

Data Collection Survey on Development of SMEs in the Republic of Turkey

Final Report

February 2022

Japan International Cooperation Agency (JICA)

UNICO International Corporation

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Small and Medium Enterprises Development Organization (KOSGEB),
The Republic of Turkey

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List of Abbreviations

Abbreviations	Turkish	English
AI		Artificial Intelligence
BCP		Business Continuity Plan
BDS		Business Development Services
B2B		Business to Business
B2C		Business to Consumer
CCI		Chamber of Commerce and Industry in Japan
CEO		Chief Executive Officer
CMC		Certified Management Consultant
COVID-19		Coronavirus Disease 2019
EC		Electronic Commerce
EU		European Union
FY		Fiscal Year
GİSEP	Türkiye Girişimcilik Stratejisi ve Eylem Planı	Turkish Entrepreneurship Strategy and Action Plan
HAK	Helal Akreditasyon Kurumu	Halal Accreditation Agency
HQ		Headquarters
HR		Human Resource
IDR	İşletme Değerlendirme Raporu	Enterprise Assessment Report
IoT		Internet of Things
ISO		International Organization for Standardization
IT		Information Technology
ITO		International Trade Organization
JETRO		Japan External Trade Organization
JFC		Japan Finance Corporation
JICA		Japan International Cooperation Agency
JPY		Japanese Yen
J-SMECA		Japan Small and Medium Enterprise Management Consultant Association
KAIZEN		Quality and Productivity Improvement
KBS	KOBİ bilgi sistemini	SME Information System
KOBİGEL	KOBİ Gelişim Destek Programı	SME Development Support Program
KOBİ TEKNOYATIRIM	KOBİ Teknolojik Ürün Yatırım Destek Programı	SME Technological Product Investment Support Program

Abbreviations	Turkish	English
KOSGEB	Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı	Small and Medium Enterprises Development Organization
KPI		Key Performance Indicator
KSEP	KOBİ Stratejisi ve Eylem Planı	SME Strategy and Action Plan
METI		Ministry of Economy, Trade and Industry in Japan
MSE		Micro and Small Enterprise
MYK	T.C. Mesleki Yeterlilik Kurumu	Republic of Turkey Vocational Qualifications Authority
NGO		Non-Governmental Organization
QC		Quality Control
R&D		Research and Development
SAUSEM	Sakarya Üniversitesi Sürekli Eğitim Uygulama ve Araştırma Merkezi	Continuing Education Application and Research Center of Sakarya University
SCI		Society of Commerce and Industry in Japan
SEO		Search Engine Optimization
SGK	Sosyal Güvenlik Kurumu	Social Security Institution
SME		Small and Medium Enterprise
SME Support Japan		Organization for Small & Medium Enterprises and Regional Innovation, Japan
SNS		Social Networking Service
TOBB	Türkiye Odalar ve Borsalar Birliği	Union of Chambers and Commodity Exchanges of Turkey
TRY	Türk lirası	Turkish lira
TSE	Türk Standardları Enstitüsü	Turkish Standards Institution
TÜBİTAK	Türkiye Bilimsel ve Teknolojik Araştırma Kurumu	Scientific and Technological Research Council of Turkey
TÜİK	Türkiye İstatistik Kurumu	Turkish Statistical Institution
TÜRKAK	Türk Akreditasyon Kurumu	Turkish Accreditation Agency
TÜRKPATENT	Türk Patent ve Marka Kurumu	Turkish Patent and Trademark Office
UI		User Interface
USA		United States of America
USD		United States Dollar
UX		User Experience
VC		Venture Capital
VQC		Vocational Qualification Certificate
YDD	Yönetim Danışmanları Derneği	Management Consultants Association

Currency Conversion Table (yearly average)

	TRY→JPY	JPY→TRY
2019	19.598	0.051
2020	16.283	0.062
2021	13.290	0.075

	TRY→USD	USD→TRY
2019	0.179	5.598
2020	0.151	6.684
2021	0.123	8.162

Source: Bank of Japan as of December 9, 2021

Executive Summary

1. Purpose

The primary purpose of the Survey was to understand the current state of the SME Guide and Technical Consultant Systems introduced by KOSGEB¹ as well as the capacity of the SME Guides and Technical Consultants providing business advice for the beneficiary MSEs (Micro and Small Enterprises) in the Rapid Support Program, and to explore possible improvements to the design, operation and management of the SME Guide and Technical Consultant Systems, thereby studying and proposing the future direction of JICA's cooperation that would contribute to strengthening SME management capability in Turkey as a whole. This survey was conducted from March 2021 to February 2022.

2. Outline of SME Guide and Technical Consultant Systems and Opportunities for Cooperation

KOSGEB started formulating its own SME support professional authorization system of around September 2017 and published the Regulations on SME Guidance and Technical Consultancy Services on the Official Gazette on February 5, 2019. The establish a system that divides SME support professionals into two categories: SME Guides² and Technical Consultants.³ SME Guides look at all aspects of management and assist with current situation analysis, action planning, and implementation. They have the opportunity to be promoted to Senior SME Guides if they achieve a certain level of performance. Technical Consultants use their specialized knowledge and experience to advise SMEs.

KOSGEB sets targets to be achieved within three years from the launch of the system: 300 SME Guides and 3,250 Technical Consultants to be registered, serving 2,650 SMEs. Applications for Technical Consultant began in August 2020, but nobody has completed the authorization process as of November 2021. In the same month, applications for SME Guide had not yet started.

Since neither the SME Guides or Technical Consultants new systems are in full operation as of November 2021, it is difficult to identify real opportunities. However, based on the relevant Japanese policies and systems, the following potential opportunities for cooperation are considered: (1) Complementary nature of SME Guide system and vocational qualification⁴ of SME Consultants, (2) Clarification of the relationships between SME Guides,

¹ KOSGEB: Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı (Small and Medium Enterprise Development Organization)

² KOBİ Rehberi

³ Teknik Danışman

⁴ An "SME Consultant" vocational qualification certificate under the framework established by the Vocational Qualification Agency (MYK: T.C. Mesleki Yeterlilik Kurmu)

Technical Consultants, and SME Experts of KOSGEB, and (3) Improvement in recognition and appreciation from SMEs.

By June 2021, 320 people had obtained the SME Consultant Vocational Qualification Certificate (VQC), which is the primary requirement for SME Guides, according to the MYK, but statistics on their attribute information do not exist. Using the information published by the Continuing Education Application and Research Center (SAUSEM) of Sakarya University for 137 VQC holders, which represents more than 40% of the total, 45% of these SME Consultants are concentrated in Istanbul, Bursa and Izmir. By region, more than 65% of these SME Consultants are concentrated in the Marmara region, which includes Istanbul and Bursa, and the Central Anatolia region which is centered on Ankara. = SME Consultant distribution is more heavily skewed than beneficiary company distribution. There is a seven-fold difference in the ratio of Consultant VQC holders to the number of beneficiaries in the Marmara and Eastern Anatolia regions.

Furthermore, for other related SME support professionals, the KOSGEB had a total of 572 SME Experts and SME Assistant Experts in KOSGEB regional offices and representative offices at the end of 2020. By regulation, SME Experts must monitor the companies receiving proposal-based project support from KOSGEB every four months. Their regular duties include company visits or telephone/e-mail communications to carry out this monitoring, along with assisting companies to make new applications for KOSGEB support and checking conformity with eligibility requirements.

When KOSGEB was established in 1990, SME Experts were expected to provide consulting services. However, KOSGEB later moved toward providing subsidies rather than consulting services, which required SME Experts to be neutral toward beneficiary companies. Therefore, consulting services are not included in their current job description. Likewise, the KOSGEB representative offices at chambers of commerce and other relevant organizations also refrain from providing individualized advice beyond general information about support programs and application procedures. Nevertheless, according to interviews by the Survey Team, frontline workers' reality is somewhat flexible when business owners need support. A few SME Experts mentioned the possibility of working as an SME Guide after retiring from KOSGEB.

3. Japanese SME Consulting Support Policies and Systems

The Survey Team gave an online presentation for KOSGEB on May 18, 2021 to introduce relevant Japanese policies and systems that can be used as reference for improving the SME Guide and Technical Consultant Systems, which was attended by 100 participants from KOSGEB.

One characteristic of Japan's SME support delivery system is its consultation desks and expert dispatch programs. One typical system, the One-Stop Support Centers and SME *119* Dispatch Service⁵ is available at support centers in each prefecture, including a free one-stop consultation desk for business management issues, including consultation with experts who have experience in the issues, and using external support organizations and programs to provide appropriate support measures. Moreover, in cases where consultation desk responses are difficult, experts will be dispatched free of charge to companies, up to three times.

In terms of overseas market development, the Japan Mall Program provides support for overseas expansion, via free support for e-commerce transactions with overseas buyers, including assisting SMEs by promoting products on overseas e-commerce sites and with import/export procedures. In the digitization field, the SME Digitalization Supporter Dispatch Program provides experts in digitalization and information technology fields according to the issues and provides subsidies for experts' fees. In addition, financial support systems such as the Management Innovation Plan Approval System and the Management Development Support Fund for Small Enterprises are unique in that they include management consulting by SME support professionals as a requirement for applying for subsidies.

Japan's SME support professionals, such as SME Management Consultants and Legally-Qualified Management Advisors, are required to engage in practical work as well as training and examinations as a requirement for registration, which must be renewed every five years. In addition, the government has set up a system to certify individuals, corporations, and SME support organizations with specialized knowledge and a certain level of practical experience as Approved Management Innovation Support Agency/Agent. There is also a system for those who already have business experience in new fields, such as digitalization, to train and register as program-specific experts.

4. Micro and Small Enterprise Management Survey

(1) Implementation Outline

As a part of the survey, KOSGEB and the Survey Team implemented a total of six days online management seminars from August 4, 2021, to August 12, 2021. A total of 345 persons took part in the seminars, which were offered for beneficiary MSEs of the Rapid Support Program that have completed the first round of screening to provide them with knowledge and information useful in overcoming the difficult business environment and maintain or expand their businesses, and to encourage them to apply for the individual consultation program and

⁵ *119* is an emergency telephone number in Japan to call an ambulance or a fire truck. In that sense, SME *119* is a system to swiftly dispatch experts on request from SMEs.

online workshop to be held in November 2021.

The individual company consultations, individual consultation program and online workshop were conducted from November 1 to 12, 2021. 27 MSEs participated in the individual consultation, and 38 people from MSEs plus 13 SME experts participated in the online workshop. The individual consultation and the online workshop were offered for MSEs who asked to take part from the MSEs attending the online management seminars and the beneficiary MSEs of the Rapid Support Program that had completed the second round of screening. The aim was to support improvement of the management of the participating MSEs through the following phases: identification of management issues, prioritization of issues and formulation of measures for improvement. The Survey Team used these activities both to provide the MSEs with management tips and advice and to collect information about their actual business conditions. Additionally, 25 SME Experts provided on-the-job training to strengthen the capacity of SME support professionals.

Initially, SME Guide and Technical Consultants were supposed to participate in the individual consultation and the online workshop. However, due to the delay in establishing the SME Guide and Technical Consultants system in KOSGEB, only SME Experts were able to participate. The individual consultation was conducted online in response to the spread of COVID-19.

(2) Outline of Online Questionnaire Survey

This online questionnaire survey was conducted among the MSEs participating in the online management seminars. About half the responding MSEs were in the “computer, electronic and optical products,” “machinery and equipment” and “scientific R&D” industry sectors, which is notably different from the overall industry composition of MSEs in Turkey. In terms of geographical location, about half the participating MSEs were in the top three regions of Istanbul, Ankara and Izmir. Although sales and profit growth rates have deteriorated, a high percentage of MSEs saw their performance as positive, and a high percentage responded that their company is highly competitive.

More than 70% of the respondent MSEs answered that their business conditions have “improved” or “remained unchanged” since 2020, and one in four answered that their business conditions have “worsened”, contrary to expectations. On the other hand, many MSEs that have not yet reached the stage of stable sales and many MSEs that lacked financial and human resources participated in the individual consultation and online workshop.

Among the MSEs that requested individual consultation by industrial sectors, those in the “computer, electronic and optical products” industry actively requested individual consultations.

(3) Outline of Observations from the Individual Consultation Program and Online Workshop

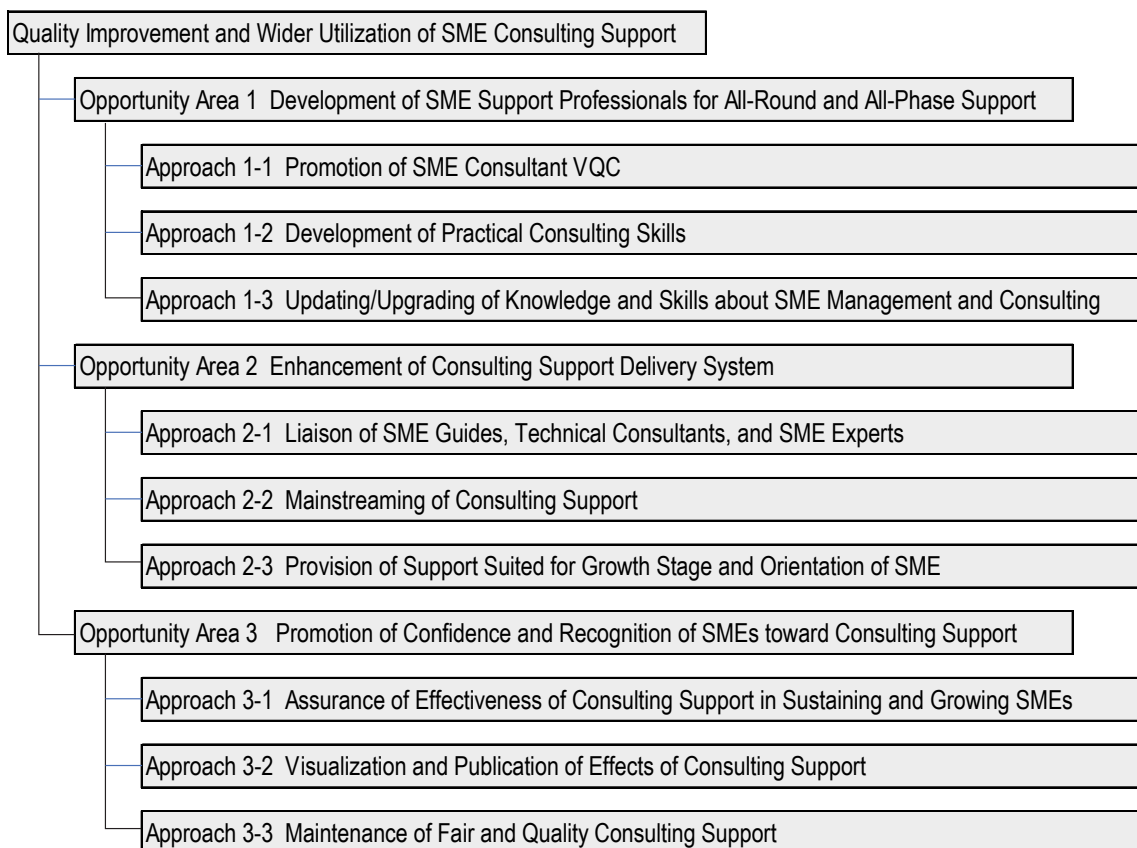
The individual consultation and the online workshop followed the management diagnosis and improvement planning phases, including "understanding the current situation, identifying issues, prioritizing them, and creating countermeasures and action plans." Many managers of the MSEs responded favorably to this method, so it is considered that there is a certain need for this management consultation process.

Most of the SME Experts were observers in the individual consultation, and few of them actively spoke and gave advice. The impression was given that many SME Experts lacked logical thinking and the ability to analyze/pursue the root causes of MSE's management issues.

However, the division of duties of SME Experts should be taken into account: they are required to be neutral to individual companies and should not give them specific advice and therefore their overall capabilities cannot be evaluated. Nevertheless, there is room for improvement in the development of their services, especially those SME experts who lack information on resources such as relevant public support institutions and funding for start-up companies.

5. Orientation of JICA's Future Cooperation

The opportunities for future cooperation discussed in "2. Outline of SME Guide and Technical Consultant Systems and Opportunities for Cooperation" are explored to identify possible approaches, as shown in Figure 5-1. Note that the overall goal of operating the SME Guide and Technical Consultant Systems is "to improve the quality and expand the use of consulting support for SMEs," and the measures deemed necessary to achieve this goal are explored in each area of opportunities. Further, Japanese experiences/systems that can be utilized for each approach are extracted. These approaches are viewed as a set of measures to be considered for collaboration between JICA and KOSGEB.



Source: Prepared by the Survey Team

Figure 5-1 Approaches in Areas of Opportunities for Future Cooperation

Based on the possible cooperation activities mapped in the previous section, the Survey Team proposes the following draft orientation of JICA's future cooperation. It should be divided into two phases: a first phase that aims to make SME Guides and Technical Consultants quantitatively sufficient, and a second phase that aims to strengthen the comprehensive support system centered on consulting support. Both phases contain highly important approaches. In addition, available Japanese experience and resources that could be utilized in the context of Turkey was used as a criterion for selecting approaches. The two phases may not necessarily be implemented sequentially - their time frames may overlap. However, it would be difficult to implement the second phase without a certain number of SME support professionals being available.

(1) First phase

- a. Promotion of practical engagement related to SME Guide authorization by providing a continuous online consulting service to SMEs

Purpose: To ease barriers for candidates who have completed the SME guide training program to engage in practical work independently, with correct execution supported throughout the process, from analysis of the current situation to identifying problems and formulating business plans or improvement plans.

Method: During SME Guide candidates' practical engagement, a session to review the progress of planning and execution will take place once a month, in which the candidate and client SME will be joined by a Japanese expert remotely and online. Japanese experts will apply the individual consultation program conducted online method to help SME Guide candidates learn consulting techniques and provide consulting support smoothly to companies during the interval period. This will be included in the hours of training required for SME Guide authorization.

This continuous online consulting practice will be used as a model for developing a tool that facilitates consulting process for use by SME Guides and a tool that assists practical engagement for use by KOSGEB.

Possible partner: KOSGEB

Possible participants: University providing the SME Guide training program and TOBB providing SME Guide candidates with opportunities for practical engagement

- b. Survey on design of measures to promote certification

Purpose: To promote SME Consultant certification and SME Guide authorization intensively among the target groups identified, and thereby secure a sufficient number of SME Guides at an early stage.

Method: The target groups that are expected to play an active role as SME Guides will be identified. Staff members of chambers of commerce, industry associations or other employer associations, retired SME experts, and retired company employees/owners are possible candidates for these groups. Incentive structures,⁶ partial exemption from qualification

⁶ For a measure for securing job opportunities that the incentives will be centered, refer to "c. Survey on designing a support program that combines special loans and consulting support." It would be also effective to offer part of SME guidance support for free of charge to the SME (support 100% of costs) even for a limited time.

requirements, a reward program and other measures will be devised to convert target groups to SME Guides intensively within a short period. After a trial implementation and verification of these measures, a system for accelerating SME Consultant and SME Guide development will be designed and suggested to KOSGEB and related organizations.

Possible partner: KOSGEB and/or MYK

Possible participants: Testing bodies (Sakarya University, Sakarya University of Applied Sciences, and TOBB)

- c. Knowledge support through online seminars, discussion with Japanese counterparts, and/or Invitation or Knowledge Co-Creation Program in Japan

Purpose: To share Japan's experience in disseminating consulting support and strengthening comprehensive consultation systems through direct discussion with policymakers and field personnel, to provide a reference for formulating a future vision and strategic plans to realize the vision in Turkey.

Method: Online programs or Invitation/Knowledge Co-Creation Programs will be organized as an opportunity to learn about approval of management innovation plans, the one-stop comprehensive support program (*Yorozu* support centers and SME *119* expert dispatch), the small business management improvement fund and similar resources, to enable participants to understand the background, mechanism, operation, outcomes and challenges of such SME measures in Japan. Participants can be assumed to be high-rank officials and planning officers from KOSGEB and the Ministry of Industry and Science, executives and staff of related ministries and agencies, and executives from commercial and industrial organizations.

Possible partner: Participants listed above

(2) Second phase

d. Survey on designing a support program that combines special loans and consulting support

Purpose: To provide consulting support to be used by more SMEs, provided integrally with a special loan program, which will lead to job opportunities for authorized support professionals and raising awareness about consulting support.

Method: Pilot companies will be selected from among the beneficiaries of the MSE Rapid Support Program or the KOSGEB loan interest support program, and SME Guides and Technical Consultants and provided with continuous consulting support. In parallel with monitoring the consulting support, cases from Japan and third countries will be studied in detail with KOSGEB, with a view to merging special loans and consulting support. Based on the results, a support program that combines special loans and consulting will be drafted and proposed to KOSGEB and related organizations.

Possible partner: KOSGEB

Possible participants: Financial institutions that are major partners in providing loans under the KOSGEB interest support program (such as Halk Bank)

e. Survey on planning a system for continuous support for business development by consolidating locally available support resources

Purpose: A mechanism will be developed for utilization of SME support resources across different organizations, and the environment will be reinforced to enable SMEs to utilize appropriate support as needed throughout their business life cycle.

Method: Support resources available to local SMEs will be identified and displayed. Support agencies and support professionals with these resources will be encouraged to participate in mutual consultation and cooperation through the methods, mechanisms, and systems to be drafted and implemented on a trial basis. After the results are verified, a comprehensive support system based on mutual cooperation among support agencies and professionals will be drafted and proposed to related organizations.

Possible partner: KOSGEB, TUBITAK, Development Agencies, Halk Bank, TOBB, etc.

- f. Survey on system design of consulting support for SMEs aiming at doing business with Japanese or other foreign companies and cultivating the Japanese or other markets

Purpose: Consulting support techniques will be improved to help SME's do business with foreign companies and for overseas business development, which is a pressing need among growth-oriented SMEs, and a support model will be developed through collaboration between multiple support agencies and professionals.

Method: SME Guides, Technical Consultants and Japanese experts will work together to provide hands-on support for SMEs aiming to do business with foreign companies or enter foreign markets. This support involves related support agencies and utilizes a wide range of support resources. Based on the process and results, support procedures, focal points, theoretical basis, useful support resources and other practical knowledge will be systemized so that they can be used in further training of support professionals who can provide similar support.

Possible partner: KOSGEB

Possible participants: TUBITAK, Development Agencies, Halk Bank, TOBB, etc.

The cooperation activities above could be implemented independently, but by combining multiple activities into a project, they will exert synergies in the development of consulting support stemming from the new SME Guides and Technical Consultant systems prepared by KOSGEB.

In addition, discussions with KOSGEB and related organizations in the survey period have suggested additional needs for future cooperation that are not directly related to consulting support but are considered important to the development of SMEs in Turkey. Although out of the scope of this report technically, support for strengthening the industrial supply chain is an opportunity for cooperation in supporting the promotion of other SMEs, and should be considered in sectors where the Turkish government plans to promote import substitution such as automobiles, machinery, and electronic and electrical equipment, to enhance export competitiveness.

1. Outline of Survey

1.1 Background

In the Republic of Turkey, small and medium-sized enterprises (SMEs) are primary and critical actors in the national economy, accounting for 99% of the number of businesses, 75% of employment, 62% of revenues, 58% of investment, and 55% of imports.¹

However, SMEs were substantially impacted by the new coronavirus disease that spread to the country after March 2020 and caused interruptions to supply chains and a sharp downturn in demand. To provide emergency support, the government implemented a variety of programs through the Small and Medium Enterprise Development Organization (KOSGEB²), including (1) financial assistance to cover costs and expenses caused by delayed bank financing, (2) financial support for SMEs manufacturing medical equipment and materials, and (3) expansion of the interest subsidy.

Meanwhile, the Eleventh Development Plan (2019-2023) set out measures and programs to promote further SME growth, which included improving financial access, resolving issues impeding growth, and providing consulting opportunities from government organizations, with a particular emphasis on strengthening the high-value added product manufacturing sector. Similarly, the KOSGEB Strategic Plan (2019-2023) set out action plans for further upgrading SME production and management technologies and reinforcing KOSGEB's roles and functions. Accordingly, KOSGEB was in the process of introducing the SME Guide and Technical Consultant Systems as an effective measure to help SMEs strengthen their management base, notably in terms of resources. This reflected KOSGEB's expectation that SME Guides and Technical Consultants would serve as the driving force for SME promotion policies and programs.

