçekteki gelişmelerden ciddi şekilde etkilenmekte olduğunu göstermekte ve mağazacılık mantığını da yönlendirdiğini göstermektedir.

Özetlemek gerekirse, Türkiye'deki toptan ve perakende sektörü kendi içinde değişim ve dönüşümler yaşasa da sektörün talep noktası devletin makro ekonomiye doğrudan ve dolaylı müdahalelerine duyarlıdır. Bu durum, gelişmekte olan ülkelerin toptan ve perakende sektörlerinin, Türkiye örneğinde olduğu gibi, devletin genişletici ekonomik müdahalelerde bulunduğu ortamlarda talep hassasiyeti yaşamayacağını göstermiştir. Ancak yukarıda da bahsettiğim gibi sektörün kendi içinde bir değişim ve dönüşüm

sürecinde olduğu ve sektördeki paydaşların bu gerilemelerden, ilerlemelerden ve duraksamalardan tamamen bağımsız olduğu söylenememektedir. Türkiye'de geleneksel toptan kanalında faaliyet gösteren işverenlerin 2002 yılından sonra işlerinde gerileme görmeleri ve ekonomik anlamda herhangi bir yapısal dönüşüm göstermemekle birlikte artan finansallaşmayı kendi amaçları için kullanmaları bunu göstermektedir. Türkiye örneğinde görülen ise, devletin sektöre karışmama siyasetinin, finansallaşma ile birleştiğinde sonuçlarının yapısal bir dönüşüme neden olmadığı ve finansallaşmanın piyasa ve kurumsal müdahalelerle desteklenmesi gerektiğidir.

Bu tez sonucunda ulaşılan ampirik bulgular ise iki başlık altında sınıflandırılabilir. İlk olarak, toptan ve perakende sektörleri ekonomik krizlerden finansal, piyasa ve kurumsal yönlerden ciddi zarar görse de alt sektörlerinde farklılıklar gözlenmiştir. İnsanların yiyecek içecek gibi temel ihtiyaçlarını satan toptan ve perakendeciler krizden etkilenmekle birlikte diğer toptan ve perakende alt sektörlerinden farklılaşarak ekonomik krizi yoğun bir şekilde hissetmemişlerdir. Ancak Türkiye'de yaşanan ekonomik kriz ve bu krizlere karşı devletin finansal müdahaleleri yiyecek içecek gruplarının satımını yapan toptan ve perakendecilerin müşteri portföyünü değiştirmiştir. Krizlerin hanehalklarına verdiği zarar, tüketicilerin markayı ucuza bulmaya çalışması, tüketici farkındalığının ve fiyat yöneliminin artmasına neden olmuştur. Bu durumun geleneksel diyeceğimiz toptancılığı geriletliği ve tekelleşen indirim ve zincir diyebileceğimiz organize perakendeyi ilerlettiği görülmektedir.

İkincil olarak ise, Türkiye'de ekonomik kriz dönemlerine karşı devletin doğrudan ve dolaylı finansal müdahale araçları, kriz ve kriz sonrası dönemlerde işverenleri daha da finansallaşmaya itmiştir. Gittikçe tekelleşen organize perakende unsurların toptan ve perakende sektörünü tamamen etkisi altına almasıyla birlikte, müşteri kayıpları ile karşı karşıya kalan toptancı, küçük market, bakkal ve dükkan sahiplerinden oluşan geleneksel toptancılar ve perakendeciler, devletin ucuza sağladığı finansman kanallarını kullanarak başka iş alanlarına yönelmişlerdir. Bu yatırım alanları ise altın, döviz, gayrimenkul ve araç gibi alanlar olarak öne çıkmıştır. Diğer taraftan, bu parasal genişleme ortamı, toptan ve perakende sektöründe faaliyet gösteren işverenlerde yatırım, işgücü ve katma değer açısından herhangi bir iyileşme yaratmamıştır. Aksine bu süreç, ekonomik genişlemenin ancak devletin müdahaleleri oluşan

finansallaşmanın gelişmesi ile sağlanacağı düşüncesini doğurmuştur. Bu durum işveren ile devlet arasında bir bağımlılık yaratan bir sürece evrilmiştir.