In addition, Japan International Cooperation Agency (JICA) formed a yen loan project, in cooperation with the World Bank, to supply liquidity funds to micro- and small enterprises (MSEs) through KOSGEB³ to help MSEs sustain their business and employment. The project was positioned as a high priority and emergency assistance required for a country where SMEs will play a very important economic role to survive through the recovery period after the end of the COVID-19 pandemic.

¹ Turkish government statistics for the year 2018

² KOSGEB: Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı

³ Rapid Support Program for Micro and Small Enterprises (Mikro ve Küçük İşletmelere Hızlı Destek Programı): The program provided reimbursable financial support for micro and small enterprises in the manufacturing or scientific research and development sector and innovative young firms in the manufacturing, computer programming/consulting and related activities, or scientific research and development sector. The program will be referred to as the Rapid Support Program in this report.

1.2 Framework of Survey

Given the background described above, the Data Collection Survey on Development of SMEs in Turkey was designed and implemented as follows.

(1) Purpose

The primary purpose of the Survey was to understand the current state of the SME Guide and Technical Consultant Systems introduced by KOSGEB and the capacity of the SME Guides and Technical Consultants providing business advice for the beneficiary MSEs in the Rapid Support Program, and to explore possible improvements to the design, operation and management of the SME Guide and Technical Consultant Systems, thereby studying and proposing the future direction of JICA's cooperation that would contribute to strengthening Turkish SMEs' management capability as a whole.

(2) Target sites

While Ankara, Istanbul, and Izmir were selected through consultation between KOSGEB, JICA, and the Survey Team, in practice the activities covered a wider geographic area.

Since the number of beneficiaries of the Rapid Support Program was smaller than expected⁴ at the time of announcing the Online Management Seminars, which were to be organized in August 2021, it was feared that targeting only the three cities would yield insufficient candidates for the individual consultation program and online workshop. The scope was therefore extended to cover beneficiaries nationwide. The Individual Consultation Program, which was implemented in November 2021, served the MSEs in four cities/areas, namely Ankara, Istanbul, the eastern suburbs of Istanbul (Kocaeli and Duzce), and Eastern Anatolia (Elazig, Adiyaman, Bingol, and Malatya). The Online Workshop, which was organized in the same month, was also offered to the approximately 6,200 MSEs entitled to the Rapid Support Program through the second call for applications.

(3) Survey period

The Survey was conducted from March 2021 to February 2022.

⁴ The first call for application was closed on May 21, 2021, and confirmed 7,620 eligible businesses, of which 2,789 were located in the three target cities.

(4) Survey outline and activities

The activities and actions of the Survey were as follows.

- 1) Inception Report preparation, presentation, and discussion
- 2) Summary analysis of the SME Guide and Technical Consultant Systems introduced by KOSGEB
- 3) Identification of advantages and opportunities for cooperation relating to the SME Guide and Technical Consultant Systems and their operation
- 4) Presentation of SME policies in Japan and relevant systems/institutions to KOSGEB
- 5) Management survey of Rapid Support Program beneficiary MSEs (including implementing online management seminars and online workshops)
- 6) Preparation of proposals for JICA's future cooperation opportunities
- 7) Draft Final Report preparation, presentation, and discussion

(5) Survey Team Organization

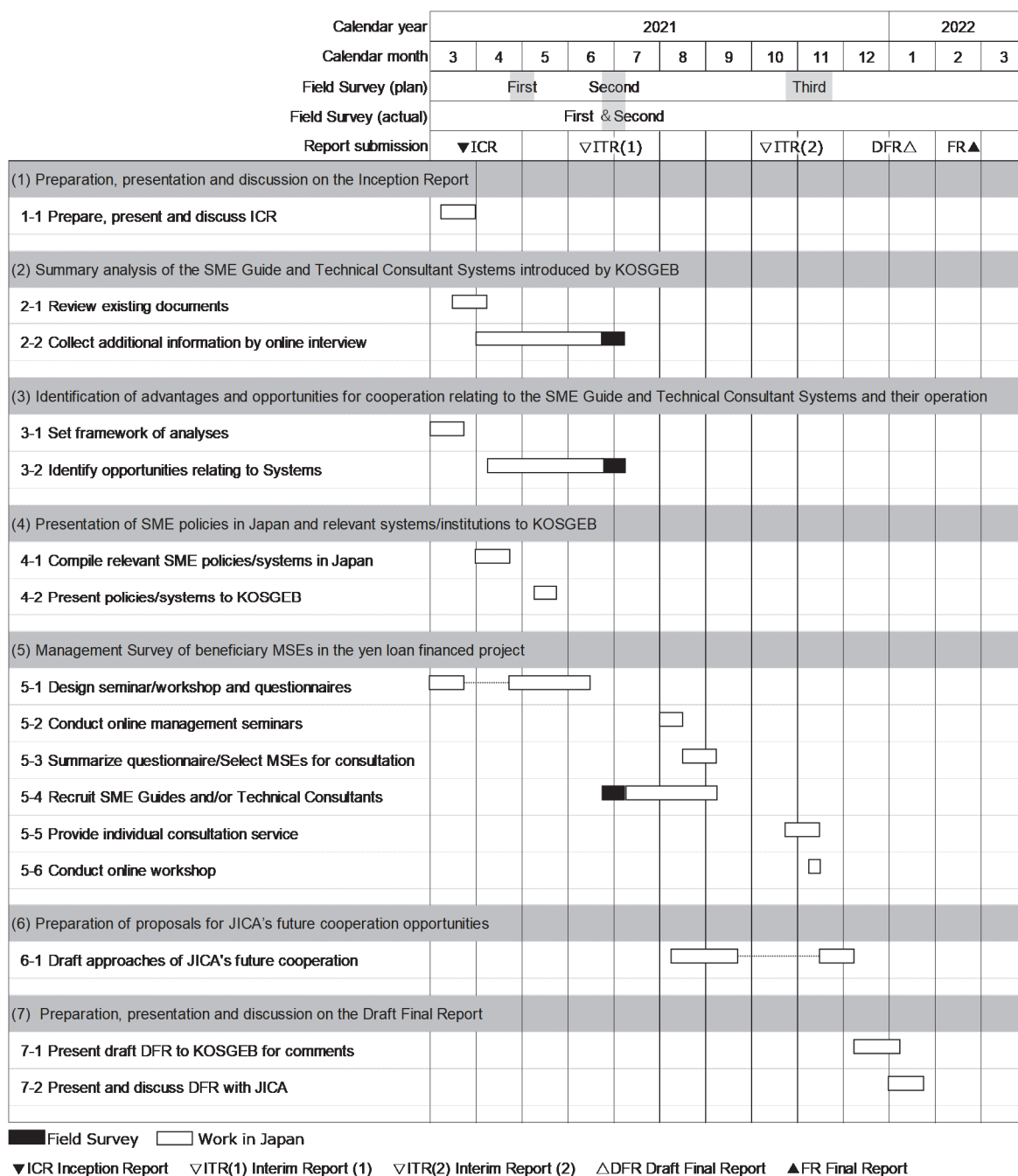
The Survey Team consisted of six consultants, specializing in the following fields, organized to carry out field activities.

- 1) Team Leader/Institutional Design
- 2) Business and Human Resource Management
- 3) Production Management and KAIZEN
- 4) Store and Sales Management
- 5) Financial Management and Accounting
- 6) Distribution and Trade / Research and Analysis/Seminar Management

1.3 Survey Implementation Process

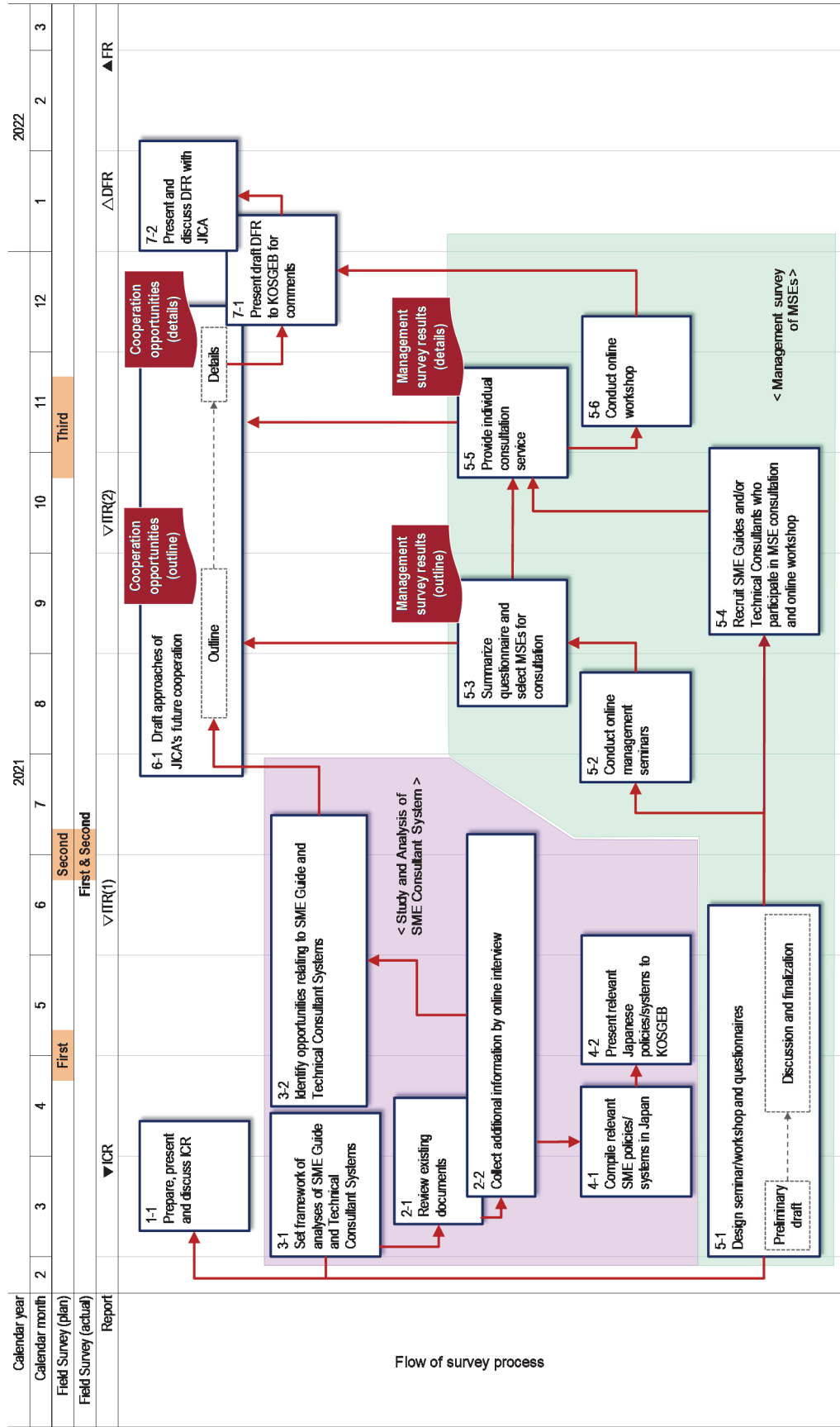
The list of key activities carried out during the survey period and their implementation schedules are shown in the Schedule Chart (Figure 1-1), and a general sequence of the activities is summarized in the Flow Chart (Figure 1-2).

The spread of the new coronavirus in Turkey interfered with the three field survey plans, and only one visit was made from late June to early July 2021. The activities originally planned to be conducted in Turkey, namely on-site data collection, discussions with local stakeholders, the individual consultation program, and the online workshop, were modified to be operated remotely from Japan.



Source: Prepared by the Survey Team

Figure 1-1 Schedule Chart



▼ ICR Inception Report ▽ ITR(1) Interim Report (1) ▽ ITR(2) Interim Report (2) △ DFR Draft Final Report ▲ FR Final Report
Source: Prepared by the Survey Team

Figure 1-2 Flow Chart

1.3.1 Online Presentation Session to Introduce Japanese Policies and Systems

The Survey Team conducted an online presentation session to introduce Japanese SME consultancy service policies and systems as a reference for establishing and developing the SME Guide and Technical Consultant system in Turkey. Originally, the Survey Team planned to implement the presentation session during the first field survey, but due to the resurgence of COVID-19, the Survey Team decided to deliver online presentations remotely. The session had a total of 111 participants, of whom 100 were from KOSGEB. Table 1-1 summarizes an outline of the presentation session.

Table 1-1 Outline of Online Presentation on “Utilization of Consultants in SME Support Services in Japan”

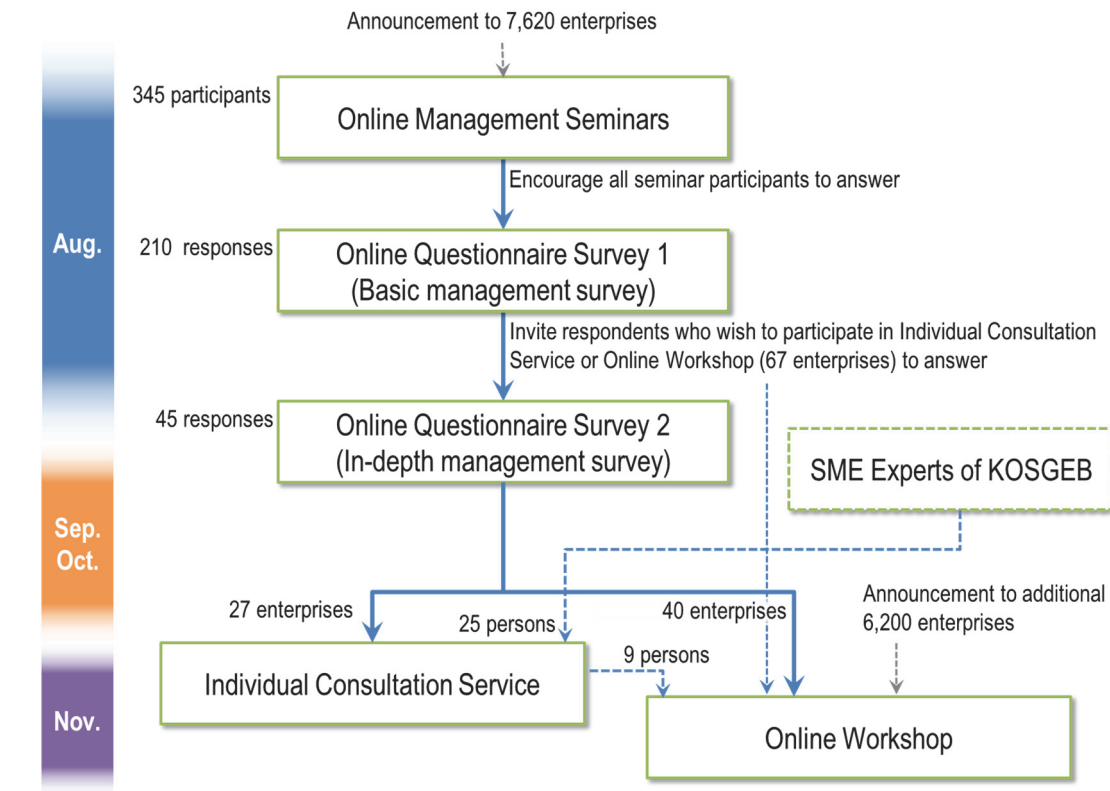
Date and Time	10:30~12:30 (16:30~18:30 Japan time), May 18, 2021 (Tuesday)				
Venue	Zoom Video Webinar				
Purpose	To introduce Japanese examples of utilization of SME consultants in SME support services as potential reference for establishment and continuous development of the SME Guide and Technical Consultant systems in Turkey.				
Participants	111 persons in total				
			Composition		
	KOSGEB	Head Office		18	100
		Regional Offices		69	
	KOSGEB (Office unknown)				13
Other (JICA Turkey Office, etc.)				11	
Program					
Time	Contents				
10:00 – 10:15	1. Outline of SME Support System in Japan <ul style="list-style-type: none"> - Overview of support service delivery system - SME consultant systems - Policy measures and systems in topical fields 				
10:15 – 11:00	2. Consultation Desks and Expert Dispatch <ul style="list-style-type: none"> - <i>Yorozu</i> comprehensive support centers and SME <i>119</i> dispatch service - Various hands-on support programs (digitalization, overseas business development, business succession, etc.) 				
11:00 – 11:10	(Short Break)				
11:10 – 11:50	3. SME Consultants in Financial Support Programs <ul style="list-style-type: none"> - Approval of special-purpose plans and funding/financial support (business continuity plan (BCP), management innovation plan, plan of leading project for invigorating the regional economy, etc.) - Managerial improvement loans for micro businesses - Assistance with preparing and pre-screening applications for subsidies 				
11:50 – 12:00	Questions and Answers				

Source: Prepared by the Survey Team

Based on the status of the SME Guide and Technical Consultant systems and the expected opportunities for cooperation to be described in Chapter 2, the session aimed to provide ideas for promoting utilization of SME consultants and creating business opportunities. Simultaneously, the presentations actively covered support measures for management issues that should be highly relevant in Turkey, such as business continuity enhancement, digitalization, and international business development, so that the contents would be relevant for future use within KOSGEB. The participants' feedback questionnaire administered at the end of the session reported that participants were especially interested in the *Yorozu* one-stop support centers and SME 119 expert dispatch program and support measures for digitalization. A summary of the questionnaire is presented in Appendix 1, and the presentation materials are provided in Appendix 2.

1.3.2 Management Survey of Rapid Support Program Beneficiary Enterprises

The management survey consisted of the Online Management Seminars for the MSEs and start-ups that are beneficiaries of the Rapid Support Program, the two-step online seminar participant questionnaire, and the Individual Consultation Program and Online Workshop for the online questionnaire respondents. Figure 1-3 summarizes the management survey implementation flow.



Source: Prepared by the Survey Team

Figure 1-3 Management Survey Flow

In the first-step online questionnaire, the participants were asked to provide their feedback on the Online Management Seminars, and then outline details of their business such as location, industry sector, business type, company size, years of operation, most recent business conditions, business expansion intentions, and individual consultation service areas of interest. Companies' desire to participate in the Individual Consultation Program and Online Workshop was also confirmed, and contact information was collected from those who wished to participate. To minimize the time required and encourage the companies to complete the questionnaire, 18 out of the 20 questions were asked in a multiple-choice format; descriptive answers were expected only for two questions.

The second-step online questionnaire was distributed to companies that applied for the Individual Consultation Program and Online Workshop, asking in-depth questions to collect company-specific information. Detailed information was collected to select the companies for Individual Consultation Program and for a preliminary analysis for the individual consultation. Many descriptive questions were used in this questionnaire, with only 4 multiple-choice questions out of a total of 23. An overview of the online questionnaire is presented in Table 1-2.

Table 1-2 Overview of Online Questionnaire Survey

Category	First Step (Fundamental Information Collection)	Second Step (Detail Information Collection)
Objectives	<ol style="list-style-type: none"> To collect information about overall management conditions at SMEs To invite applicants for individual consultation service, etc. 	<ol style="list-style-type: none"> To collect necessary information for preliminary management analysis for the individual consultation To collect detailed information to understand management conditions at the MSEs
Target	All participants in the Online Management Seminars (Total No. of Respondents: 210)	SMEs that answered the first-phase questionnaire and wish to participate in the individual consultation service and/ or the online workshop (Total No. of Respondents: 45)
Estimated response time	5~10 minutes	15~20 minutes
Response period	On the day of the Online Management Seminars	August, 2021
Contents	<ul style="list-style-type: none"> Feedback for the seminars Evaluation and request for the Online Management Seminars 	<ol style="list-style-type: none"> Company outline Business outline (major products, production volume, major customer, etc.)

Category	First Step (Fundamental Information Collection)	Second Step (Detail Information Collection)
	<ul style="list-style-type: none"> • Request for individual consultation service, etc. • [For those who wish to participate] Contact information (company name, contact person, email address, phone number), area of interest • Overview of management conditions • Data about respondent (industry sector, number of employees, number of operating sites, location, years of operation, etc.) • Business trend in the COVID-19 environment, management challenges, etc. 	<ul style="list-style-type: none"> • Organization outline (representative, main department, etc.) 2. Characteristic matters per company • Strength & weakness in business, self-assessment of management level, etc. • Overview of future business plans 3. Financial conditions • Sales and net profit in the past 3 years, most recent total and net assets, interest-bearing liabilities 4. Matters related to the individual consultation • Issues to consult, request

Source : Prepared by the Survey Team

Through the Individual Consultation Program and Online Workshop, specific cases were collected of individual companies, which helped in gaining a deeper understanding of MSE business conditions. Based on this understanding, the Survey Team consolidated the information about the characteristics of companies that require consulting support, the types of consulting support required, and the types of consulting support that SME support professionals in Turkey should provide in the future.

1.4 Definition of Key Terms

The key terms to be used in this report are defined as follows.

SME Consultant	A person who has an “SME Consultant” vocational qualification certificate under the framework established by the Vocational Qualification Agency (MYK) ⁵
SME Guide	A person who is authorized as meeting the “SME Guide” qualifications under the framework to be established by KOSGEB

⁵ MYK: T.C. Mesleki Yeterlilik Kurmu

Technical Consultant	A person who is authorized as meeting the “Technical Consultant” qualifications under the framework to be established by KOSGEB
SME Expert	A position held by KOSGEB employees, including those in the regional offices who serve local SMEs directly and those at head office who do the planning work. The frontline personnel at the regional offices are referred to in this report unless specified otherwise.
SME Management Consultant	[in Japan] A person who is registered by the Minister of Economy, Trade, and Industry as a qualified SME advice and support expert
Management Advisor	[in Japan] A person who is employed at a Chamber of Commerce and Industry (CCI) or Society of Commerce and Industry (SCI), handles questions from local operators of small businesses, and provides advice and guidance to them
SME Support Professionals	This is a general term for those who provide support such as consultation and advice to SMEs. It includes, but is not limited to, SME Consultants, SME Guides, Technical Consultants, and SME Experts in Turkey; and SME Management Consultants and Management Advisors in Japan.

2. Outline of SME Guide and Technical Consultant Systems and Opportunities for Cooperation

This chapter outlines the SME Guide and Technical Consultant Systems and explores opportunities for future cooperation in the operation of those systems.

2.1 Status of Recommendations from Preceding Study

The status of the SME consultant system is shown in Table 2-1 against the recommendations made by the Study on the SME Consultancy System Project in the Republic of Turkey (September 2010 – March 2012) that preceded the current Survey.

These recommendations have largely been implemented under the MYK vocational qualification system regarding the development of an SME consultant system. The SME Consultant National Occupational Standard was published in 2013, followed by approval of the National Competency in 2016 that has guided the examinations held regularly since 2017. There are three accredited testing bodies: Sakarya University, Sakarya University of Applied Sciences, and the Union of Chambers and Commodity Exchanges of Turkey (TOBB⁶). There were 320 certified SME Consultants by June 2021.⁷ Certification-related businesses such as publications and exam preparatory courses have emerged. The pass rate is unknown; certificate-holders seem to agree that the exam “requires serious preparation from even an experienced management consultant” and that it is “not easy but not too difficult.”⁸

Meanwhile, examination of practical business consulting skills, mandatory classroom training for those who pass the exam, renewal of certificates every three years, and other recommended elements that were intended to upgrade SME consultants’ level of abilities are not reflected adequately. Practical skills are tested in the certifying process by applying case study questions that require the applicant to read a description of a hypothetical company, devise solutions after analyzing the situation, and give an oral presentation to the evaluators. The applicant undertakes five case study questions, each of which takes about an hour. Some think this test can be passed without direct experience of business consulting, while others think the opposite.⁹

There has been limited progress in positioning management checkups as a prerequisite for receiving support from KOSGEB, which otherwise would have promoted achieving the core value of certified SME Consultants to optimize support services from a comprehensive viewpoint.

⁶ TOBB: Türkiye Odalar ve Borsalar Birliği

⁷ Source: Interview with an MYK staff member on July 1, 2021

⁸ Source: Interviews with four certified SME Consultants from June 29 to July 1, 2021

⁹ Source: Interviews with an MYK staff member and certified SME Consultants from June 29 to July 1, 2021

Table 2-1 Status of Recommendations by Preceding Study

	Recommendations by Preceding Study	Status as of May 2021
Framework of qualification system	<ul style="list-style-type: none"> An SME consultant system will be developed in line with the framework for the MYK vocational qualification system. KOSGEB will prepare an occupational standard for SME consultants by exchanging a protocol with MYK. 	<ul style="list-style-type: none"> The National Occupational Standard of SME Consultant was approved by the MYK board of directors in May 2013 and published on the Official Gazette on October 3, 2013 (13UMS0338-6). The standard was prepared by KOSGEB. The National Competency based on the Occupational Standard was published on January 14, 2016 (16UY0251-6) and a revision came into effect on May 25, 2017.
Profile of SME consultants	<ul style="list-style-type: none"> SME consultants are specialists in SME management as a whole and fulfill the roles of (a) an advisor who is the closest counselor supporting development of client SMEs and (b) a coordinator who addresses all kinds of problems from holistic and long-term perspectives and liaises with other experts and organizations to resolve the problems. Enterprise consultants will be defined according to specialization and, if necessary, a management consultant standard will be prepared as a superior level of qualification. 	<ul style="list-style-type: none"> The SME Consultant Occupational Standard is the only standard published as of February 2021 that defines consultants by specialization. The management consultant Occupational Standard was prepared by the Management Consultant Association (YDD¹⁰) and published simultaneously with the SME Consultant Standard (13UMS0330-6 and 13UMS0330-7).
Occupational Standard for SME consultants	<ul style="list-style-type: none"> Requirements and evaluation criteria will be prepared for five activities of SME consultants as follows. <ul style="list-style-type: none"> Activity I A checkup to make a full examination and thereby to identify priorities of a client SME Activity II Advice on how to resolve identified problems including planning improvement activities 	<ul style="list-style-type: none"> The Occupational Standard of SME Consultant defines the following tasks. <ul style="list-style-type: none"> Task A Complying with Occupational Health Standards and environmental protection rules Task B Organizing work Task C Developing service quality Task D Executing customer relations

¹⁰ YDD: Yönetim Danışmanları Derneği (Management Consultants Association)

	Recommendations by Preceding Study	Status as of May 2021
	<p>Activity III Intermediation between the SME and specialists providing advanced consulting service and consulting in cooperation with them (if needed)</p> <p>Activity IV Introduction of available support programs and assistance during application procedures (if needed)</p> <p>Activity V Evaluation and follow-up after completion</p>	<p>Task E Making preparation before service</p> <p>Task F Evaluating current situation of SME</p> <p>Task G Working in positioning SME and service</p> <p>Task H Running the implementation process related to the service</p> <p>Task I Concluding the consultancy service by ensuring the service is sustainable for the SME</p> <p>Task J Running activities related to vocational development</p>
<p>Evaluation procedures in the certification system and evaluation materials</p>	<ul style="list-style-type: none"> The evaluation process will comprise a documentary examination (consulting/job experience, educational background/certification/training, foreign language proficiency, statement of motivation), a written examination (multiple-choice questions), and a practical test (one week at one enterprise), and a pass/fail decision will be made at each step. Those who pass a practical test will be required to attend a lecture session (two to three days). Applicants may participate in a lecture session by accredited training bodies rather than taking a written examination. The qualification must be renewed at three-year intervals and the criteria will be defined by consulting practice and training participation. Those renewing their certifications will attend a mandatory lecture session. 	<ul style="list-style-type: none"> The National Competency requires a total of 155 multiple-choice questions on seven subjects (theoretical exam) as well as five case study questions to be answered in descriptive and oral forms (performance-based exam). The National Competency stipulates that certification is valid for five years and requires a) provision of at least 600 hours of SME consulting service comprising at least 120 hours each to five different SMEs within the validity period, or b) success in the theoretical and performance-based exams by the consulting service body (Tasks F to I) before validity extended for a further five years. A practical test, a mandatory lecture session, or substitution of written examination by a lecture session has not been realized.
<p>Training SME consultants</p>	<ul style="list-style-type: none"> Accredited training bodies will establish a technical committee composed of experts in relevant areas and prepare and update a study guide to make it available on a website so that any interested party can download it. Completion of a lecture session provided by accredited training bodies and end-on-session examination can be a substitute for passing a written examination in the evaluation process. 	<ul style="list-style-type: none"> There is no study guide. There are many exam preparatory courses, but none of them substitute for the written examination.

	Recommendations by Preceding Study	Status as of May 2021
<p>Procedures for KOSGEB's Consulting Support Service</p>	<ul style="list-style-type: none"> • Companies applying for KOSGEB's consulting support service will be required to have a checkup given by an SME consultant. • SME Experts in KOSGEB will be divided into two categories, such as administrative and specialist positions, and specialists will need to obtain SME consultant certification. • SME Experts in the specialist position will <ul style="list-style-type: none"> - calculate SME management indicators based on financial statements for publication, - give a checkup to an enterprise applying for SME project support programs before the application is examined, and - promote KOSGEB's consulting support service widely in the SME sector and explore potential demand for it. • KOSGEB will establish and publish a code of conduct for external who are involved with its support programs. 	<ul style="list-style-type: none"> • Checkups are not a prerequisite for receiving KOSGEB's support for the cost of consulting services, and companies do not go through checkups before using consulting services. • There is no KOSGEB policy or system to encourage staff members to obtain SME Consultant certificate. • KOSGEB released the Enterprise Assessment Report (IDR),¹¹ which provides comparison of a company's business performance against the sector average in September 2019. The basic data and report composition were updated in November 2020. • Checkups are not applied in the selection process of SME project support programs. Proposals for projects of a certain size or larger are analyzed by university lecturers from technical and financial perspectives before selection by the evaluation committee. • The SME Guide and Technical Consultant Systems of KOSGEB require the applicant to make a declaration of confidentiality and legal and ethical compliance.

Note: As of July 2021

Source: Prepared by the Survey Team based on the National Occupational Standard; National Competency; Regulations; Procedures and Principles on KOSGEB support programs; and interviews with staff members of MYK and KOSGEB.

¹¹ IDR: İşletme Değerlendirme Raporu (Enterprise Assessment Report)

2.2 SME Guide and Technical Consultant Systems of KOSGEB

KOSGEB started formulating its own SME support professional authorization system in around September 2017 and published the Regulations on SME Guidance and Technical Consultancy Services in the Official Gazette on February 5, 2019. The Regulations aim to ensure that, by regulating the guidance and consultancy services SMEs receive within the scope of support provided by KOSGEB, SMEs are facilitated in analyzing their current situation, finding solutions to their problems, determining their needs, and improving their skills and abilities, thereby ensuring their competitiveness in domestic and foreign markets. It establishes a system that divide SME support professionals into two categories, SME Guides¹² and Technical Consultants.¹³ SME Guides look at all aspects of management and assist with current situation analysis, action planning, and implementation. They have the possibility of promotion to Senior SME Guide after reaching a certain level of performance. Technical Consultants advise SMEs with specialized knowledge and experience.

KOSGEB sets targets to be achieved within three years from launch of the system: 300 SME Guides and 3,250 Technical Consultants to be registered and serve 2,650 SMEs.¹⁴ Applications for Technical Consultant were invited from August 2020, but as of November 2021 nobody has completed the authorization process. Applications for SME Guide had not started as of November 2021.

2.2.1 Basis of systems

The Regulations on SME Guidance and Technical Consultancy Services are based on Articles 227 and 234 of Presidential Decree No. 4 published on Official Gazette No.30479 on July 15, 2018. Chapter 18, or Articles 224 to 236, of Presidential Decree No. 4 stipulates the establishment of KOSGEB, in which the following statements regarding the SME Consultant System are made.¹⁵

(Duties of the organization)

ARTICLE 227 (1) The duties of the Small and Medium Enterprises Development Organization are as follows:

[...]

ğ) To search for solutions to the marketing problems of the enterprises, to carry out the necessary studies to ensure that the enterprises reach a competitive level in the domestic and foreign markets, and to organize the consultancy services on the subject in the most efficient way.

[...]

¹² KOBİ Rehberi

¹³ Teknik Danışman

¹⁴ Source: Documents prepared by KOSGEB in August 2020, which coincides with the target figures by the end of 2022 provided in 2019-2023 KOSGEB Strategic Plan. (An interview with KOSGEB staff members in March 2021 yielded information that the target was to train 1,000 SME Guides and 4,000 Technical Consultants by 2023, for which the Strategic Plan targets 400 and 3,900 respectively.)

¹⁵ Preliminary translation of original document in Turkish by the Survey Team. The same applies to excerpts from various documents hereunder.

(Duties of the President)

ARTICLE 234 (1) The duties of the President are as follows:

[...]

- b) In line with the purpose of developing and supporting SMEs toward ensuring implementation of appropriate quality and standards, to organize centers and institutions for providing consultancy, advice, guidance, training, and supervision regarding adoption of advanced production methods through applying modern technologies, by implementing Executive Committee decisions.

[...]

Under the Regulations on SME Guidance and Technical Consultancy Services, the Procedures and Principles shall be established for operation of each system. The Procedures and Principles on Authorization of Technical Consultants and Technical Consultancy Services came into effect on August 5, 2020 and are publicly available on the KOSGEB website. The Procedures and Principles regarding SME Guides are not yet available as of August 2021.

Development of an SME consultant system began because it corresponded to the following actions in the 2015-2018 SME Strategy and Action Plan (KSEP¹⁶) and the 2015-2018 Turkish Entrepreneurship Strategy and Action Plan (GİSEP¹⁷), for which KOSGEB was responsible.

KSEP 2015-2018

Strategic Area 1: Increasing Competitiveness of SMEs and Ensuring Their Growth

Strategic Goal 4: Increasing qualifications of SME employers and employees to develop human capital in SMEs

Action 1.4.3: Training and consultancy services for increasing qualifications of SME employers and employees will be expanded.

GİSEP 2015-2018

6: Action Plan

5: Services of Education and Consultancy

Field/Aim: Services of Education and Consultancy - Generalize entrepreneurship training at the formal and mass education level and develop a consultancy system for entrepreneurs.

Action 8: Establish a consultancy system

¹⁶ KSEP: KOBİ Stratejisi ve Eylem Planı

¹⁷ GİSEP: Türkiye Girişimcilik Stratejisi ve Eylem Planı

The 2019-2023 KOSGEB Strategic Plan, which is the latest strategic document, calls for establishment of the system explicitly.

2019-2023 KOSGEB Strategic Plan

Objective 3: To develop production and management skills of SMEs, enhance their capacity to collaborate, increase their productivity and export levels, and encourage institutionalization and branding.

Target 3.2: SME Guidance and Technical Consultancy System will be established with the support to be provided within this scope, thereby primarily encouraging institutionalization and branding among SMEs.

The SME Guides and Technical Consultants systems will be described below. The authorization flow is presented in Figure 2-1.

2.2.2 SME Guides

The authorization process for SME Guides had not been started as of August 2021 and there is insufficient data publicized or provided by KOSGEB to allow details of the system to be understood. The KOSGEB 2020 Annual Report states that the Procedures and Principles will be published following establishment of the training curriculum and the service standards for SME Guides. Subsequently, along with the launch of authorization procedures, support models will be developed to facilitate SME guidance services.

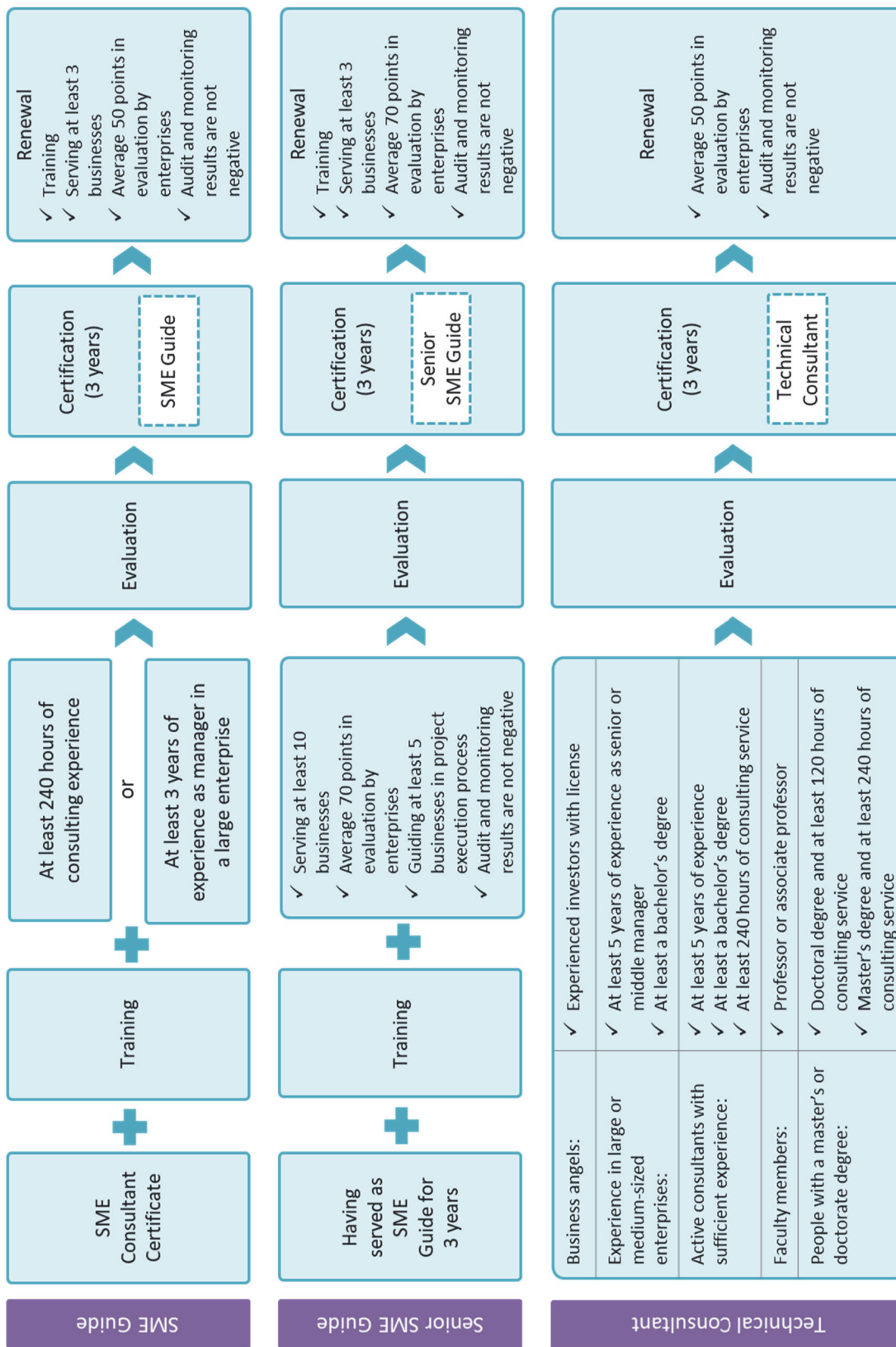
(1) SME guidance services

SME guidance services comprise the following.¹⁸ When compared against SME support professionals in Japan, SME Guides are similar to Registered SME Management Consultants.¹⁹

- a) Analyzing enterprises' current situation and determining their problems and needs
- b) Providing businesses with advice and guidance
- c) Guiding businesses in project preparation and execution processes
- d) Meeting the basic information and guidance needs of enterprises in general management, financial affairs and finance, production, marketing, and human resources
- e) Other services related to providing guidance services to be determined by the President of KOSGEB

¹⁸ Source: Article 7 of the Regulations on SME Guidance and Technical Consultancy Services. Official Gazette No. 30677, p. 50-54 (February 5, 2019)

¹⁹ The SME Management Consultant is referred to as "a person who provides SMEs with management consulting services" by the Small and Medium-sized Enterprise Support Act and positioned as part of the system to support SMEs in acquiring management resources.



Source: Prepared by the Survey Team based on the documents as of August 2020 provided by KOSGEB

Figure 2-1 Flow of Authorization and Registration under SME Guide and Technical Consultant Systems of KOSGEB

(2) Requirements for SME Guide candidates

Candidates must meet all the conditions below to be authorized as SME Guide.²⁰

- a) Hold a Vocational Qualification Certificate (VQC) within the scope of the SME Consultant (Level 6) National Occupational Standard put into effect by the MYK
- b) Have completed the SME guidance training program
- c) Have at least 240 hours of consultancy experience or have worked in a large-scale enterprise as a senior manager (general manager, deputy general manager, or equivalent and above) for at least three of the last ten years

The requirements must be satisfied in sequence as shown in Figure 2-1: candidates without the VQC cannot participate in the SME guidance training program, and the required hours of consulting practice cannot be accumulated before completion of the training program.²¹

In connection with the requirement for vocational certification (a), there are around 320 people who hold the certificate as of June 2021 according to the MYK. However, as the certificate is valid for five years and certification started in 2017, the number of certified SME Consultants may not grow steadily after 2022. The SME guidance training program (b) has been developed by KOSGEB in consultation with higher education institutions and was said to be “mostly finalized” as of April 2021. The details have not yet been released. KOSGEB also plans to have a program that dispatches candidates to enterprises in cooperation with the TOBB to accelerate obtaining the required consultancy service experience (c). The dispatch period, cost sharing, and other details are still unknown. In addition, the experience requirement will be fulfilled independently by the candidate by applying the procedure and methods learnt in the SME guidance training program; the process will not be supervised by an instructor.

Candidates who meet the requirements and wish to be authorized as SME Guide submit applications electronically through the KOSGEB website, with supporting documents attached. The application is examined by the evaluation committee comprising members appointed from KOSGEB, TOBB, and higher education institutions. Once approved by the evaluation committee, the candidate will be authorized by the President of KOSGEB and registered in a database.

²⁰ Source: Article 5 of the Regulations on SME Guidance and Technical Consultancy Services. Official Gazette No. 30677, p. 50-54 (February 5, 2019)

²¹ Source: Interview with KOSGEB staff members on July 2, 2021

(3) Requirements for Senior SME Guide candidates

SME Guides who achieve a certain level of performance may be authorized as Senior SME Guides. Senior SME Guides' roles and working conditions, compared with those of SME Guides, were under discussion as of July 2021, and one idea was that Senior SME Guides would advise on relatively large-sized support projects.²² The criteria for authorization are not publicly available as of August 2021, although a document dated August 2020 and provided by KOSGEB says candidates must meet all the requirements below.

- a) Have served as SME Guide for at least three years
- b) Completed the necessary training program
- c) Have served at least ten businesses
- d) Scored at least 70 points on average in the evaluation by the enterprises served
- e) Have provided guidance services to at least five businesses in project execution processes
- f) Obtained audit and monitoring results that are not negative

(4) Validity and renewal of SME Guide authorization

Both SME Guides and Senior SME Guides are authorized for three years. Those who meet the conditions for renewal may apply for re-authorization, which will be valid for three years.

2.2.3 Technical Consultants

KOSGEB started to accept applications for Technical Consultant authorization in August 2020. A total of 270 applications by sub-field were submitted from 111 individuals and examined by the evaluation committee by the end of 2020.²³ KOSGEB plans to register 650 Technical Consultants within 2021.²⁴

(1) Technical consultancy services

Technical consultancy services comprise the following.²⁵

- a) Providing enterprises with consultancy services within the authorized scope among the sub-fields determined by the President of KOSGEB regarding finance, internationalization, technology/innovation/digitalization, and growth
- b) Other services related to the provision of consultancy services to be determined by the President of KOSGEB

²² Source: Interview with KOSGEB staff members on July 2, 2021

²³ Source: 2020 Annual Report of KOSGEB, p. 130

²⁴ Source: Information provided orally by the JICA Turkey Office on March 12, 2021. There were around 130 candidates as of March 2021 according to a staff member of KOSGEB.

²⁵ Source: Article 9 of the Regulations on SME Guidance and Technical Consultancy Services. Official Gazette No. 30677, p. 50-54 (February 5, 2019)

Table 2-2 presents the structure of technical consultancy service fields. The Procedures and Principles on Authorization of Technical Consultants and Technical Consultancy Services define 4 fields and 28 sub-fields, in which Technical Consultants provide consultancy services standardized into two packages. Technical Consultants submit a technical consultancy service result report in a set form to the client enterprise on completion of each service. This report should be uploaded to the online work calendar along with necessary information. Technical Consultants cannot serve as SME Guides to the enterprises to which they provide consultancy services.

Table 2-2 Structure of Technical Consultancy Service Fields

Field	Sub-field	Minimum days of consultancy	
		Package 1	Package 2
a) Financing	Financial Management	7	10
	Money and Capital Markets	6	8
	Portfolio Management and Investment Analysis	6	9
	Feasibility	6	8
	Company acquisition/Merger	6	9
b) Internationalization	Export/Import	6	9
	International Sales and Marketing	6	9
	Customs Clearance and International Taxation	5	7
c) Technology, Innovation, Digitalization	Research and Development (R&D)/Product Development	7	10
	Innovative Design	7	10
	Information Security/Cyber Security	7	10
	Big Data	7	10
	Cloud Computing	10	7
	Robotics and Mechatronic Systems	7	10
	Artificial Intelligence	8	11
	E-Commerce/Digital Marketing	6	9
	Virtual Reality/Augmented Reality	7	10
	Renewable Energy	6	9
Innovative Product Development and Commercialization	8	11	
d) Growth	Institutionalization	6	9
	Marketing and Sales	5	7
	Branding	5	7
	Human Resources	5	7
	Production	5	8
	Supply Chain Management	5	8
	Intellectual and Industrial Property Rights Management	5	8
	Business Development	5	7
Risk Management	5	8	

Source: Prepared by the Survey Team based on the Procedures and Principles on Authorization of Technical Consultants and Technical Consultancy Services

(2) Requirements for Technical Consultant candidates

Candidates who wish to be authorized as Technical Consultant must meet at least one of the following conditions in the sub-fields for which they apply.²⁶ They must have an academic degree, which is not a requirement for SME Guides, suggesting the need for highly professional candidates.

- a) Work or have worked as a professor or associate professor in higher education institutions
- b) Have a doctorate and at least 120 hours of consulting experience
- c) Have a master's degree and at least 240 hours of consulting experience
- d) Have a bachelor's degree and experience of working for at least five of the last ten years as a mid-level manager (unit manager, business manager and similar) or senior manager (general manager, deputy general manager and similar or above) in large or medium-sized enterprises
- e) Have a bachelor's degree and have been the owner, a partner or an employee of an enterprise providing consultancy services for at least five of the last ten years, and have at least 240 hours of consulting experience
- f) Have an Individual Participation Investor License under the Regulations on Individual Participation Capital published in Official Gazette No. 28560 dated February 15, 2013, and defined as an experienced investor under those Regulations

(3) Technical Consultant authorization procedures

Candidates who wish to be authorized as Technical Consultant submit applications electronically through the KOSGEB website, attaching supporting documentations. The applicant must accept the confidentiality and legal and ethical compliance declarations.

The application is screened for nonconformity, inadequacy, or errors by an SME Expert or SME Assistant Expert²⁷ in KOSGEB, then forwarded to the central unit responsible for the Technical Consultant authorization process for examination by the evaluation committee. The committee comprises five members appointed from KOSGEB, TOBB, and higher education institutions, including two or three KOSGEB staff members and at least one instructor, and at least four members must attend the meeting. The committee examines documents only for those applicants who satisfy condition a) and invites other applicants for an interview.

Approval by the evaluation committee is followed by authorization of the Technical Consultant with consent by the President of KOSGEB. Authorized Technical Consultants are registered in the database and issued with

²⁶ Source: Article 8 of the Regulations on SME Guidance and Technical Consultancy Services. Official Gazette No. 30677, p. 50-54 (February 5, 2019)

²⁷ New staff members are employed as assistants and will be promoted to SME Experts after three years if they pass the promotion exam.

registration numbers. A Technical Consultant may be authorized in up to three different sub-fields.