Araştırmanın başında da gösterildiği gibi, KOBİ'lerle ilgili tartışmalar imalatçı KOBİ'lere odaklanırken, hizmet sektörü KOBİ'leri genellikle ilgisiz bir alan olmuştur. Bu durumun devletin karar alma süreçlerinde endüstriyel bir KOBİ liderliğine yol açmıştır. Yani krizlere yönelik müdahaleler, imalatçı KOBİ'lerin beklenti ve taleplerini karşılamak üzere tasarlanmaktadır. Ancak literatür taramasının da gösterdiği gibi hizmet KOBİ'leri ülkelerde hayati bir yer tutmakta ve ayrıca hizmet KOBİ'leri gelişmiş ve gelişmekte olan ülkelerde bulunmalarına bağlı olarak farklı özellikler gösterebilmektedir. Bu farklı özellikleri, hizmet alt sektörlerini krize yatkın ve krize yatkın olmayan şeklinde de ayırmaktadır. Bunun yanı sıra ekonomik krizler, geçici olmayıp, krizlerin yaygın olduğu ülkelerde işverenlerin ve müşteri portföylerinin karar verme süreçlerini etkileyebilecek olup, kriz sonrası dönemlerde işverenlerin karar verme süreçlerini de etkilemektedir.

Bu noktada devletin önemi ortaya çıkarken, Türkiye'deki ekonomik krizlerin kontrol altına alınması ve piyasaların kriz öncesi normal seviyelerde dönmesi hükümetlerin yasal meşruiyetlerini arttırmıştır. Bu yasal meşruiyet ise AKP iktidarı süresince doğrudan ve dolaylı finansal müdahaleler ile arttırılırken, Türkiye özelinde, toptan ve perakende sektörünün müşteri portföyünün beklenti ve taleplerini değiştirmiştir. Sahada bu süreci analiz eden toptancılardan ise organize perakende alanına geçişler Gimat özelinde bu dönemlerde görülmüştür. Saha çalışmasında ortaya çıkan diğer ampirik bulgular ise şu şekilde belirtilebilir.

Sektör organize perakendeye yönelirken, geleneksel kanaldaki bütün toptancı ve perakendeciler bu geçişe uyum sağlamamıştır. Gimat'taki toptancılarda, birikimleri ve yatırımları güvenli alanlarda kullanmaya çalışan bir işveren kimliği oluşmuştur. Bu sürecin özellikle 2002 sonrası dönemde, AKP hükümetleri tarafından finansallaşma ile sübvansede edilmesi, işverenlerin birikimlerini altın, döviz, gayrimenkul ve araç gibi alanlarda olmasını kolaylaştırmıştır. Diğer bir ifadeyle, Gimat'taki işverenler müşteri tarafında yaşadıkları kayıpları borçlanarak telafi edebilmiştir.

Bu süreçte ise Türkiye'deki toptan ve perakende sektöründe katma değer, sabit yatırımlar ve işsizlik oranlarında iyileşme olmamıştır. Bu bağlamda, Türkiye'de devletin finansal müdahalesinin eksik yanı, sektörün geleneksel alanlarındaki

gerilemeyi görmesine rağmen, sektörü dönüştürmek için ucuz kredi finansmanının avantajlarını doğru kullanmamasıdır. Diğer bir deyişle devlet, artan parasal genişlemenin nasıl ve hangi alanlarda kullanılacağı konusunda Gimattaki işverenlerin karar alma süreçlerinin analizini iyi yapmamıştır.

Ancak Gimat'taki tüm işverenler finansmana erişememiştir. İlk olarak, bankalar teminat olarak gayrimenkul, arsa ve tapu senedi isterken bu krediyi kolay ulaşılabilir yapmamıştır. Bu süreç Gimat'ta güçlü olan işverenleri zenginleştirirken, zayıf olan işverenleri daha da zayıflatmıştır. İkincil olarak, finansmana erişim şansı artmış olsa da kredi kullanmayı bilen küçük bir işveren grubu enflasyon sonuçlarını ve öz sermayeyi hesaplayabilecek kurumsal yeterliliktedir. Düşük finansal yeterlilik, işverenleri bankacılık kanalının kendilerine sunduğu fırsatlardan uzak tutmuştur.

Yiyecek içecek sektöründe toptan ve perakende sektörü tekelleşmeye doğru giderken hala geleneksel anlamda dükkan, bakkal ve marketler açarak bu alana girmeye çalışan bir girişimci profili bulunmaktadır. Bu durum benzer firmaların aynı lokasyonda aynı malzemeleri satmasına neden olmaktadır. Gimatta da görüldüğü gibi işverenlerin kâr marjları ve ciroları gittikçe bu süreçte kötüleşmektedir. Ayrıca sektörde bir kalite ve standardizasyon sorunu vardır. Sigortasız çalışan, işyeri olmayan, vergi levhası olmayan kayıtsız firmaların piyasadaki fiyat adaletsizliğini derinleştirdiği görülmektedir.

E-ticaret toptan ve perakende sektöründe ilerlemesine ve sektörde önemli bir paya sahip olmasına rağmen, Gimat'taki işverenler bu sürece tam olarak uyum sağlayamamıştır. Bazı toptan ve perakende işyerleri bu süreci yönetebilecek kurumsal donanımına sahip değilken, bazılarının da işyerinde bu satış kanalını uygulayacak ve bunun için personel istihdam edecek sermaye yeterliliği bulunmamaktadır.