The steps of the authorization process take place on the system, which can be accessed via the KOSGEB website. This system integrates the administrative processes involved in the Technical Consultant system, specifically application, evaluation, authorization, monitoring, reporting and notification

(4) Technical Consultant authorization validity and renewal

The Technical Consultant authorization is valid for three years and authorization renewal applications can be made within 15 days of expiry. The renewal conditions are as follows.²⁸

- a) For each sub-area for which the Technical Consultant is authorized, if he/she provided services during the last completed authorization period, he/she scores an average of 60 points or above in the evaluation by the enterprises served
- b) The inspection and monitoring results are not negative

Renewal applications are examined separately for each sub-field by the unit responsible for the authorization process via the prescribed evaluation form. When the application is deemed appropriate, the Technical Consultant will be re-authorized for another three years with consent from the President of KOSGEB and registered in the database.

When the application does not meet the criteria, or authorization renewal is not applied for before the due date, the authorization will not be renewed. Persons whose authorization is not renewed cannot reapply for authorization for the same sub-field for one year from the expiry date.

2.2.4 Utilization of SME Guides and Technical Consultants after Authorization

Table 2-3 selects the KOSGEB support programs that have an element of consulting support and summarizes the consulting support conditions provided under each program. Technical consultancy services have been formally included in the Business Development Support Program²⁹ since March 1, 2021, as the support to be provided exclusively by Technical Consultants. SME guidance services will also be proposed to the executive committee for inclusion in the Business Development Support Program to be provided exclusively by SME Guides in accordance with a set of structured service standards. While KOSGEB has not authorized any consultants, much less used them, it has shown its intension to promote assignments of authorized professionals through the KOSGEB support programs.

²⁸ Source: Article 10 of the Procedures and Principles on Authorization of Technical Consultants and Technical Consultancy Services

²⁹ İşletme Geliştirme Destek Programı

Table 2-3 Summary of Consultancy Support Measures in Support Programs of KOSGEB

Support program	Support rate	Maximum amount to be supported	Qualifications of consulting service provider <Subjects of consulting services>
Support measure which includes consultancy - Advanced Entrepreneur Support Program - Mentoring, consulting and business coaching support - Business Development Support Program - Technical consulting support	75%	TRY 10,000	Incubators, Certified SME Consultants, SME Guides, and Technical Consultants <Analysis of strengths/weaknesses and annual planning>
- R&D, Product Development and Innovation Support Program - Project Consulting Support	60%	TRY 50,000 (operating in technology parks) or TRY 40,000	Technical Consultants <Refer to Table 2-2>
- R&D, Product Development and Innovation Support Program - Project Consulting Support	75%	TRY 20,000 (up to TRY 50,000 for the sum of expenses for training, promotion, meeting/visits, and business establishment)	Technology-related institutions ¹ <Technology, design, finance, project management, etc.>
- SME Technological Product Investment Support Program (KOBİ TEKNİYATIRIM) - Training and consultancy support	60% (30% non-refundable, 70% refundable) or 70% (100% refundable)	TRY 30,000 (low to medium-low technology areas) or TRY 150,000 (medium-high to high technology areas)	Technology-related institutions ¹ , Technical Consultants, and Certified SME Consultants <Technology, design, engineering, finance, etc.>
- Strategic Product Support Program - Service procurement support (training and consultancy, design, test-analysis and calibration, and information transfer)	60% (30% non-refundable, 70% refundable) or 70% (100% refundable)	TRY 100,000 for the sum of expenses for training and consultancy support	Technology-related institutions ¹ , and Certified SME Consultants <Technology, design, engineering, finance, etc.>
- SME Development Support Program (KOBİGEL) - Service procurement support	60% (30% non-refundable, 70% refundable)	TRY 200,000 for the sum including expenses for training, testing and analysis, etc.	Technology-related institutions ¹ , Certified SME Consultants, SME Guides, and Technical Consultants <Proposal development support / Technology, design, engineering, finance, etc.>
- Overseas Market Support Program - Service procurement support	100% (70% non-refundable, 30% refundable)	TRY 20,000 (up to TRY 100,000 for the sum including expenses for training, overseas trademark registration, etc.)	Qualifications unknown <Export, market research, etc.>

Note: ¹ Universities, Technology Transfer Offices, Technology Development Zone Management Offices, public research institutes, etc.
 Source: Prepared by the Survey Team based on the information published on the website of KOSGEB as of October 2021

The stated object of the strategy, currently at least, is not to restrict KOSGEB's support to the guidance and consultancy that authorized professionals provide, but to recommend using authorized professionals and enticing enterprises to do so. Specifically, the support elements within the Business Development Support Program will be the only services that authorized professionals alone can provide: other consulting services will continue to be provided by SME Guides, Technical Consultants, certified SME Consultants, professors at higher education institutions, experts at technical support organizations, and other relevant professionals. Once a sufficient number of SME Guides and Technical Consultants are authorized, KOSGEB expects to limit its support to the consulting services provided by authorized professionals for quality control purposes. Meanwhile, it is up to the company to select a service provider within the qualification requirement criteria. Once a database of authorized SME Guides and Technical Consultants is published, it will facilitate a company's search for a suitable provider who has expertise in the consultation subject and proven ability, and thereby promote a preference for authorized professionals.

(1) Outline of Business Development Support Program

The Business Development Support Program, which will incorporate the support elements dedicated to SME Guides and Technical Consultants, came into effect in September 2018, replacing the General Support Program.³⁰ The program subsidizes 60% (with exceptions) of the costs of purchasing goods and services which are specified for support. Table 2-4 shows the support rate and ceiling for each support element.

The Business Development Support Program is a subsidy in which a company can apply for support by selecting the applicable items from the predefined support items (defined support program). Compared to proposal-based support, which involves a specific action plan and an application for subsidies for execution costs, the procedure is simple and easy to use. Companies applying for support must be registered with the SME Information System (KBS)³¹ and have demonstrated that they are eligible for support. The KBS is an online system that integrates processing of support application, acceptance, examination, monitoring and reporting procedures along with related communications, and SMEs can register on it from the KOSGEB website. This is the first step in the application procedure that is common to all KOSGEB support programs. The company then applies for the Business Development Support Program online. The application is a simple one, involving entering basic information such as company name, address, and contact information. The support period is two years from the application acceptance date. During this period, the company can receive subsidies across support items up to the maximum amount for each item. The company selects and purchases the target goods and services for itself and requests payment of the subsidy online using the voucher for which payment was made. If the goods

³⁰ Genel Destek Programı

³¹ KBS: KOBİ bilgi sistemini

and services are purchased within the support period, the request for payment of the subsidy should be made within four months (or within six months if there is a reasonable explanation) of the end of the support period.

Table 2-4 Support Rates and Amount Ceilings Business Development Support Program³²

Support Element	Support rate	Ceiling
1 Domestic Fair Support	60%	50,000
2 International Business Trip Support	60%	30,000
- <i>KOSGEB SME/Entrepreneur Award finalists</i>	100%	—
3 Skilled Personnel Employment Support	60%	50,000
- <i>When hiring new graduates, females, persons with disabilities, or first-degree relatives of martyrs and retirees</i>	80%	50,000
- <i>Residents of Technology Development Zones (Techno Parks), R & D Centers, or Design Centers</i>	60%	75,000
4 Design Support	60%	50,000
5 Industrial Property Rights Support	60%	50,000
- <i>Obtaining documents from the Turkish Patent and Trademark Office (TÜRKPATENT)³³</i>	80%	50,000
6 Documentation Support	60%	150,000
- <i>Obtaining documents from Turkish Standards Institution (TSE³⁴)</i>	80%	50,000
- <i>Obtaining documents from Turkish Accreditation Agency (TÜRKAK),³⁵ Halal Accreditation Agency (HAK),³⁶ or TRTEST Test and Evaluation Inc.³⁷</i>	70%	50,000
- <i>Obtaining documents for CE marking (meeting EU standards) from abroad, except for those available at TSE</i>	60%	150,000
7 Test and Analysis Support	60%	100,000
- <i>Test and analysis service by TSE</i>	80%	100,000
- <i>Test and analysis service by a public laboratory, university, or TRTEST.</i>	70%	100,000
- <i>Test and analysis service by a laboratory abroad, except for those available at TSE</i>	60%	100,000
8 Energy Efficient Electric Motors Replacement Support	60%	80,000
- <i>Products with Domestic Product Certificate</i>	75%	80,000
9 Independent Evaluation Support	60%	20,000
10 Model Factory Support	60%	70,000
11 Technical Consulting Support	60%	40,000
- <i>Residents of Technology Development Zones (Techno Parks)</i>	60%	50,000

Source: Prepared by the Survey Team based on the Table 1 (revision as of January 19, 2021) of the Application Principles for Business Development Support Program (September 18, 2018)

³² SME guidance support has not been established among the support elements as of November 2021

³³ TÜRKPATENT: Türk Patent ve Marka Kurumu

³⁴ TSE: Türk Standardları Enstitüsü

³⁵ TÜRKAK: Türk Akreditasyon Kurumu

³⁶ HAK: Halal Akreditasyon Kurumu

³⁷ TRTEST Test ve Değerlendirme A.Ş.

The following documentation should be submitted when making a Technical Consulting Support payment request, which is an exclusive service of Technical Consultants.

- ① Business Development Support Program Payment Request Form
- ② Technical Consultancy Service Result Report
- ③ Invoice for the Technical Consultancy Service (The invoice should be issued by the consulting firm that the Technical Consultant belongs to or by the university or technology transfer office that dispatches the Technical Consultant.)
- ④ If the technology transfer office dispatches a university lecturer, a document indicating that the lecturer is assigned by the university
- ⑤ Receipt and/or other documents proving that the invoiced amount has been paid
- ⑥ For residents of a techno-park, the lease contract
- ⑦ Letter confirming that the company has no debt to the Social Security Institution (SGK)³⁸
- ⑧ Letter confirming that the company has no outstanding taxes

Of these, ④, ⑥ and ⑦ need to be submitted by the company only when they cannot be accessed through data sharing agreements between the organizations. ⑧ will be prepared by the KOSGEB regional office in the company's jurisdiction.

When a payment request is submitted by a company, the SME Expert in charge will check its contents and forward it to payment processing after confirming it is accurate and appropriate. According to a SME Expert, confirmation by the SME Expert takes about 15 minutes per case, and the payment request is sent to the payment department within two to three hours of the company sending the request. Payment is made after about seven to ten days.

After the end of the two-year support period, the same company can only use the Business Development Support Program again once. However, the support items used during the previous support period cannot be used again.

Table 2-5 shows the results of KOSGEB support in 2020. The Business Development Support Program has the largest number of users as a stand-alone support program, and the amount of support is second only to the Advanced Entrepreneur Support Program, accounting for nearly 20% of the total. However, since Technical Consulting Support is not yet in operation, consulting support is not included in the support results for the Business Development Support Program. The average amount of support per company is less than 16,000 TRY,

³⁸ SGK: Sosyal Güvenlik Kurumu

implying that the program delivers a wide range of small support payments.

Table 2-5 KOSGEB Support Provided in FY2020

Support item	Amount (TRY)		Number of beneficiaries
A. Support Programs	1,359,343,280.57	89.6%	54,259
- Advanced Entrepreneur Support Program ³⁹	372,926,059.71	24.6%	6,076
- Business Development Support Program	285,951,406.30	18.8%	18,122
- SME Technological Product Investment Support Program (KOBİ TEKNOYATIRIM) ⁴⁰	141,805,338.38	9.3%	129
- General Support Program	63,304,181.78	4.2%	6,149
- Other support programs	495,356,294.40	32.7%	18,092
B. Loan Interest Support Program	157,691,271.25	10.4%	14,544
Total	1,517,034,551.82	100.0%	68,803

Note: The number of beneficiaries is cumulative as some companies benefited from multiple programs. The net number of companies that benefited by "A. Support Programs" in the year was 50,815.

Source: 2020 Annual Report of KOSGEB, p. 96-97

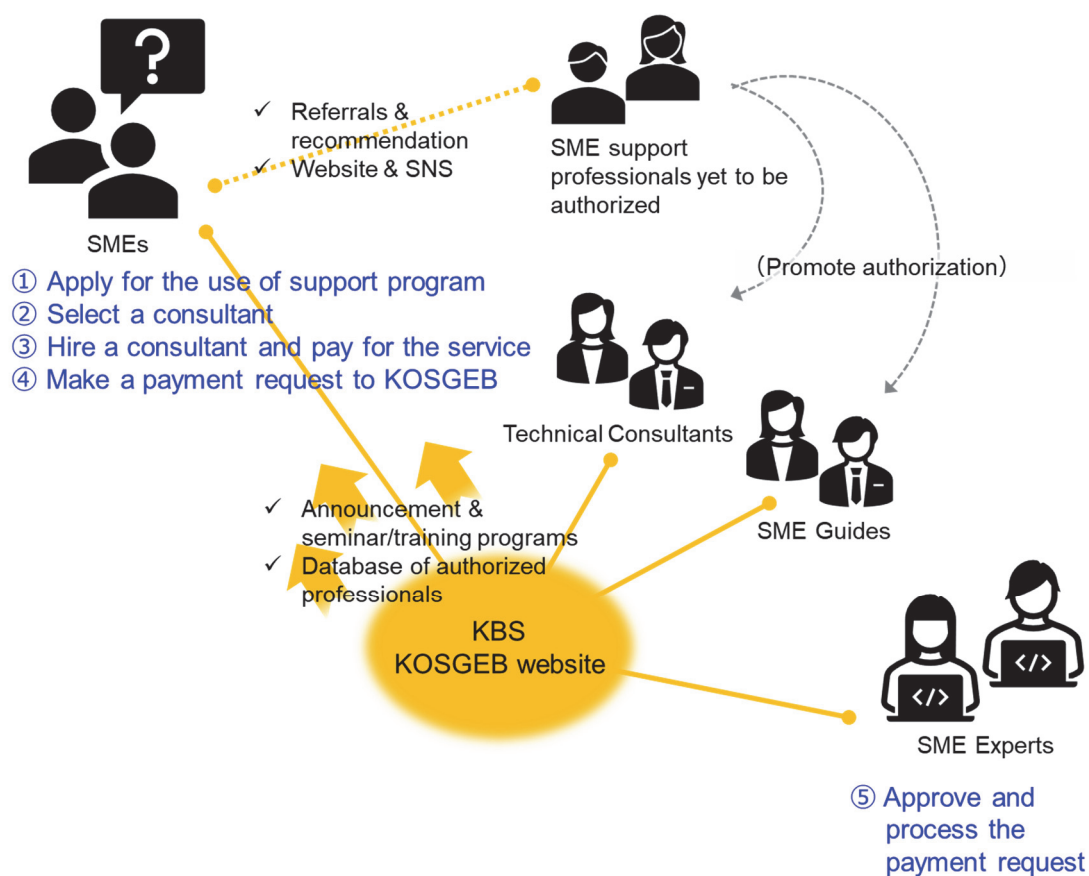
The amount and the number of beneficiaries of consulting support in the KOSGEB support record are not disclosed. Interviews with SME Experts suggested that, even when the General Support Program (the predecessor of the Business Development Support Program) was in place, it received few applications for consulting support. It was said that consulting is not often used in defined support programs and small-scale proposal-based support programs, and project proposals that include consulting support tend to weigh towards large-scale proposal-based support programs. The complexity of planning and managing a large-scale project presumably makes the company involved recognize the need for consulting when applying for a support program.

(2) Picture of consulting support use

Figure 2-2 shows the flow of SMEs' using KOSGEB consulting support. Based on the information published as of November 2021 and the information provided by KOSGEB, SMEs, and SME support professionals, it illustrates the operation once the SME Guide and Technical Consultant systems are fully implemented. This usage image is basically common across defined and proposal-based support programs.

³⁹ İleri Girişimci Destek Programı

⁴⁰ KOBİ Teknolojik Ürün Yatırım (TEKNOYATIRIM) Destek Programı



Source: Prepared by the Survey Team based on the KOSGEB website and the results of interview survey

Figure 2-2 Diagram of Consulting Support Use

Note that the decision to use the consulting service itself is made by the company the company itself, as is the application, and the SME Expert, who is on the frontline of providing KOSGEB support services, is only involved in the subsidy payment processing stage after the consulting service is finalized.

The procedures for applying for and receiving support moved completely online and are all executed via the KBS. SMEs receive support information on the website and in seminars and make applications online. SME Experts, as employees of a public institution that provides financial support, must refrain from giving specific advice to a company or referring a company to a specific consultant, as this runs the risk of suspected collusion. From this point of view, the support procedure is appropriately designed so that the SME Expert does not inadvertently influence the company’s decision making.

On the other hand, the process by which a company decides to use consulting services and find and contract an appropriate consultant is supported by announcements, seminars, and training programs that KOSGEB offers to SMEs registered, as well as the database of authorized SME Guides and Technical Consultants. SMEs can use

unauthorized professionals besides SME Guide or Technical Consultant, at least for the time being. Meanwhile, once a database of authorized professionals is available that has a suitable volume and functionality, SMEs will naturally come to prefer selecting a consultant from the database. As a result, the number of SME support professionals who wish to be authorized is expected to increase, which will create a virtuous cycle leading to improvements in the quality and quantity of consulting support.

(3) Subsidies, policy-based finance, and consulting support

There is no proactive association between KOSGEB subsidies (proposal-based support programs) and directed credit programs (loan interest support programs) and the SME Guide and Technical Consultant systems. For example, there are no plans to give advantages to subsidy applications or loan interest support on condition that the SME has received advice from a SME Guide or Technical Consultant for a certain period, requiring the SME to receive advice from a SME Guide or Technical Consultant during the subsidy or interest support period, or other similar arrangements. However, companies receiving proposal-based support must be monitored by an SME Expert every four months. In addition, support for subsidy applications has become one well-established service offered by private SME support professionals.

Halk Bank,⁴¹ a government-affiliated financial institution for SMEs, offers online consultation by experts on a special website.⁴² By registering as a member on this website, SMEs can get information from experts in fields such as accounting/auditing, financial management, taxation, investment, pensions/insurance, exports, entrepreneurship, organizational development, and labor regulations. Previous questions and answers are published on the website and can be searched and referenced, but it is unclear whether all or only some questions and answers are published. As of November 2021, the names and profiles of 11 experts, most of them university lecturers, are available on the website. However, this online consultation is only an information service, and its relevance to financial support is limited to proposing a loan program that can be used to help the requesting company. It does not combine financial and consulting support to enhance support results.

⁴¹ Türkiye Halk Bankası A.Ş. (Halk Bank)

⁴² <https://www.halkbankkobi.com.tr>

2.3 Status of SME Support Professionals

2.3.1 SME Consultants with VQC

Since no SME Guides or Technical Consultants have been authorized as yet, it is difficult to measure their consulting abilities directly. Only the written requirements give some suggestions. Therefore, this section describes the background and current work of four SME consultants holding the VQC and tries to give a profile of professionals who provide consulting services to SMEs in Turkey. The four are potential authorized SME Guide candidates, as the SME Consultant VQC is one of the prerequisites for authorization. Table 2-6 presents the main findings from interviews with the certified SME Consultants.

Table 2-6 Background and Current Work of Certified SME Consultants

	Consultant A	Consultant B	Consultant C	Consultant D
Academic background, qualifications, and training programs attended	<ul style="list-style-type: none"> • Bachelor's in engineering • Master's in economics • Doctorate in business administration • Management consultant training course at YDD • Certified Executive Coach (CEO* level) 	<ul style="list-style-type: none"> • Degrees in statistics, public administration, international trade, and health management 	<ul style="list-style-type: none"> • Bachelor's in public administration • Master's in economics 	<ul style="list-style-type: none"> • Bachelor's in business administration • Certified Management Consultant (CMC)⁴³ since 2013
Professional background	<ul style="list-style-type: none"> • Have been a senior manager or board member at several large-sized companies • Have worked at a management consulting firm 	<ul style="list-style-type: none"> • Have run a business on an e-commerce platform while studying • Started a travel agency in 2011 	<ul style="list-style-type: none"> • Established a consulting firm in 2006 	<ul style="list-style-type: none"> • Engaged in global strategic management at several corporate groups
Current work	<ul style="list-style-type: none"> • Independent consultant since 2018 • Advising companies with 200-300 employees and TRY 10-12 million sales on improving management practices 	<ul style="list-style-type: none"> • Provided consulting services since 2014 • Instructor of a KOSGEB-funded entrepreneur training program since 2016 • Worked in public support programs (business development projects) • Assisted with subsidy applications 	<ul style="list-style-type: none"> • Provided SMEs with training, consulting, and assistance for subsidy applications • Provided training and consulting services to NGOs, universities, and local governments 	<ul style="list-style-type: none"> • Provided consulting services since 2010 • Consulting projects and regular advisory service for SMEs in the fields of strategy, management, digitalization, etc. • KOSGEB or TÜBİTAK support programs utilized in some cases

⁴³ CMC is a professional designation that is internationally recognized through the International Council of Management Consulting Institutes. The YDD is the accredited certifying body in Turkey, and the All Japan Federation of Management Organizations is the one in Japan.

	Consultant A	Consultant B	Consultant C	Consultant D
Marketing channels	<ul style="list-style-type: none"> Referral from clients 	<ul style="list-style-type: none"> Referral from clients 	<ul style="list-style-type: none"> Referral from clients Website 	<ul style="list-style-type: none"> Referral from clients Website (20%)
Consulting fees	<ul style="list-style-type: none"> TRY 5,000/day 	<ul style="list-style-type: none"> Business development project: TRY 50,000/month /business 10% of the amount of subsidy approved 	<ul style="list-style-type: none"> 2-5% of the amount of subsidy approved + consulting fees set by KOSGEB, etc. 	<ul style="list-style-type: none"> Consulting projects: USD 250-500/ person-day Regular advisory: USD 200/day
Time of obtaining VQC	Summer of 2020	2019	April 2019	January 2019
Motive for obtaining VQC	<ul style="list-style-type: none"> Recommended by a KOSGEB staff member 	<ul style="list-style-type: none"> Required to work in public support programs 	<ul style="list-style-type: none"> To differentiate from dishonest consultants 	<ul style="list-style-type: none"> Recommended by a friend
Strengths as consultant	<ul style="list-style-type: none"> Member of to business management associations Networks with experts in legal and other fields 	<ul style="list-style-type: none"> Alumni of the entrepreneur training programs, of which 1,000 started own businesses, are potential clients. 	<ul style="list-style-type: none"> Member of an association of SME consultants 	<ul style="list-style-type: none"> Building networks with VQC candidates by mentoring them Networks with about 300 consultants

Note: Independent consultants in Ankara or Istanbul were found in the lists of SME Consultant VQC holders available on the internet and asked for an interview. * CEO: Chief Executive Officer

Source: Prepared by the Survey Team based on interviews held from June 29 to July 1, 2021

General observations of their traits are summarized as follows.

- They are diligent in their studies; they have multiple academic degrees and consulting-related qualifications in addition to the SME Consultant VQC.
- They have invested in consulting service development; networks with other consultants/experts were established and qualifications to join public support programs or to differentiate them from other consultants were obtained on their own initiative.
- They have built their strengths on achievements in former jobs; management experience in large-sized companies evolved into management improvement support, and e-commerce and business start-up experience helped in becoming an entrepreneur training program instructor.

However, it is worth noting that the interviews were carried out with independent consultants in major cities who accepted cooperating. The results might have been different if VQC holders working in an organization, like some SME Experts within KOSGEB, or VQC holders in rural areas had been interviewed. One can also argue that the interviewees agreed to cooperate with the survey because they have achieved a certain level of success as SME Consultants. Accordingly, the traits observed above should be regarded as characteristics of a relatively successful group of certified SME Consultants, rather than the average. Not all VQC holders are actively engaged in SME consulting services, according to the interviewees.

As of June 2021, according to the MYK, 320 persons have obtained SME Consultant VQC certification, but statistics on their attribute information do not exist. Using the information published by the Sakarya University Continuing Education Application and Research Center (SAUSEM)⁴⁴ for about 137 VQC holders, which is more than 40% of the total, Table 2-7 summarizes the distribution of certified SME Consultants based on their stated residence. The top three cities of Istanbul, Bursa and Izmir account for 45% of the total. By region, more than 65% of SME Consultants are concentrated in the Marmara region, which includes Istanbul and Bursa, and the Central Anatolia region, which is centered on Ankara.

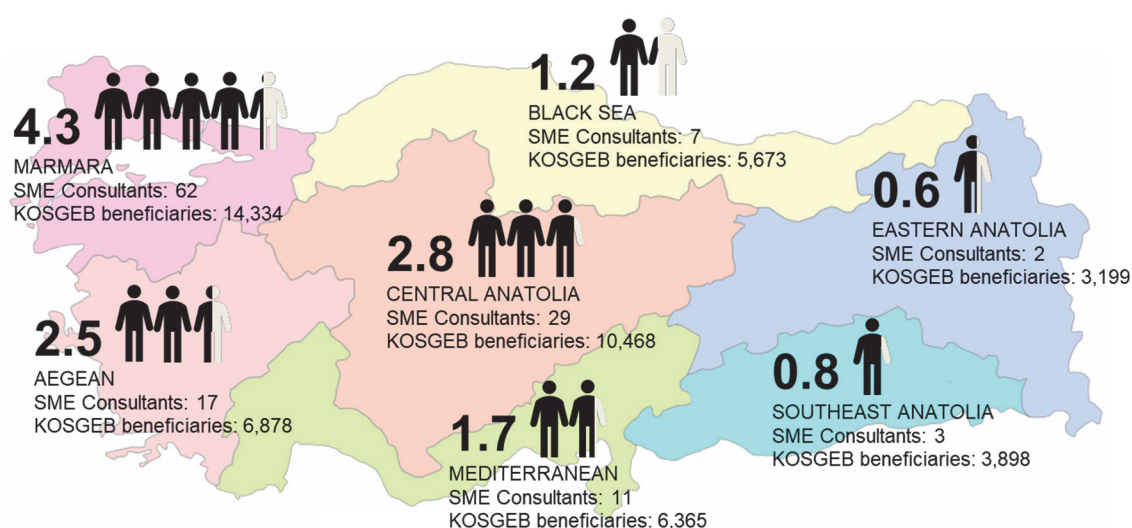
Table 2-7 Distribution of SME Consultant VQC Holders by Residence

Region	Province	Number of VQC holders (ratio)	
MARMARA	İSTANBUL	32 (23.4%)	62 (45.3%)
	BURSA	19 (13.9%)	
	KOCAELİ	7 (5.1%)	
	SAKARYA	3 (2.2%)	
	KIRKLARELİ	1 (0.7%)	
CENTRAL ANATOLIA	ANKARA	9 (6.6%)	29 (21.2%)
	KAYSERİ	8 (5.8%)	
	KONYA	6 (4.4%)	
	ESKİŞEHİR	2 (1.5%)	
	KIRIKKALE	1 (0.7%)	
	NEVŞEHİR	1 (0.7%)	
	NİĞDE	1 (0.7%)	
	SİVAS	1 (0.7%)	
AEGEAN	İZMİR	11 (8.0%)	17 (12.4%)
	MUĞLA	4 (2.9%)	
	AFYONKARAHİSAR	1 (0.7%)	
	MANİSA	1 (0.7%)	
MEDITERRANEAN	MERSİN	4 (2.9%)	11 (8.0%)
	ADANA	3 (2.2%)	
	ANTALYA	2 (1.5%)	
	HATAY	1 (0.7%)	
	KAHRAMANMARAŞ	1 (0.7%)	
BLACK SEA	DÜZCE	2 (1.5%)	7 (5.1%)
	ORDU	2 (1.5%)	
	BOLU	1 (0.7%)	
	ÇORUM	1 (0.7%)	
	TOKAT	1 (0.7%)	
SOUTHEAST ANATOLIA	GAZİANTEP	1 (0.7%)	3 (2.2%)
	MARDİN	1 (0.7%)	
	ŞANLIURFA	1 (0.7%)	
EASTERN ANATOLIA	BİNGÖL	1 (0.7%)	2 (1.5%)
	ELAZIĞ	1 (0.7%)	
Unknown		6 (4.4%)	6 (4.4%)
TOTAL		137 (100.0%)	137 (100.0%)

Source: Prepared by the Survey Team based on the information published on the SAUSEM website (<https://sausem.sakarya.edu.tr/>) as of November 2021

⁴⁴ SAUSEM: Sakarya Üniversitesi Sürekli Eğitim Uygulama ve Araştırma Merkezi

Figure 2-3 compares the geographical distribution of SME Consultant VQC holders with the number of KOSGEB support beneficiaries by region. The regional distribution trend is common to KOSGEB beneficiaries and SME Consultants — high in Marmara and Central Anatolia, low in Eastern Anatolia and Southeastern Anatolia. However, the skewed distribution of SME Consultants is more significant than that of beneficiary companies. There is a seven-fold difference in the ratio of number of SME Consultant VQC holders to number of beneficiaries in the Marmara region and Eastern Anatolia region. Factors behind the disparity may be limited access to the testing bodies, which are located solely in Sakarya, which is in the Marmara region, and Ankara and the slow spread of SME Consultant VQC through personal networks that have not reached rural areas.



Note: The number of KOSGEB beneficiaries is not limited to those benefiting from consulting support but includes beneficiaries of all support programs.

Source: Prepared by the Survey Team based on the KOSGEB 2020 Annual Report (p. 98), and the information published on the SAUSEM website (<https://sausem.sakarya.edu.tr/>) as of November 2021

Figure 2-3 Number of SME Consultant VQC Holders per 1,000 KOSGEB Beneficiaries

2.3.2 SME Experts in KOSGEB

KOSGEB provides direct support to SMEs through its regional offices in 81 provinces nationwide. In addition, there are KOSGEB representative offices⁴⁵ in chambers of commerce and other industry organizations to

⁴⁵ The KOSGEB representative office is accredited based on an application from the Chambers of Commerce and Industry, Chambers of Commerce, Chambers of Industry, Commodity Exchanges, Chambers of Maritime Commerce, local governments, universities, Turkish Exporters Assembly (TIM: Türkiye İhracatçılar Meclisi), Tradesmen and Craftsmen Associations, Industrial Zones, etc. The hosting organization shall assign at least one full-time staff in the office. The representative office normally does not have a KOSGEB employee. (Interview with KOSGEB staff members in November 2021)

disseminate information and guidance regarding KOSGEB support programs. At the end of 2020, there were 88 regional offices and 104 representative offices, and the regional offices had a total of 572 SME Experts and Assistant SME Experts.⁴⁶

By regulation, SME Experts must monitor the companies receiving proposal-based project support from KOSGEB on the progress of approved project every four months. Company visits or telephone/e-mail communications related to this monitoring, plus assisting companies to make new applications for KOSGEB support and checking conformity with eligibility requirements, are SME Experts' core duties.

Since the number of beneficiaries in 2020 was 50,815, using a simple average each SME Expert or Assistant SME Expert processed support to nearly 90 SMEs. On the other hand, the Survey Team asked the SME Experts who participated in the Individual Consultation Program "How many companies with current regular monitoring (having an ongoing KOSGEB support program) are you in charge of?" and received 16 answers. The figure ranged from 0 to 1,101 with the median being 200 and the average being 317, which gives an idea of the variation in the number of companies assigned to a SME Expert.

The following section describes how SME Experts function in KOSGEB mainly based on findings from the interviews conducted by visiting the KOSGEB Ostim Office and KOSGEB Sincan Office both located in Ankara.

The general qualifications for SME Experts are described as follows.

- SME Experts are at least university graduates, and some of them have a master's or doctor's degree. Their majors are engineering, business administration, etc.
- SME Experts are required to take about 30 online training course subjects every year under the KOSGEB staff training program.
- Some KOSGEB management and SME Experts in have obtained the SME Consultant VQC.

When KOSGEB was established in 1990, SME Experts were expected to provide consulting services and so people with such abilities were recruited. Later, KOSGEB started providing subsidies rather than consulting services, which required SME Experts to be neutral toward beneficiary companies. SME Experts belong to the subsidy provision side, and there is a risk of favors being dispensed when an SME Expert provides specific advice to a company that is applying for subsidies. Therefore, providing consulting services is not currently included in the SME Expert job description. Likewise, KOSGEB representative offices in chambers of commerce and other

⁴⁶ Source: 2020 Annual Report of KOSGEB (p. 5 and p. 12). The representative offices are operated under 40 KOSGEB regional offices and in 35 provinces, according to a KOSGEB staff member.

relevant organizations also refrain from providing individualized advice beyond general information about support programs and application procedures.

SME Experts also participate in committees that are mainly formed for proposal-based support programs on approval of applications submitted by SMEs. The committee members generally include KOSGEB managers, university lecturers, and representatives of related ministries and agencies, with some variations depending on support programs, while the private sector is not represented. It is also SME Experts' responsibility to screen applications for eligibility and accuracy before submitting them to the committee.

In summary, while SME Experts have daily contact with SMEs and a certain level of knowledge about business management, their functions are limited solely to supporting SMEs with administrative procedures. Nevertheless, the reality of frontline workers is somewhat flexible in the face of business owners needing support.

- Being on the frontline of providing support, SME Experts and the KOSGEB service center operate with a helping and caring attitude toward SMEs.
- Consulting cannot be provided by regulation. Informally, advice is provided to SMEs.

A few SME Experts mentioned the possibility of working as an SME Guide after retirement from KOSGEB, as they cannot provide SME consulting services while working as SME Expert. As SME Experts have all-round knowledge about SME management to the extent that daily issues can be solved, experiencing numerous management improvement cases, and building networks with local businesses, they should be promising SME Guide candidates.

- When retired, I might be able to become an SME Guide and continue actively supporting SMEs.
- SME Experts should obtain SME Guide authorization. They can work as consultants after retirement.

There were no SME Consultant VQC holders among the SME Experts participating in the Individual Consultation Program, but 13 out of 16 showed an interest in getting certified in the future.

2.4 Opportunities for Cooperation Relating to Operation of KOSGEB SME Guide and Technical Consultant Systems

Since the new system is not in full operation for SME Guides or Technical Consultants, as of November 2021, it is difficult to identify real opportunities. The following presents opportunities inferred from what is already known.

(1) Complementary nature of SME Guide system and SME Consultant vocational qualification

As the SME consultant VQC is a prerequisite for SME Guide authorization, the population that can be authorized as SME Guides are limited to the number of certificate holders under the vocational qualification system. Simultaneously, if it is attractive enough for prospective candidates to be authorized as SME Guides, they will be encouraged to obtain the certificate. Accordingly, having had discussions with the MYK on incentives for vocational qualification candidates, KOSGEB lists the increased operability and prevalence of vocational qualification as one of the goals of the new system. One particular ambition is to implement measures to encourage an increase in SME Consultant VQC holders and authorized SME Guides in rural areas. Based on the target figures published by KOSGEB, waiting for an SME consulting market to naturally emerge and attract an increasing number of potential consultants will not be effective: government-led market creation by incentives, rules, regulations, and guidelines is deemed more effective. Referring to the Japanese experience, when the public SME guidance system was established in 1948, it was positioned as one of the three pillars of SME policy (finance, consulting, and organizational development) that had just been initiated, and local government officers and public accountants were trained as SME Management Consultants to provide management guidance free of charge to business. Subsequently, the Equipment Modernization Fund, the Small Business Management Improvement Fund,⁴⁷ and other special loan programs required management guidance as a prerequisite for loans, which led to the sharp increase in the number of companies receiving management guidance as well as demand for SME Management Consultants. Job opportunities after obtaining the qualification were guaranteed by the public SME guidance system and such loan eligibility requirements greatly contributed to establishing the SME Management Consultant system.

In addition, the SME Consultant certification process does not incorporate the practical test (actually providing consulting service to enterprises) recommended in the preceding study but substitutes it with hypothetical case analysis questions. Meanwhile, the SME Guide authorization process requires the candidate to have at least 240 hours, or 30 eight-hour days, of consulting experience, which should supplement the vocational qualification to achieve the desired level of abilities. Likewise, a mandatory lecture session for candidates who have passed the examination, which was another recommendation from the preceding study, will take place in the SME Guide authorization process. It is a structure that ensures that evaluation and certification by the vocational qualification system is fair, based on a neutral third-party certification mechanism and enhances practicality when the authorized professional is assigned to a support program by the independent authorization system that reflects

⁴⁷ The Equipment Modernization Fund is a special loan program that obligated the SME to take a management checkup before loan approval in 1961. The Small Business Management Improvement Fund was created in 1973 and provides small enterprises with unsecured, non-guarantor, and low-interest loans on condition that the borrower has received regular management advice and recommendation by the Chamber/Society of Commerce and Industry.

KOSGEB's own needs. It may seem over-complex, but if a solid return is offered to candidate professionals, the structure may work effectively. As for Japan's experience in ensuring a certain level of practical ability, SME Management Consultants are required to complete 15 days consulting practice before registration. As the Japan SME Management Consultant Association (J-SMECA) and other accredited training bodies provide practical opportunities in team consulting, even those with no consulting experience can meet the registration requirements while receiving on-the-job training under the guidance of experienced instructors. Even after registration, there is a long-established system in which a novice learns practical skills while assisting senior Management Consultants, becomes independent, and then trains junior staff.

The first opportunity lies in the challenge of enhancing the complementary nature described above and combining the two systems promotes quality improvement and wider application of SME consulting services. This requires that the balance between authorization costs and benefit to be accepted by both the candidates and KOSGEB.

(2) Relationship between SME Guides, Technical Consultants, and SME Experts in KOSGEB

One function of SME consultants suggested in the preceding study is coordinating support services in a way that suits the real challenges of an enterprise. Drawing on this, a support system is envisioned in which SME Guides approaching problems with holistic view of management refer SMEs to Technical Consultants to provide the specific support needed. Under the KOSGEB system, however, using an SME Guide to determine the necessity for, and the scope of, a Technical Consultant is left up to the SME. Given that the standard packages of technical consultancy services (Table 2-2) require at least five person-days and 40% of its costs are borne by the client SMEs, the business owner should aim to understand, first, what interventions are needed for his/her company and then, second, make full use of support service. From the KOSGEB standpoint, it is preferable for individual companies to utilize support that is aligned with real issues to improve the cost-effectiveness of support. SMEs should be recommended to have a comprehensive review by a SME Guide before using support specializing in a certain management issue such as that provided by Technical Consultants. Referring to the Japanese experience, the Organization for Small & Medium Enterprises and Regional Innovation (SME Support Japan), local governments and chambers of commerce and industry have opened consultation desks, where SME Management Consultants or other support professionals are available for free management consultation. A one-stop comprehensive support system has been developed over time that accepts all consultations at the consultation desk and directs them to the appropriate support. An SME can have an expert dispatched,⁴⁸ but it often goes

⁴⁸ Expert dispatch programs in Japan tend to provide three man-days for free of charge to the SME. Accordingly, consultants generally plan for achieving certain targets and concluding a consulting service within three visits.

through the process of identifying management issues before this dispatch, as the consultation desks are designated to make requests for dispatch.

Cooperation and demarcation between SME Experts — who directly support SMEs at KOSGEB regional offices nationwide —, and SME Guides or Technical Consultants is also key to the system operating properly and efficiently. The standards of SME guidance service have not been released, and it is also not known how interaction between the regular monitoring activities of SME Experts and planning and implementing support activities by SME Guides will be systemized for the proposal-based project support programs. However, the SME Expert's inspection function is obviously crucial in assuring the quality of consulting services. Moreover, if SMEs are to be continuously supported through the stages of business development, it will be advantageous for SME Experts to consolidate the support histories of individual SMEs and brief SME Guides and Technical Consultants on past achievements and challenges, when necessary and appropriate. This will help fine-tune advice and assistance to suit the context. If there are concerns that the functions described above deviate from the SME Expert's job description, similar effects can be obtained by simply allowing SME Guides and Technical Consultants to view the support history when given consent by the company and recommending suitable support programs to individual companies based on the support history, seminar attendance, and other records. These may be performed as additional functions of the KBS.

The second opportunity is to establish such operations on the ground, as described above. Even though the support rate and the maximum amount for the Technical Consulting Support are advantageous compared with other consulting support services, not many SMEs will utilize the service effectively from the support menu. Delivering a specialized support service that fits the true needs of SMEs, in cooperation with SME Guides and SME Experts, should enhance the system's attractiveness, usability, and satisfying features.

(3) Recognition and Appreciation from SMEs

SME Guides and Technical Consultants are both required to receive a positive evaluation by client enterprises to renew their authorizations. Client evaluation is not included in the conditions for extending the SME consultant VQC; the KOSGEB system again complements the vocational qualification system. KOSGEB recognizes that inappropriate behavior by some consultants, such as giving misleading information by saying they are in contact with KOSGEB or asking for money by promising a successful loan application or project proposal, has damaged confidence among SMEs and it aims to resolve this problem under the new system.

If KOSGEB authorization helps reassure enterprises, it will also benefit private consultants. More consultants will be motivated to obtain authorization, which gives an advantage not only from joining the KOSGEB support programs but also from expanding private job opportunities. In Japan, since the public SME guidance system, and it being a precondition for special loan programs, accelerated the growth of SME Management Consultants:

they had greater recognition among industry-related administrative officers and financial institutions than among companies. As the proportion of public work has decreased over time, the importance of raising awareness among the general public has increased. The J-SMECA, among others, carries out a range of public relations activities. In April 2019 there were about 27,000 registered SME Management Consultants, and the extensive J-SMECA organization with a local chapter in each province makes it easy to appeal as a group and is advantageous in raising awareness. The fact that a certain number of SME Management Consultants were certified soon after the creation of the registration system, thanks to the demand assured by public SME guidance, contributed to self-supporting development.

The third opportunity is a variety of actions to spread this recognition and appreciation from SMEs quickly. The system incorporates a mechanism to ensure service quality via client evaluation and monitoring. Building on that, the impact of introducing the system should be significant in terms of the number of SME Guides and Technical Consultants who are authorized and actively engaging in support services, and in the number of SMEs benefited, and there should be properly planned publication of support outcomes.

3. Japanese Policies and Systems Related to SME Consulting Support

This chapter describes the Japanese policies and systems that are considered to be references for the operation, establishment, and evolution of the SME Guide and Technical Consultant systems.

3.1 SME Support Delivery System in Japan

The definition of an SME and the trend in SME numbers in Turkey and Japan are compared in Table 3-1.

Table 3-1 Definition of SME and Trend in SME Numbers

	Japan	Turkey																																													
Definition of SME	Small enterprise Regular workers ≤ 20 (for trade and services sector ≤ 5)	Micro enterprise Employees < 10 AND Net sales revenue OR total assets < 3 million TRY																																													
	Small and Medium-sized enterprise	Small enterprise Employees < 50 AND Net sales revenue OR total assets < 25 million TRY																																													
	Manufacturing Capital ≤ 300 million JPY OR Employees ≤ 300	Medium-sized enterprise Employees < 250 AND Net sales revenue OR total assets < 125 million TRY																																													
	Wholesale Capital ≤ 100 million JPY OR Employees ≤ 100																																														
	Services Capital ≤ 50 million JPY OR Employees ≤ 100																																														
Retail Capital ≤ 50 million JPY OR Employees ≤ 50																																															
Numbers of SMEs (thousands)	<table border="1"> <caption>Numbers of SMEs in Japan (thousands)</caption> <thead> <tr> <th>Year</th> <th>Total</th> <th>Small</th> <th>Medium</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>4,201</td> <td>3,665</td> <td>536</td> </tr> <tr> <td>2012</td> <td>3,853</td> <td>3,343</td> <td>510</td> </tr> <tr> <td>2014</td> <td>3,809</td> <td>3,252</td> <td>557</td> </tr> <tr> <td>2016</td> <td>3,578</td> <td>3,048</td> <td>530</td> </tr> </tbody> </table>	Year	Total	Small	Medium	2009	4,201	3,665	536	2012	3,853	3,343	510	2014	3,809	3,252	557	2016	3,578	3,048	530	<table border="1"> <caption>Numbers of SMEs in Turkey (thousands)</caption> <thead> <tr> <th>Year</th> <th>Total</th> <th>Micro</th> <th>Small</th> <th>Medium</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>2,970</td> <td>2,655</td> <td>266</td> <td>49</td> </tr> <tr> <td>2017</td> <td>3,087</td> <td>2,737</td> <td>294</td> <td>56</td> </tr> <tr> <td>2018</td> <td>3,153</td> <td>2,905</td> <td>213</td> <td>35</td> </tr> <tr> <td>2019</td> <td>3,221</td> <td>2,979</td> <td>208</td> <td>34</td> </tr> </tbody> </table>	Year	Total	Micro	Small	Medium	2016	2,970	2,655	266	49	2017	3,087	2,737	294	56	2018	3,153	2,905	213	35	2019	3,221	2,979	208	34
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Source: Prepared by the Survey Team based on information published by the SME Agency of Japan and the Turkish Statistical Institution (TUIK)⁴⁹

⁴⁹ TUIK: Türkiye İstatistik Kurumu (Turkish Statistical Institution)

SMEs account for more than 99% of the total number of enterprises in both Japan and Turkey. While the number of SMEs in Turkey has been rising slightly year by year, it is clearly falling in Japan, where business owners are aging, and business succession and takeovers are priority policies. Following the global pandemic caused by the new coronavirus infection and a series of natural disasters, both Turkey and Japan recognize the need to strengthen business continuity and support business restructuring to respond to the changing business environment. Strengthening competitiveness by promoting digitalization is also common to both countries.

Figure 3-1 shows the overall picture of SME support delivery system in Japan and a list of support measures and systems in major areas of concern. At the beginning of the 2021 fiscal year, the Ministry of Economy, Trade and Industry (METI) allocated a total of 2,395.1 billion JPY to SME measures for 15 months, which was the sum of the 2021 initial budget of 111.7 billion JPY and the 2020 third supplementary budget of 2,283.4 billion JPY. The initial budget is constantly around 112 billion JPY (0.02% of gross domestic product (GDP)), while the supplementary budget fluctuates greatly from year to year but tends to be about double the initial budget.

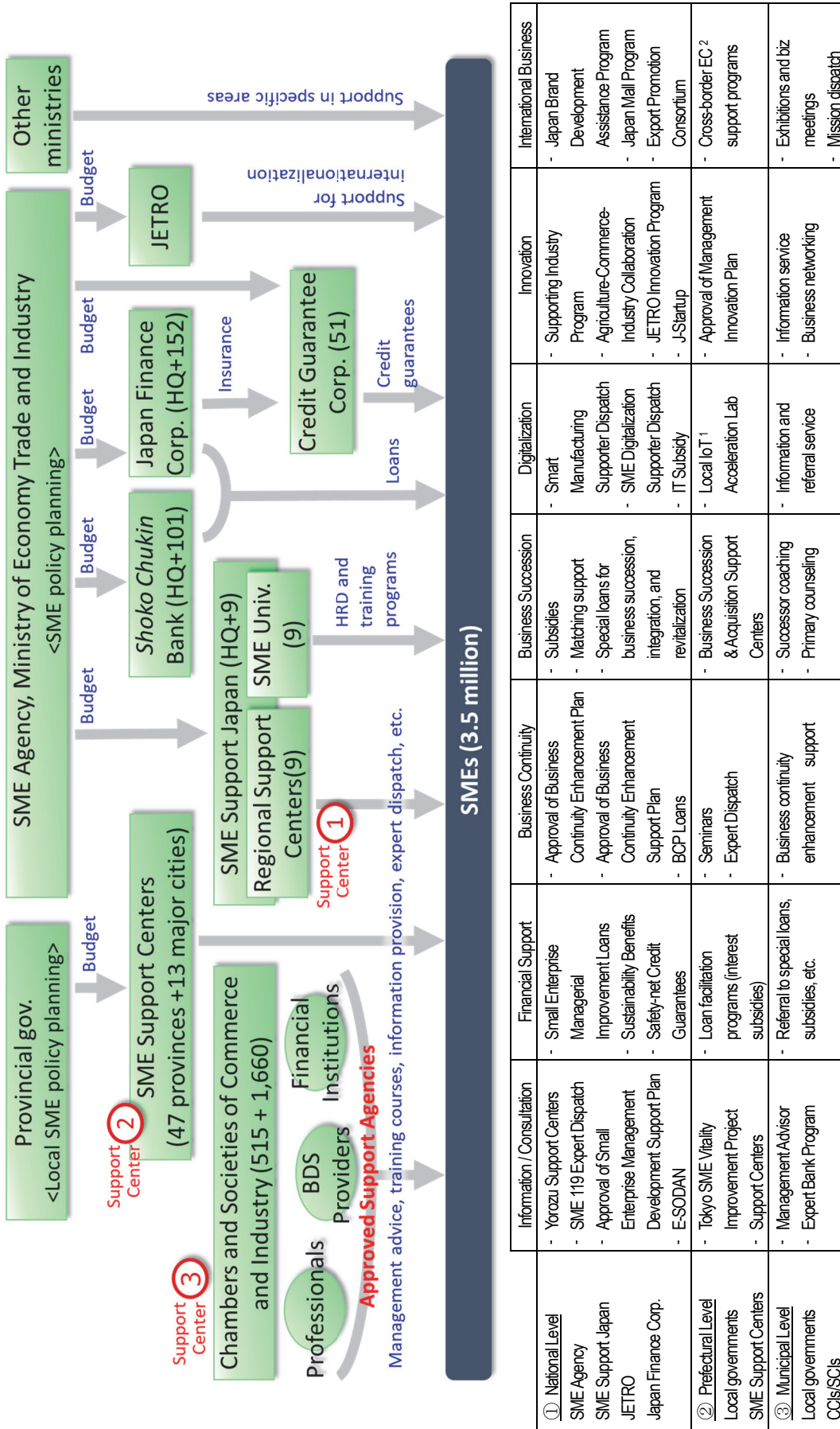
As features closely related to SME consulting support, it is worth noting the three tiers of support centers established and the involvement of a wider base of SME support professionals. The SME Support Law, which was revised from the SME Guidance Law in 2000, established the SME/Venture Business Support Center, Prefectural SME Support Centers, and Local SME Support Centers, all of which provide information, consultation, and expert dispatch services (Table 3-2).