Sektörde bankacılık araçlarının kullanımı artsa da, çek ve senet sektörde hala kullanılmaktadır. Ayrıca veresiye satışlar Gimat'taki işverenlerin hepsi tarafından bırakılmamıştır. Bu vade araçlarının işverenler tarafından kullanılması ise zincirler ve indirim marketleri ile rekabet aracı olarak kullanılmasıdır. Yani satın almada sağladıkları fiyatlama gücünü ucuzluk olarak etiketlere yansıtan bu organize firmalar, satış mantığını peşin ile sürdürmekte ve vadeli satış yapmamaktadır. Bu doğrultuda Gimat'ta örnek olarak görebileceğimiz çek, senet gibi vadeli satış yapan veya araçları



kullanan işverenler, bu kurumsal firmaların müşterilerine sunamadıkları araçları müşterilerine sunmuş gibi göstererek sektörde var olmaya çalışmaktadırlar.

Devletin resmi belgelerinde ihracatın teşvik edilmesi belirtilse de, Gimat'ta toptancılıktan organize perakendeciliğe geçiş yapan kurumsallaşmayı yüksek düzeyde gerçekleştirmiş görünen firmaların yöneticilerinde dahi ihracat noktasında soru işaretleri vardır. Ayrıca bu işverenlerin birçoğunun birikimlerini sermaye araçları ve inşaat gibi alanlara yönlendirme konusunda oldukları gözlemlenmiştir. Bu açıdan toptan ve perakende sektörünün örgütlü tarafında yer alan işverenlerin Türkiye'nin sektörel dönüşümüne ne kadar katkıda bulunabileceği konusunda ciddi soru işaretleri vardır.

Bu bulgular bağlamında öne çıkan başlıca politika önerileri, makroekonomik dengenin bozulmasına neden olacak döviz kurlarındaki belirsizliklerin, kriz öncesi dönemlerde de devlet kurumları aracılığıyla sektör işverenlerine aktararak; işverenlerin, riskli kararlar vermek zorunda oldukları koşulları bilerek, öngörülebilirlik düzeyini arttırmaktır. Bu gelişme ise öncelikle devletin kurumlarını güncellemesi ve çıkardığı kanunları güne göre revize etmesi ile mümkün olacaktır. Özellikle ticareti bilen satın alma, depolama ve maliyet-fayda analizi yapma kapasitesine sahip memurların gelişimi teşvik edilmelidir. Ayrıca toptan ve perakende sektöründe, devletin gözetim ve denetimi dışında kalan ve kayıt dışı iş yapan bir işveren grubunun varlığı, kurumsallaşma peşindeki şirketlere karşı, bu gruba haksız bir avantaj sağlamaktadır. Özellikle resmi belge olmadan ticarete devam eden ve kayıt dışı olan işverenler için cezalar düşünülebilecekken, devletin yazılım alanlarını finansal sübvans etmesi markalaşma konusunda iyileşme sağlayabilir.

E-ticaret konusunda finansman ve kurumsal yetersizliklere karşı yapılacak düzenlemeler, ciro ve kar marjı açısından ciddi kayıplar yaşayan toptancıların müşterileriyle doğrudan e-ticaret üzerinden iletişim kurmasını sağlayabilir. Firmalar yüksek depolama güçlerini kullanabilirler.

İnsanların bir şeyi alıp satmanın kolay olduğu algısı birçok kişiyi toptan ve perakende sektörüne yönlendirmektedir. Öte yandan sektörden çıkışların girişler kadar yüksek olması bu durumun o kadar kolay olmadığını gösterirken aslında çıkış yapan her girişimcinin veya işverenin sermaye kaybıyla karşı karşıya kaldığını da göstermektedir. Bu noktada devlet, iş kurmak isteyen ancak kurumsal yeterlilik

açısından sanayi ve imalat sektörlerine yönelemeyen girişimcileri, bu birikim ve kayba neden olmadan resmi belgelerinde belirtilen ekonomik yeniden yapılanma doğrultusunda sektörlerle yönlendirmelidir. Bu da devlet kurumlarının tasarrufları yönlendirebilecek düzeyde yeniden yapılandırılması gerektiğini göstermektedir.

İşverenlerin bankacılık finansman araçlarını kullanıp kullanmayacakları ipotekle güçlü bir şekilde ilişkilidir. Bu noktada ipotek mantığının devlet tarafından güncellenmesi ve revize edilmesi gerekmektedir. İpotek mantığında süregelen banka kredileri, işverenleri ve girişimcileri gayrimenkul yoluyla elde edecekleri ipoteklere yöneltmekte ve bu da tasarrufların inşaatta birikmesine neden olmaktadır.



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