Table 3-2 Three-Tiered SME Support Centers

① SME/Venture Business Support Center	Located at nine regional headquarters of SME Support Japan (national level)
② Prefectural SME Support Center	Located in 47 prefectures and 13 major cities (prefectural level)
③ Local SME Support Center	Locate at 515 chambers and 1,660 societies of commerce and industry (municipal level)

Source: Prepared by the Survey Team

Regarding SME support professionals, in addition to SME Management Consultants, who hold a national qualification, working as management counselors and registered experts at the three-tiered support centers and other support agencies, Management Advisors employed at chambers of commerce and industry provide community-based consultation and advice. In addition, financial institutions, qualified professionals, private consultants, and other relevant organizations and individuals play a role in public support as government-approved support agencies/agents.



Note: ¹ IoT: Internet of Things ² EC: Electronic Commerce

Source: Prepared by the Survey Team based on an August 2013 publication by the SME Agency

Figure 3-1 SME Support Delivery System and Support Measures in Major Areas of Concern

3.2 Training and Registration of SME Support Professionals

The SME support professional qualification system in Japan is broadly divided into examination and registration of SME Management Consultants, recognition of legally-qualified Management Advisors, approval of Management Innovation Support Agencies/Agents, and registration of program-specific experts. Management Innovation Support Agency/Agent approval is not necessarily a qualification system for individuals, but it is important as a channel for providing consulting support and thus it is discussed here. Table 3-3 gives an overview.

Table 3-3 Outline of Qualification Systems for SME Support Professionals in Japan

Title	Qualifications	Exclusive service
SME Management Consultant 27,000 registered (as of March 2019)	Register a person who has a certain level of ability to provide guidance on management issues of SMEs Registration requirements: Exam and practice Renewal requirements: Training and practice (every 5 years)	None (The SME Management Consultant qualifies to be appointed as management counselor and expert to be dispatched.)
Legally-Qualified Management Advisor 1,984 recognized ⁵⁰ (as of March 2021)	Recognize those who have the knowledge and experience necessary for management guidance of small businesses at the Chamber/Society of Commerce and Industry. Recognition requirements: Training (with completion exam) and practice Renewal requirements: Training (with completion exam) and practice (every 5 years)	Requirements for the CCI/SCI to be approved of its support plan (The approval will enable the CCI/SCI's client SMEs to receive particularly advantageous loans.)
Approved Management Innovation Support Agency/Agent 37,720 approved ⁵¹ (as of October 2020)	Approve organizations/persons that have expertise in tax/finance/corporate accounting and have a certain level of experience in public support services. Approval requirements: Qualifications or job record to prove expertise and experience in public support work Renewal requirements: Same as approval requirements (every 5 years)	Application for manufacturing subsidies, ⁵² tax incentives, special loans, guarantee fee reductions, etc.
Program-specific experts	Support organizations individually train and register persons with specialized knowledge to meet diversifying support needs such as digitalization.	To work in the specific program to which the expert registered

Source: Prepared by the Survey Team

⁵⁰ Of all Management Advisors employed at the CCI/SCI nationwide (11,570 in total as of 2015), those who are recognized as meeting certain criteria of abilities and to engage in implementation of support programs prepared by the CCI/SCI

⁵¹ Source: SME Agency website (<https://www.chusho.meti.go.jp/keiei/kakushin/2020/201030Nintei.html>), as of November 2021

⁵² The Subsidy Program for Promoting Productivity Improvement in Manufacturing, Trade and Services supports investments in equipment to develop innovative services, produce prototypes, or improve the production process to increase productivity. The amount of subsidy is 1 to 10 million JPY, and the support rate is 50% (2/3 for small enterprises).

(1) SME Management Consultants

SME Management Consultants registration started in 1952 and the qualification system has continued for 70 years with several waves of partial amendments. Registered SME Management Consultants are certified as specialists who have a certain level of ability to advise SMEs on business management, with approval from the Minister of Economy, Trade and Industry. This national certification is based on the Small and Medium Enterprise Support Act. The registration process consists of (i) a multiple-choice based first examination, (ii) a descriptive and oral second examination, and (iii) practical training. Alternatively, after successfully completing the first examination, candidates may attend a training course at the SME University or other accredited training institution. Registered Management Consultant candidates are required to have broad knowledge and the ability to apply it in practice. The following topics are covered in the first examination: (i) SME management and SME policies, (ii) corporate management theories, (iii) operational management, (iv) finance and accounting, (v) economics and economic policy, (vi) legal affairs, and (vii) management information system. No jobs or services are exclusively reserved for SME Management Consultants. While it is possible for consultants to engage in SME consulting service without a national certificate of Registered Management Consultants, consultants with this are preferred and it is among the qualifications to be eligible to register with various SME support organizations at national, prefectural, and municipal levels. Many SME Management Consultants are included among the Management Advisors, Management Innovation Support Agents, and program-specific experts, which will be described later. In March 2019, there were approximately 27,000 registered SME Management Consultants. However, it appears that less than half of them provide consulting services to SMEs as a business.

(2) Legally-Qualified Management Advisors

Based on the Management Improvement Extension Program that began in 1960, Management Advisors who belong to a Chamber of Commerce and Industry (CCI) or Society of Commerce and Industry (SCI) provide management guidance to small enterprises. Management Advisors had no legal standing until a system was introduced in 2019 to recognize their ability to provide support. Applicants are recognized as Legally-Qualified Management Advisors after completing training courses on SME management consulting basics (with the same subjects as SME Management Consultant but only basic contents), local government administrative affairs, and business continuity enhancement support, passing the completion exam, and having a certain length of work experience. Not all Management Advisors are required to be legally-qualified. The CCI/SCI can offer advantageous support programs (tax incentives, special loans, etc.) to its client SMEs, by preparing a management development support plan and a business continuity enhancement support plan and having them approved by the national government. These plans must specify the Legally-Qualified Management Advisor responsible for

implementation. In other words, by defining roles that can only be performed by Legally-Qualified Management Advisors and providing preferential treatment to the CCI/SCI as an employer, the system encourages obtaining the qualification and raises and standardizes the scope and quality of CCI/SCI's consultation and advice. While Management Advisors have been providing bookkeeping and taxation guidance, the new system expects them to provide in-depth support for small enterprises, from preparation to implementation of a management improvement plan.

(3) Approved Management Innovation Support Agency/Agent

The system was created in 2012 by the SME Management Strengthening Support Law (current SME Management Strengthening Law) under which the national government examines the individuals, firms, SME support agencies, etc. with specialized financial knowledge and a certain level of experience and approves those meeting the criteria as Management Innovation Support Agencies/Agents. As a result, not only public support agencies, but also financial institutions, tax accountants, certified public accountants, lawyers, SME Management Consultants and other specialists, private consultants, etc. have been officially selected to provide public SME support. The requirements for approval are as follows.

- 1) Have specialized knowledge of tax, finance and corporate finance (corresponding to any of the following)
 - Any one of tax accountant/tax accountant corporation, lawyer/lawyer corporation, audit corporation, certified public accountant, SME Management Consultant, or financial institution
 - Have supported the production of "Management Innovation Plan" or other designated plans under national approval systems, with at least three such plans approved.
 - If the above does not apply, have taken the designated training course conducted by the SME Support Japan and passed the examination. The CCI/SCI must have an approved management development support plan.
- 2) Three or more years work experience supporting SMEs, of which at least one year must be work experience with designated public support programs
 - If the above does not apply, have taken the designated training course conducted by the SME Support Japan and passed the examination. The CCI/SCI must have an approved management development support plan.

The approval is valid for five years and the same requirements apply for renewal. However, the target period for work experience and plans approved covers the last five years during the approval period, and the training course must be taken again if required to substitute for the experience and track record requirements.

A wide range of support measures require Approved Support Agencies/Agents to be involved,⁵³ centering on subsidies and loans that are much-needed by companies, and there is a broad benefit from being approved for organizations and individuals that provide SMEs with business development services (BDS). In addition, the system promotes improved management capacity beyond temporary financial support through support measures that require a sound business plan to be prepared and implemented with support from the Approved Support Agency/Agent.

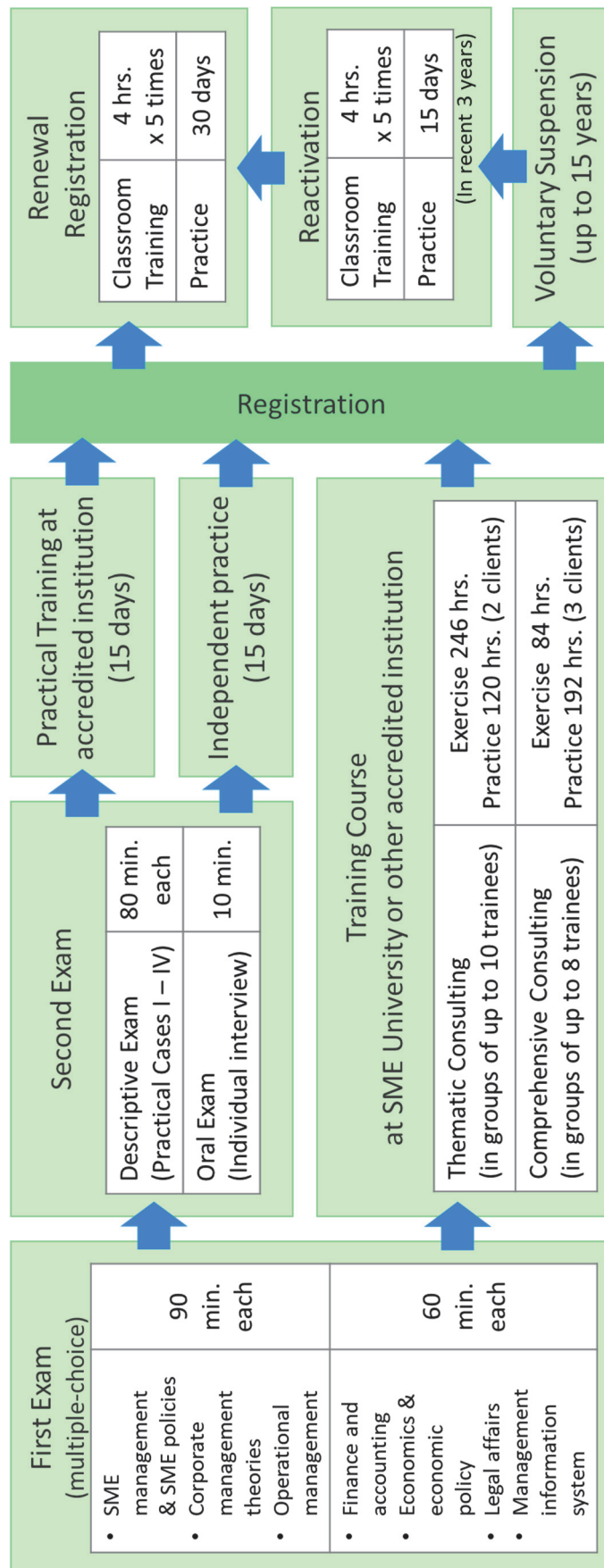
(4) Program-specific experts

Those with knowledge and experience in emerging fields such as digitalization are trained and registered as experts to meet the diverse support needs of enterprises. There are various registration systems for such experts established by SME support organizations. For example, METI supports the Smart Manufacturing Supporter Dispatch Program.⁵⁴ In this project, SME support centers at 34 locations nationwide train, register and dispatch Smart Manufacturing Supporters to assist use of the Internet of Things (IoT) and robots for quality and productivity improvement within SMEs. Those with extensive experience in the manufacturing sector, employees of IoT vendors, or SME managers and production leaders can apply for a training course to become Supporters. Training for Supporters consists of academic and practical programs including factory visits as well as presentation of achievements from providing a consulting service. Smart Manufacturing Supporters visit factories for consultation, preparation of proposals, and hands-on assistance in implementation to facilitate the introduction of IoT or related solutions in SMEs.

Figure 3-2 shows the SME Management Consultant registration system, and Figure 3-3 shows the Legally-Qualified Management Advisor recognition system. Figure 3-4 shows the registration system for the Smart Manufacturing Supporter Dispatch Program as an example of program-specific experts.

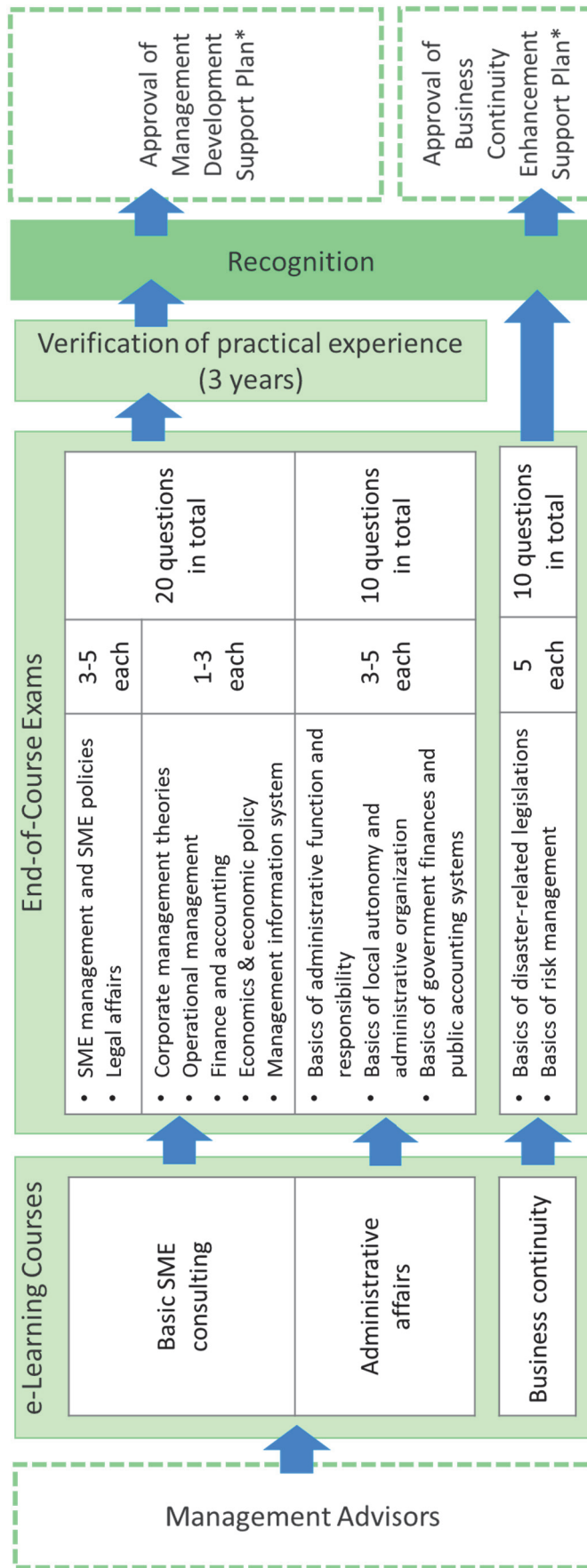
⁵³ The outline of Management Innovation Plan Approval System is presented in Figure 3-12.

⁵⁴ The outline of Smart Manufacturing Supporter Dispatch Program is presented in Figure 3-7.



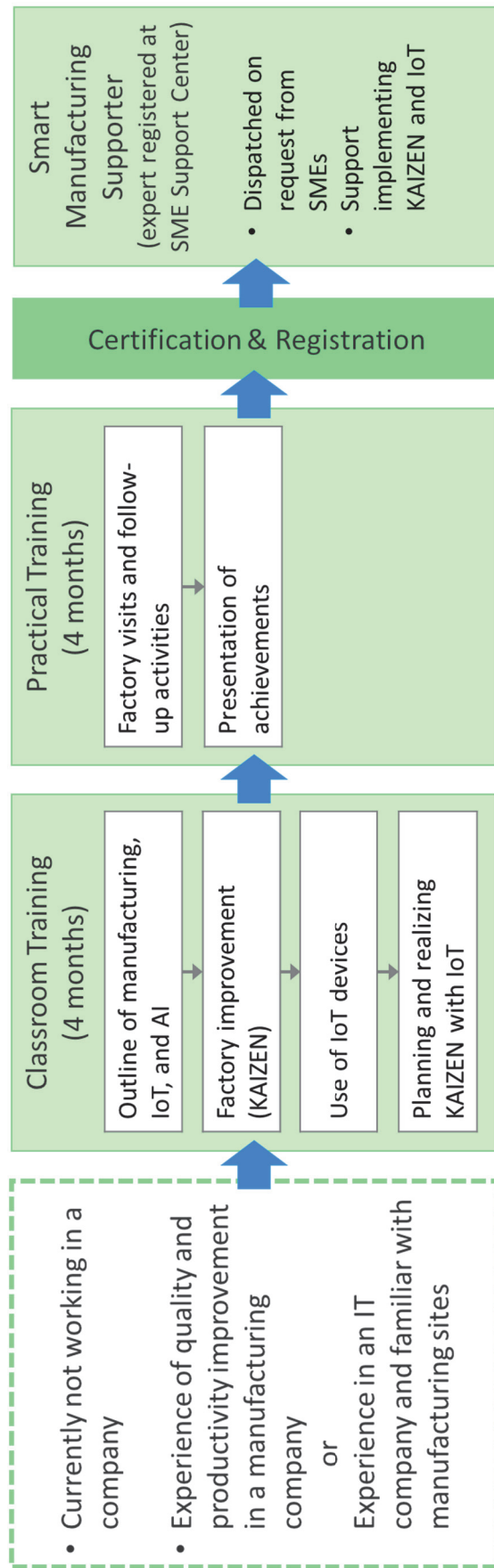
Source: Prepared by the Survey Team based on materials published by SME Agency

Figure 3-2 Overview of SME Management Consultant System



Note: * The Management Development Support Plan and the Business Continuity Enhancement Support Plan are prepared by the CCI/SCI.
Source: Prepared by the Survey Team based on materials published by SME Agency

Figure 3-3 Overview of Legally-Qualified Management Advisor System



Source: Prepared by the Survey Team based on materials published by Tottori Industrial Promotion Organization

Figure 3-4 Overview of Smart Manufacturing Supporter Registration System in Tottori Prefecture

Compared to the qualification systems for SME support professionals in Turkey, SME Consultant VQC holders are closest in concept to SME Management Consultants, SME Guides to Approved Management Innovation Support Agents, and Technical Consultants to program-specific experts. However, qualification requirements and scope of work differ. In particular, the SME Guide defines SME guidance service as the exclusive business of person who supports the production and implementation of business plans, but its use is positioned as a KOSGEB subsidy target. It cannot be said that it forms part of the public support provision system, unlike the Approved Support Agent.

3.3 Consultation Desks and Expert Dispatch

There are consultation desks and expert dispatch programs as ways of providing SME consulting support itself. The following section describes the major policies and systems introduced to KOSGEB at the online presentation session on “Utilization of Consultants in SME Support Services in Japan” in May 2021.

(1) One-Stop Support Centers and SME 119 Dispatch Service

This program consists of (i) one-stop support centers called "*Yorozu* Support Centers" that provide a one-stop consultation service on business management issues,⁵⁵ and (ii) "SME 119," which is a system to swiftly dispatch experts for on-site consultation service on request from SMEs.⁵⁶

Yorozu Support Centers offer a free consultation desk at 47 locations including public SME support organizations in each prefecture. The Organization for SMEs and Regional Innovation, Japan (SME Support Japan), which is an independent administrative agency under METI, acts as the headquarters of *Yorozu* Support Centers. Experts with national qualifications including Registered Management Consultants and Certified Tax Accountants, as well as experts with specialized knowledge such as digital marketing and website creation, can be consulted at *Yorozu* Support Centers. These Centers collaborate with various support organizations such as local CCIs/SCIs and financial institutions to mobilize their support services for SMEs that are seeking further assistance. Approximately 10 to 20 experts are assigned within each *Yorozu* Support Center, and a total of around 700 experts are providing consultation services nationwide. The *Yorozu* Support Centers offered 326,584 consultations in the 2019 fiscal year (FY).

SME 119 is a system that dispatches experts free of charge up to three times a year for consultation where issues are too difficult to resolve at consultation desks. Experts who can be dispatched include Registered Management Consultants, certified tax accountants, certified public accountants, lawyers, engineers, researchers,

⁵⁵ *Yorozu* stands for ‘ten-thousands’ in Japanese and is used to mean ‘everything’ or ‘anything’.

⁵⁶ 119 is an emergency telephone number in Japan to call an ambulance or a fire truck. In that sense, SME 119 is a system to swiftly dispatch experts on request from SMEs.

and people with significant experience in business management. These experts visit companies on request from *Yorozu* Support Centers, CCIs/SCIs, financial institutions, and other support organizations to help client companies resolve their problems.

In terms of the objectives of this program, 80% of total consultation cases are expected to produce countermeasures for the issues of the client SMEs, and 65% of total consultation cases are expected to achieve positive results from these countermeasures.

(2) Japan Mall Program

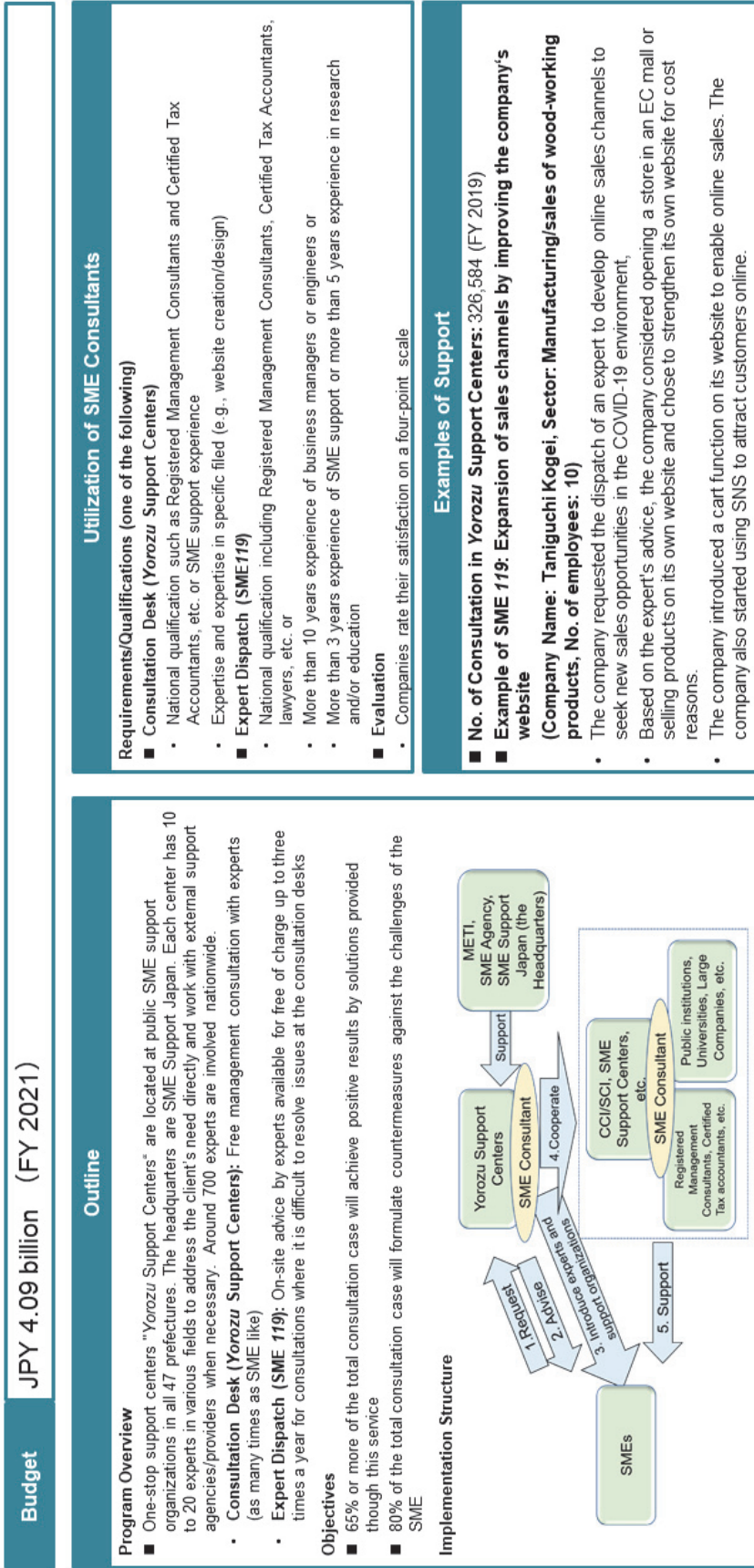
The Japan Mall Program introduces SMEs' products to more than 60 electronic commerce (EC) buyers around the world. It is a Japan External Trade Organization (JETRO) program intended to support SMEs' overseas market expansion. Registration for this program is free of charge. JETRO coordinates and supports negotiations between SMEs and buyers through in-person and online meetings. Once SMEs receive an order, the buyer purchases the product: this eliminates the SMEs' risk of product returns. Their products are promoted on overseas EC sites by a collaborative effort between JETRO and the buyers. Export procedures are handled by designated trading companies and SMEs benefit from completing shipments and sales transactions within Japan in Japanese yen (JPY). Therefore, the program mitigates risks and costs for SMEs when selling their products to foreign customers. In FY 2020, approximately 2,000 SMEs and 14,000 products were registered on the Program, with approximately 2,000 cases of successful contact with buyers.

(3) SME Digitalization Supporter Dispatch Program

The SME Digitalization Supporter Dispatch Program supports SMEs in overcoming their challenges by dispatching experts in digitalization and information technology (IT) fields, such as experts in EC, crowdfunding, online exhibitions, or work-from-home setups. SME Support Japan designates organizations to operate as the program secretariat through a public offering. This secretariat acts as a consultation desk for SMEs, receiving inquiries from SMEs and forwarding them to a suitable Supporter registered in the Program. Experts are not required to present any qualification certificate but must have adequate knowledge and skills to work as registered SME Digitalization Supporter. IT specialists who are working for a company, self-employed, or running a business may register in the Program as their second job or side-business. Supporters also provide online consultation. The consultation fees are determined by contract between the SME and the Supporter, while a subsidy is available up to JPY 3,500/hour to cover the gap between the contract amount and the amount borne by the SME which must be at least JPY 500/hour.

Figures 3-5 to 3-10 below provide an overview of selected consultation desks and expert dispatch programs, namely the One-Stop Support Centers and SME *119* described above, the Business Succession and Acquisition Support Centers, the Smart Manufacturing Supporter Dispatch Program, the Tokyo SME Vitality Improvement Project, the E-*SODAN* (E-Consultation) service, and the JETRO Innovation Program. These figures were provided to the online presentation session participants as supplementary materials.

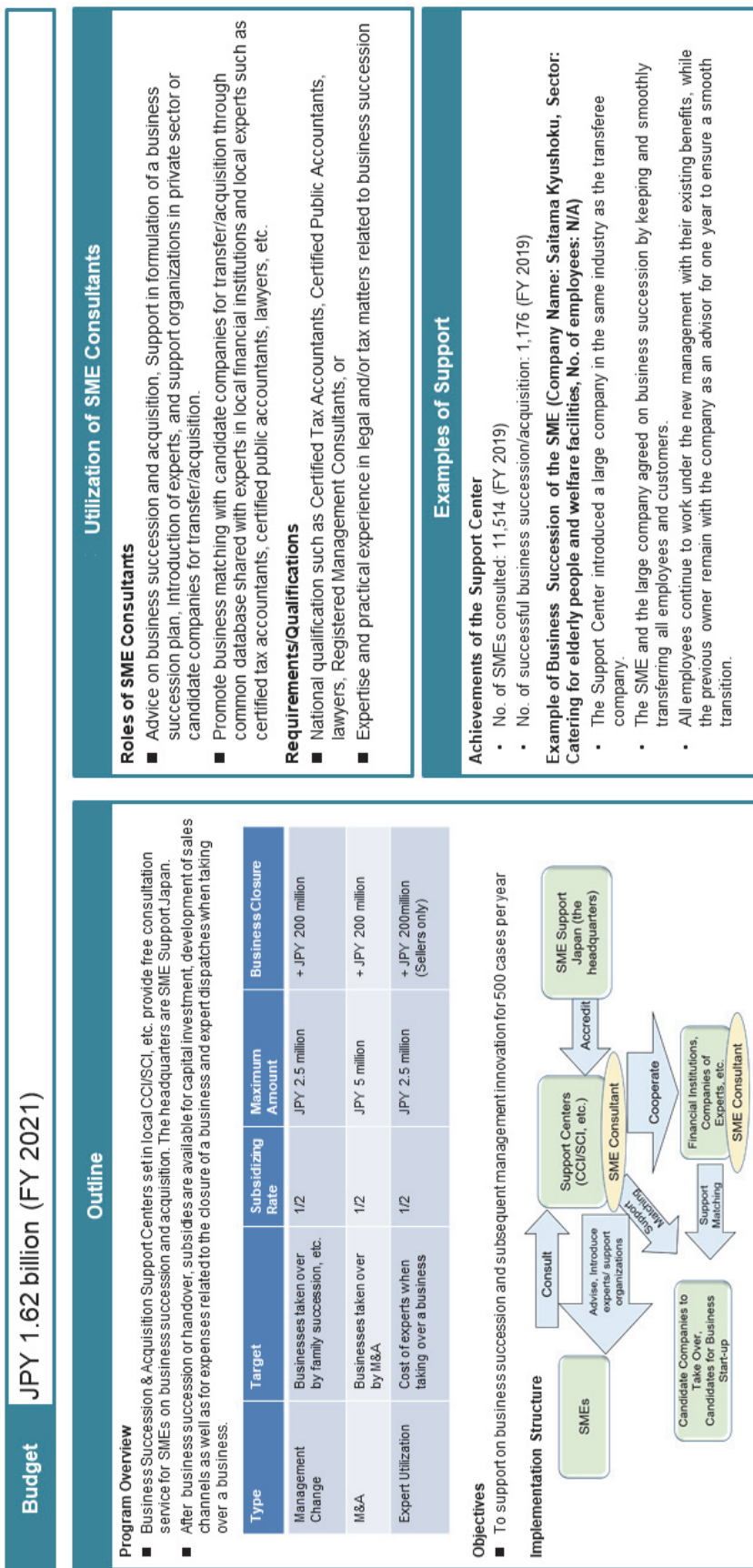
One-Stop Comprehensive Support Program (Yorozu Support Centers and SME 119)



Source: Prepared by the Survey Team based on the documents of METI, the Small and Medium Enterprise Agency and SME Support Japan

Figure 3-5 Overview of One-Stop Support Centers and SME 119

Business Succession and Acquisition Support Centers



Source: Prepared by the Survey Team based on the documents of METI, SME Support Japan, etc.

Figure 3-6 Overview of Business Succession and Acquisition Support Centers

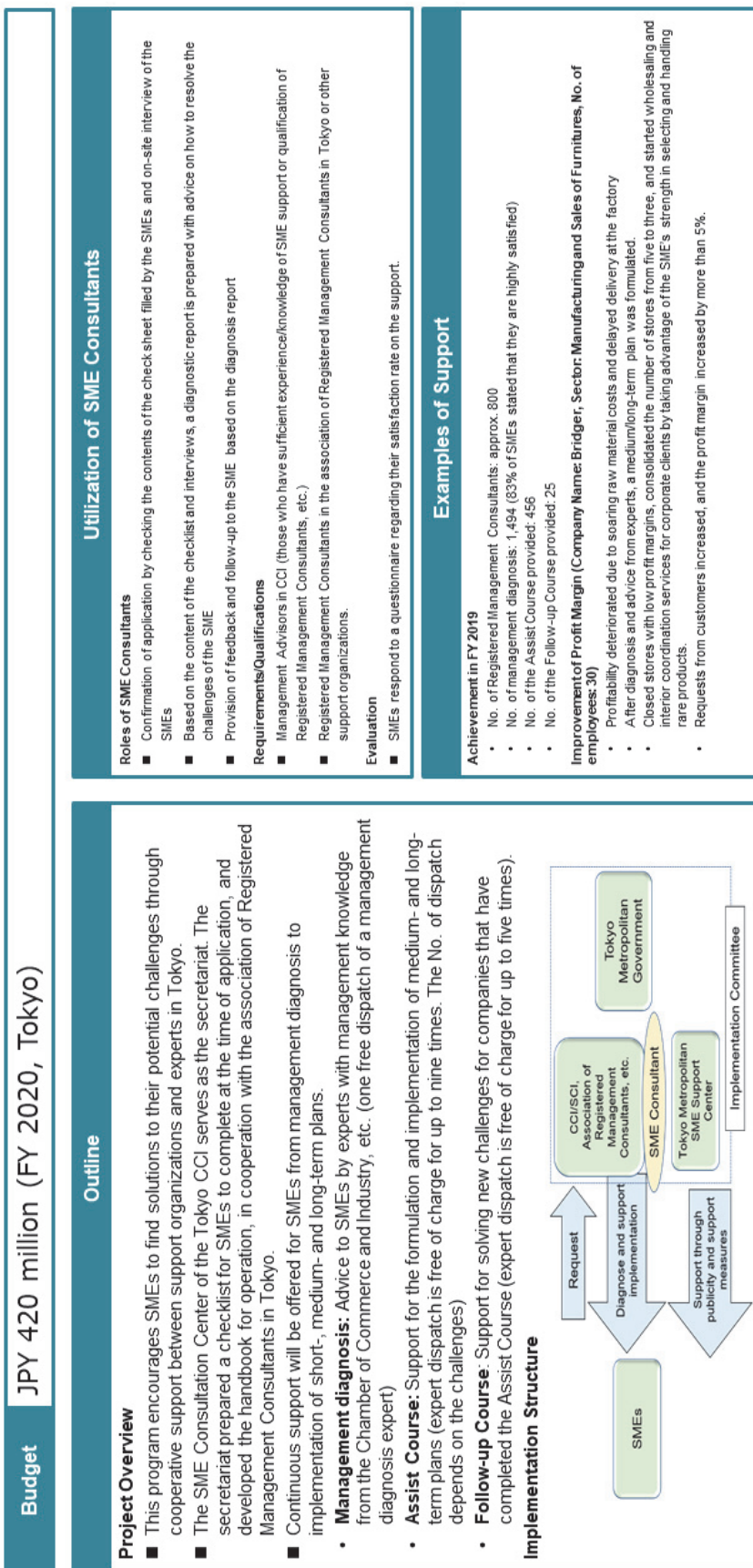
Smart Manufacturing Supporter Dispatch Program

Budget	N/A (Budget for the SME Human Resource Support Program that include this program is JPY 11.7 billion for FY 2020)
Outline	Utilization of SME Consultants
<p>Program Overview</p> <ul style="list-style-type: none"> ■ (i) To train instructors in the use of IoT and robots to improve quality and productivity; ■ (ii) To support SMEs to improve its quality and productivity by dispatching instructors ■ METI selects 34 supporting centers nationwide (as of 2019) and subsidizes part of its operational cost. The support center are including public SME support organizations and CCI/SOI, etc., that provide training course to nurture instructors and instructor dispatch ■ School Program (Training for Instructors) <ul style="list-style-type: none"> • Target: persons with extensive experience in manufacturing, persons with expertise in IoT and robotics, etc. • Human resource development through classroom and field training to help SMEs improve their workplaces and introduce IoT and robots ■ Instructor Dispatch Program <ul style="list-style-type: none"> • Seminar and briefing sessions for SMEs on the introduction of IoT, etc. • Individual consultation by instructor (e.g., free of charge for the first time) • Assistance in preparing application for subsidies of public organizations <p>Objectives</p> <ul style="list-style-type: none"> ■ No. of Smart Manufacturing Supporter (instructor) trained: 150 persons/year <p>Implementation Structure</p>	<p>Roles of SME Consultants</p> <ul style="list-style-type: none"> ■ Support for the introduction of IoT and robots including following examples <ul style="list-style-type: none"> • Visualization of the production line by introducing sensors • Analysis and utilization of acquired IoT data • Digitization of the know-how of the skilled engineers, etc. ■ Requirements/Qualifications <ul style="list-style-type: none"> • Those with extensive experience in the manufacturing industry, IoT vendor companies, or Managers and production leaders of SMEs ■ Evaluation (at the end of the school program) <ul style="list-style-type: none"> • After the completion of the training (about 13 days of classroom training, 2 days of group work, and 4 months of on-site training), the candidates of instructors will make a presentation regarding the proposals made in the on-site training, to be certified.
Examples of Support	<p>Achievement</p> <ul style="list-style-type: none"> • 394 instructors trained in FY 2019, with a cumulative total of 1,163 instructors trained between FY 2017 and FY 2019 <p>Example of Improvement of Schedule Setting and Cost Estimation (Company Name: Aizawa Mounting Vehicle Factory, Sector: Manufacturing of Automobile Parts, No. of employees: 8)</p> <ul style="list-style-type: none"> • Information related to special work that is carried out only a few times a year had not been accumulated, resulting in insufficient prediction of man-hours and time, which hindered the calculation of schedule setting and cost estimation. • Through consultation, the camera system has installed in the workplace. The contents of special work were recorded and registered. • The accumulated work records improved the accuracy of setting the work period and calculating estimated cost.

Source: Prepared by the Survey Team based on the documents of METI and the Industrial Promotion Organizations of Tottori and Oita prefectures

Figure 3-7 Overview of Smart Manufacturing Supporter Dispatch Program

Tokyo SME Vitality Improvement Project



Source: Prepared by the Survey Team based on the documents of the Tokyo SME Vitality Improvement Project Implementation Committee, Tokyo Metropolitan Government, etc.

Figure 3-8 Overview of Tokyo SME Vitality Improvement Project

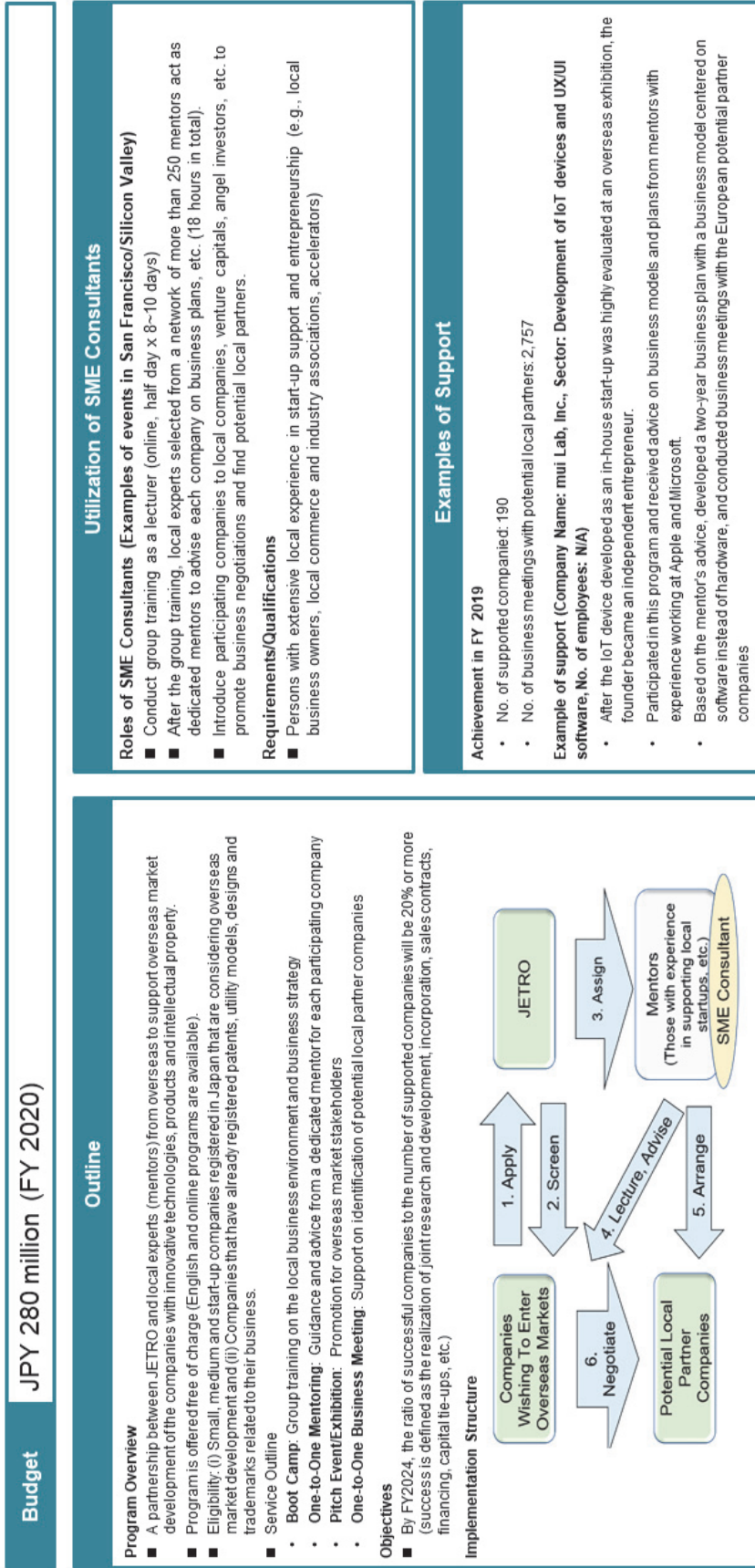
E-SODAN (E-Consultation)

Budget	N/A (Total amount of government funding for operational expenses of SME Support Japan is JPY 17.7 billion in FY 2021)
Utilization of SME Consultants	
Roles of SME Consultants	<ul style="list-style-type: none"> ■ Consultation support via chat (marketing, BCP, etc.)
Requirements/Qualifications	<ul style="list-style-type: none"> ■ Registered Management Consultants with sufficient expertise and experience in financial institutions, trading companies, IT companies, etc.
Evaluation	<ul style="list-style-type: none"> ■ The SMEs answer "Yes" or "No" to the question "Was it helpful?" in the chat, and then provides optional feedback in a descriptive form. ■ SME Support Japan evaluates the response history of the AI chatbot, and the AI learns the relationship between questions and proper answers to improve accuracy.
Examples of Support	
Users' voices	<ul style="list-style-type: none"> ■ Business owner (anonymous, using chat with an expert) <ul style="list-style-type: none"> • I have used the service twice, and the advice is easy to understand and gives me a sense of security. ■ Young business advisor (anonymous, using chat with an expert) <ul style="list-style-type: none"> • I use this service when I need to support SMEs on the new field for the first time because I am not very experienced. It is very convenient. ■ Support organization staff (anonymous, using AI chatbot) <ul style="list-style-type: none"> • I can search the Internet by myself, but since the service is provided by SME Support Japan, I feel confident in the answers. I would recommend this service to people who are studying management
Outline	
Program Overview	<ul style="list-style-type: none"> ■ The service is available for free and anonymous. The SMEs can choose between AI chatbots and experts. This program offers convenient access to the management consultation services that SME Support Japan has been providing at its nine regional headquarters nationwide. ■ Automated response by AI chatbot (24 hours a day, 7 days a week) <ul style="list-style-type: none"> • Financial arrangements • Productivity improvement, use of IT • Precautionary measures for disaster, BCP • COVID-19 related countermeasures and support measures, etc. ■ Chat with an expert (weekdays 9:00~17:00) <ul style="list-style-type: none"> • Up to 30 minutes per session • Consultations related to contents that cannot be answered by AI chatbots • Consultations on IT and EC are available on Tuesdays • Consultations on infectious diseases such as the COVID-19 and the formulation of BCP are available on Thursdays
Implementation Structure	<pre> graph TD SMEs[SMEs] -- "Chat to consult" --> AI[AI Chatbot] AI -- "Answer" --> SMEs SMEs -- "Chat to consult" --> Experts[Experts SME Consultants] Experts -- "Advise" --> SMEs AI -- "Learn" --> Info[Information on support measures/organizations, etc.] Info -- "Share" --> SMEsJapan[SME Support Japan] SMEsJapan -- "Assign" --> Experts Experts -- "Improve" --> AI </pre>

Source: Prepared by the Survey Team based on documents/websites of METI, SME Support Japan and IBM Japan, Ltd.

Figure 3-9 Overview of E-SODAN (E-Consultation) Service

JETRO Innovation Program



Source: Prepared by the Survey Team based on the documents of JETRO

Figure 3-10 Overview of JETRO Innovation Program

3.4 Financial Support Programs and Consulting Support

SMEs' most urgent need is financial support. In Japan, by incorporating consulting into financial support measures, the relevance and effectiveness of support is enhanced, and the medium to long-term use of consulting support by SMEs is promoted. In addition, by using the financial support that is often requested by SMEs as an entry point, SME support professionals acquire business opportunities and gain experience, which leads to improved consulting ability. The following describes the major policies and systems introduced to KOSGEB in the online presentation session on "Utilization of Consultants in SME Support Services in Japan" in May 2021.

(1) Approval of Business Continuity Enhancement Plans and BCP Loans

The Business Continuity Enhancement Plan Approval System encourages SMEs to prepare for natural disasters, infectious diseases, or other risks that would affect business by supporting investments in equipment and facilities. SMEs prepare a plan of disaster prevention/reduction precautionary measures, which is approved by the Minister of METI. This plan can be prepared either by single companies or by a group of companies.

Various support organizations assist SMEs in producing this plan, which include SME Support Japan, CCIs/SCIs, financial institutions, and downstream companies in the supply chain. For example, SME Support Japan assigns management and disaster prevention experts to provide free on-site and online counselling to the SME up to around three times. Various support measures are available for SMEs whose business continuity enhancement plans are approved. They will be listed on the website of the Small and Medium Enterprise Agency and authorized to use the special logo that indicates certification of their plan on their business cards for example. As a tax incentive, special depreciation may be applied to investments in disaster prevention equipment. Preferential financial support is available through the so-called BCP loans offered by the Japan Finance Corporation (JFC), which provide low-interest loans for equipment and working capital related to disaster prevention. Furthermore, SMEs with an approved plan will be given additional points when competing for certain subsidies.

(2) Approval of Management Improvement Plan

In the Management Improvement Plan Approval System, SMEs draw up a plan for improving management capacity, including human resource development, cost management and equipment investment, and obtain approval from the Minister in charge of the industry sector. SMEs must prepare their plan in line with the guidelines provided by industry sector to define the target outcomes and specific actions to be taken. For instance, target outcomes for a five-year plan in the manufacturing sector should define either (i) a 2% increase in labor

productivity, (ii) a 5% increase in ordinary profit margin, or (iii) a 2% increase in value added. Support measures for SMEs with approved plans include tax benefits for investments in equipment or land, funding support through loans and credit guarantees, and exceptional legal measures for business succession. Experts in business innovation from accredited support agencies such as CCIs/SCIs and financial institutions provide advice and support throughout the planning and implementation processes.

(3) Approval of Management Innovation Plan

The Management Innovation Plan Approval System helps SMEs to improve their management by conducting new business activities such as developing new products and services. SMEs prepare a management innovation plan and submit it to the prefectural government, where it is approved by the provincial governor. Experts from accredited support agencies such as CCIs/SCIs or financial institutions provide support throughout the planning and implementation processes. SMEs are required to establish specific numerical targets in their plan. When formulating a five-year plan, the SME must aim for at least 15% growth in value added and at least 7.5% growth in total payroll. Once the plan is approved, the SME can take advantage of tax incentives for investments in equipment and land and of financial support through low-interest JFC loans and expansion of credit guarantee limits. SMEs that achieve outstanding outcomes by completing implementation of their management innovation plan will be honored by provincial governors.

(4) Agriculture-Commerce-Industry Collaboration Program

In the Agriculture-Commerce-Industry Collaboration Program, SMEs and farmers/foresters/fishers jointly prepare a plan for a new product or service, by utilizing both parties' knowledge and skills, which must be approved by the Minister of METI or the Minister of Agriculture, Forestry, and Fisheries. Each partner business is required to set the target outcome as a 5% increase in value added by 5% in five years. Once the plan is approved, the collaboration project will be supported by measures such as (i) a subsidy up to JPY 5 million/year for prototype development, exhibition, and other project expenses, (ii) expansion of credit guarantee limits, and (iii) low-interest loans from the JFC, among others. SME Support Japan offers free consultation services for this program at its ten regional headquarters. Experts from SME Support Japan provide advice and support throughout the planning and implementation processes from the business conceptualization stage to planning and sales channel development after approval of the plan.

(5) Managerial Improvement Loans and Management Development Support Fund for Small Enterprises

There is a financial support program dedicated to stabilizing business conditions for small enterprises that employs 20 or fewer employees (five or fewer employees for businesses in the commercial or service sectors). The JFC provides two schemes: (i) managerial improvement loans and (ii) the management development support fund for small enterprises. Approximately 43,000 loans were granted in FY 2019.

Management improvement loans are provided by the JFC at low interest rates with no collateral or guarantor from the small enterprises that have been receiving management guidance at a CCI/SCI. The loan conditions are as follows: a loan limit of JPY 20 million, an interest rate of 1.21%,⁵⁷ and a loan period of up to ten years for equipment and seven years for working capital. Small enterprises that want to apply for a loan under this scheme must receive free management guidance from a CCI/SCI management advisor for at least six months before their application. The management advisor then reports the result to the CCI/SCI and asks the president to issue a letter of recommendation to the JFC.

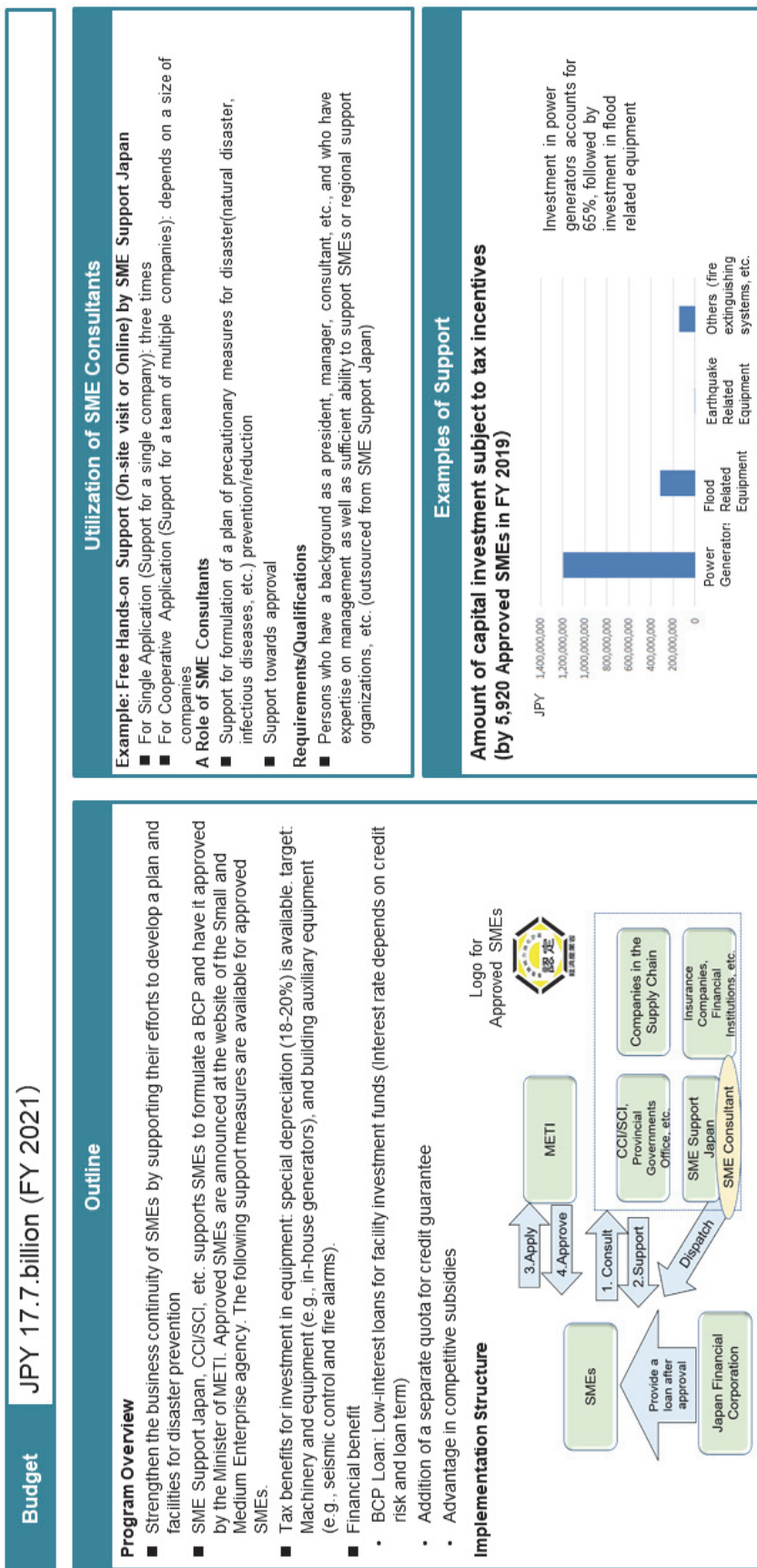
The management development support fund is the scheme in which the JFC provides low-interest loans for small enterprises receiving guidance from a CCI/SCI when the latter has a management development support plan approved by the Minister of METI. The conditions include a loan limit of JPY 72 million (JPY 48 million for working capital), loan interest rates of 1.66% to 2.05% (unsecured) and 0.71% to 1.70% (secured),⁵⁸ and a loan period of up to 20 years for equipment and eight years for working capital. The CCI/SCI prepares an advanced support program plan for small enterprises in cooperation with the municipal government, which must be approved by the Minister of METI, and becomes eligible to utilize this scheme for its advisee enterprises. This plan should identify the Legally-Qualified Management Advisors who provide management consulting for small enterprises as detailed in the plan. The borrowing enterprises continue to receive support and advice from the CCI/SCI and submit regular reports to the JFC on their progress against their business plan at least once a year for the first five years of the loan period. Borrowers are also required to maintain the number of employees for at least six months after the loan.

Figures 3-11 to 3-14 below provide an overview of selected financial support programs that combine with consulting support, namely the Business Continuity Enhancement Plan approval and BCP loans, the Management Innovation Plan approval, the Managerial Improvement Loans/Management Development Support Fund, and an example of special loan referral programs by local governments. These figures were provided to the online presentation session participants as supplementary materials.

⁵⁷ As of May 6, 2021. Concurrently, interest rates for SME loans from commercial banks ranged 2% to 3.5%.

⁵⁸ As of May 6, 2021. Concurrently, interest rates for SME loans from commercial banks ranged 2% to 3.5%.

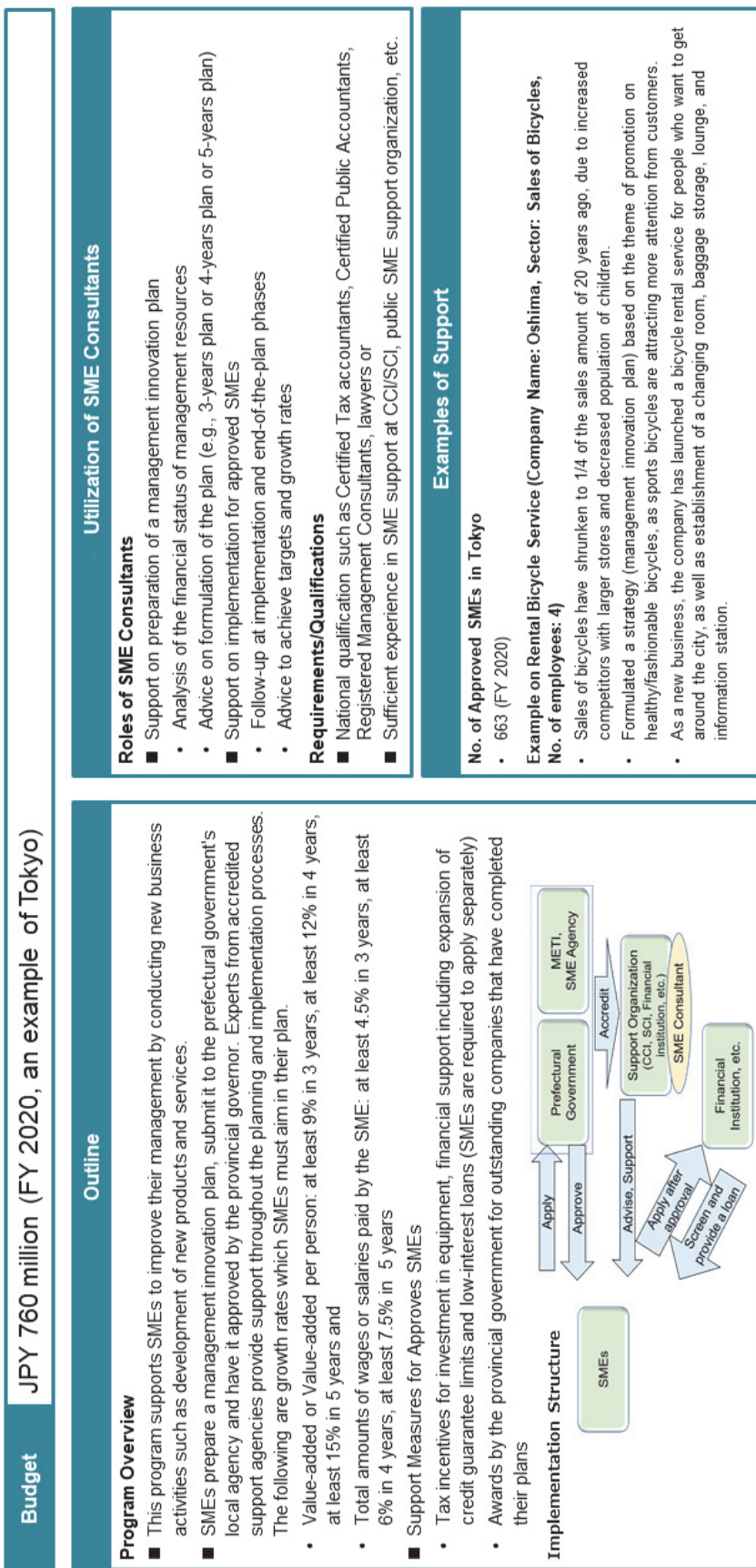
Business Continuity Enhancement Plan and BCP Loan



Source: Prepared by the Survey Team based on the documents of METI, the Small and Medium Enterprise Agency, SME Support Japan, and JFC

Figure 3-11 Overview of Business Continuity Enhancement Plan Approval System

Management Innovation Plan



Source: Prepared by the Survey Team based on the documents of the Small and Medium Enterprise Agency, Tokyo Metropolitan Government, Ibaraki Prefectural Government and Tokyo CCI.

Figure 3-12 Overview of Management Innovation Plan Approval System

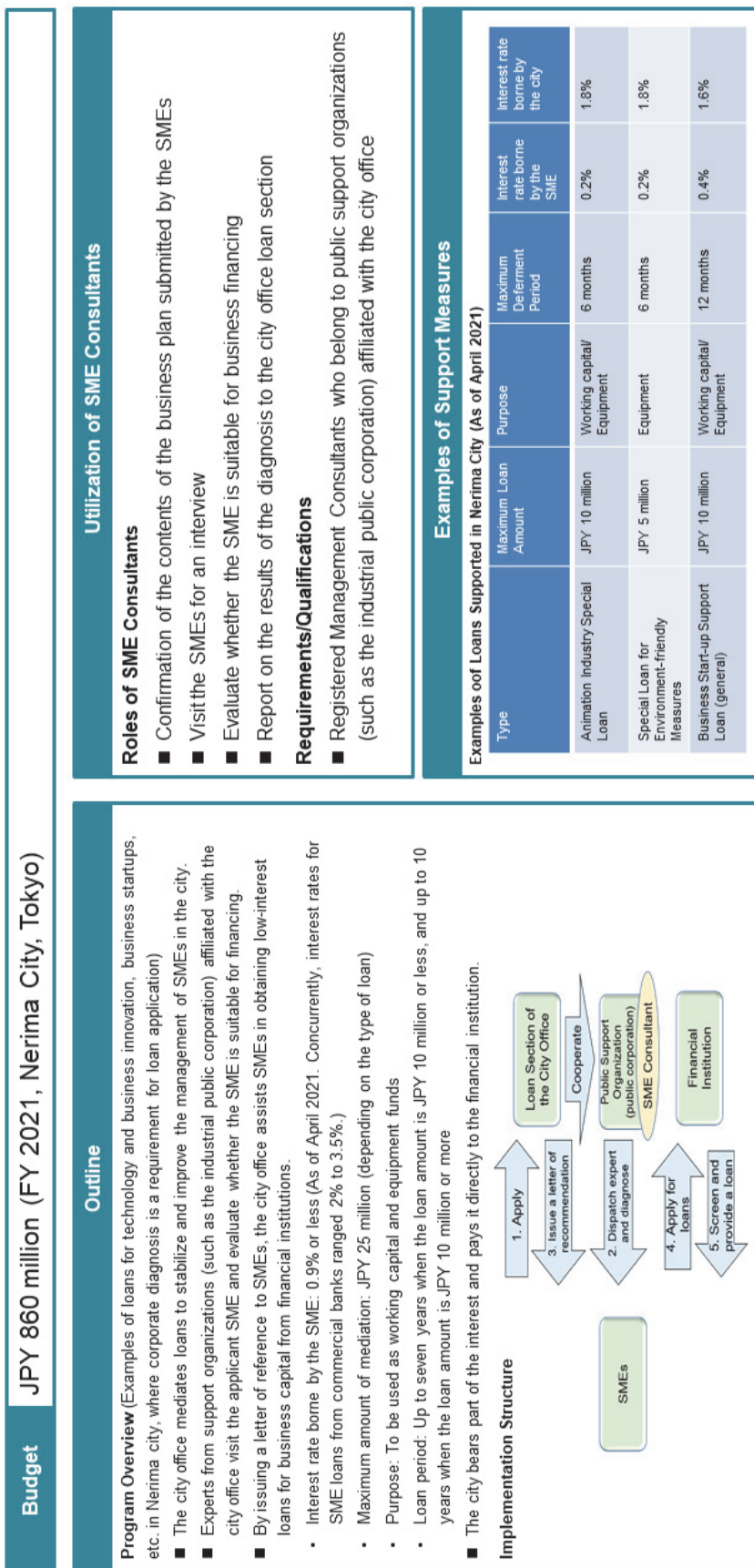
Managerial Improvement Loans and Management Development Support Fund for Small Enterprises

Budget JPY 400 million (FY 2021)
Outline
<p>Program Overview</p> <ul style="list-style-type: none"> The following two types of schemes are offered to help stabilize the business conditions of small enterprises and increase the number of profitable businesses through loans. Small enterprises: Corporations and sole proprietorships with less than 20 employees (less than 5 employees for businesses in the commercial or service sectors) (i) Managerial Improvement Loans <ul style="list-style-type: none"> Maximum loan amount: JPY 20 million Loan interest rate: 1.21%* Loan period: 10 years or less for equipment, 7 years or less for working capital Collateral and guarantor: Not required Other conditions: Management guidance (free of charge) by a Management Advisor from CCI for at least six months in advance is required. (ii) Management Development Support Fund <ul style="list-style-type: none"> Maximum loan amount: JPY 72 million yen (48 million yen for working capital) Interest rates: 1.66% to 2.05% (unsecured), 0.71% to 1.70% (secured)* Loan period: Up to 20 years for equipment, up to 8 years for operating funds <p><small>*As of May 6, 2021. Concurrently, interest rates for SME loans from commercial banks ranged 2% to 3.5%.</small></p> <p>Implementation Structure</p> <pre> graph TD SE[Small Enterprises] -- "1. Apply" --> CCI[CCI] CCI -- "2. Dispatch expert, Advise" --> SMEC[SME Consultant] SMEC -- "3. Recommend" --> JFC[Japan Finance Corporation] JFC -- "4. Screen, Provide a loan." --> SE </pre>
Utilization of SME Consultants
<p>Roles of SME Consultants (Example of Managerial Improvement Loans)</p> <ul style="list-style-type: none"> Management Advisors provide following guidance/support, after receiving consultations and applications from the companies to CCISC. Analysis of business conditions and advice on management challenges such as finance and sales channel development Continuous guidance for six months by visiting companies Problem solving through collaboration with external experts/organizations After the guidance, Management Advisors report the content of the guidance to the CCI and request the president of the CCI to issue a letter of recommendation toward JFC. <p>Requirements/Qualifications</p> <ul style="list-style-type: none"> Management Advisors in CCISC. Persons with expertise and sufficient experience in support for small enterprises, or persons with professional qualifications such as Registered Management Consultants, Certified Public Accountants, labor and social security attorneys, etc.
Examples of Support
<p>No. of financial support in these schemes</p> <ul style="list-style-type: none"> FY 2019: 43,652 FY 2018: 44,176 FY 2017: 44,060

Source: Prepared by the Survey Team based on the documents of METI, SME Support Japan, Japan CCI and Tokyo CCI.

Figure 3-13 Overview of Managerial Improvement Loans and Management Development Support Fund for Small Enterprises

Local Governments' Special Loan Programs (Example of Nerima City, Tokyo)



Source: Prepared by the Survey Team based on the documents/website of Nerima City, Tokyo

Figure 3-14 Overview of Special Loan Referral Program by Local Governments (Example of Nerima City, Tokyo)

4. Management Survey of Micro and Small Enterprises

This chapter summarizes the Online Management Seminars, the Individual Consultation Service and the Online Workshop, as well as overview of MSEs' current management condition based on the information collected through each of these activities.

4.1 Online Management Seminars

KOSGEB and the Survey Team implemented online management seminars from August 4, 2021 to August 12, 2021, a total of six days. The seminars were offered for MSEs benefiting from the Rapid Support Program that have completed the first round of screening. A total of 345 people participated in the seminars.

(1) Outline of Online Management Seminars

The seminars, titled Rise Above Crisis, aimed to provide target MSEs with knowledge and information to sustain, expand, and innovate their businesses post-COVID-19 and consisted of three different programs: Sustain, Grow, and Innovate.⁵⁹ The Sustain Program included lectures on "Business Continuity Plan (BCP)" and "KAIZEN", the Grow Program offered lectures on "Overseas Market Development" and "Digital Marketing" for business expansion, and the Innovate Program provided lectures on "New Business Development" and "Financial Management" for new businesses. The seminars were held online using Zoom video webinars to virtually connect experts in Japan, KOSGEB and MSEs in Turkey.

Three KOSGEB staff members moderated the seminars, with each of them in charge for two days. At the beginning of each seminar, the representative of the KOSGEB project management department and the chief representative of JICA Turkey Office gave opening remarks. In addition to Japanese experts giving lectures from Japan in each specialized field, the Survey Team provided secretariat support from Japan, including operational support for simultaneous interpretation and troubleshooting for lecturers, as well as questionnaire distribution and collection. For the BCP lecture, the Survey Team appointed an external Japanese lecturer with extensive experience in corporate support in the relevant field.

This seminar was held twice on different days of the week for three different programs to make it easier for MSEs to participate. Before the start of each lecture, the Survey Team informed participants about the individual consultation service and online workshop, and encouraged them to submit the online questionnaire, which was a prerequisite for these services. After the lectures, participants were asked to complete the first phase of the online

⁵⁹ In the flyer, etc., the seminars were titled as Krize Rağmen Büyüme which is Turkish translation of Rise Above Crisis. Similarly, "Sustain, Grow, Innovate" were translated as "Sürdürülebilirlik, Büyüme, Yenilik".

questionnaire and submit it before they left. Table 4-1 shows the outline of the online management seminars.

Table 4-1 Outline of Online Management Seminars

Date	1. Sustain / Sürdürülebilirlik: August 5, August 10, 2021 2. Grow / Büyüme: August 4, August 12, 2021 3. Innovate / Yenilik: August 6, August 11, 2021			
Venue	Zoom Video Webinar			
Purpose	1. To provide the MSEs in the manufacturing sector and innovative start-up companies 2. that are beneficiaries of the Rapid Support Program with knowledge and information useful for them to overcome the difficult business environment and maintain or expand their businesses. To encourage participating companies to apply for individual consultation and online workshop which will be jointly conducted by KOSGEB and the Survey Team			
Language	Turkish - Japanese simultaneous interpretation			
Program	Time	Sustain / Sürdürülebilirlik /	Grow / Büyüme	Innovate / Yenilik
	10:00~10:15	1. Opening Remarks by KOSGEB 2. Opening Remarks by JICA Turkey office 3. Introduction to related program (flow of individual consultation service and online workshop)		
	10:15~11:15	4. Lecture 1: BCP	4. Lecture 1: Overseas Market Development	4. Lecture 1: New Business Development
Program	11:15~11:25	5. Question and answer session		
	11:25~11:35	Short Break (Request to answer feedback questionnaire for those who leave before the end)		
	11:35~11:40	6. Introduction to related program (flow of individual consultation service and online workshop)		
	11:40~12:40	7. Lecture 2: KAIZEN	7. Lecture 2: Digital Marketing	7. Lecture 2: Financial Management
	12:40~12:50	8. Question and answer session		
	12:50~13:00	9. Feedback questionnaire collection (First phase questionnaire survey)		

Source: Prepared by the Survey Team

(2) Preparations for Online Management Seminars

KOSGEB and the Survey Team discussed preparations for the seminars in online meetings starting in May 2021 as well as in-person meetings at field survey from the end of June to early July 2021. An overview of preparations including flow of operations on the seminar days were finalized in the meeting on July 6, 2021. For this seminar, all lecture materials were translated into Turkish to give a better understanding to participants, and simultaneous interpretation between Japanese and Turkish was provided on the seminar days. The Survey Team

prepared an announcement flyer, a special webpage⁶⁰ and an online registration form for the seminars, and agreed with KOSGEB on the contents by July 6.

Since July 12, KOSGEB has emailed flyers to the target MSEs three times in total, informing them of the seminars and encouraging them to register through the dedicated webpage. Initially, the seminars were intended to target MSEs in Istanbul, Ankara, and Izmir that had been screened for the Rapid Support Program, but in June the number of MSEs applying for the Rapid Support Program was smaller than expected, so on July 6 KOSGEB and the Survey Team agreed to change the target of the seminars to MSEs throughout Turkey. The number of MSEs who were notified about this seminar was 7,620 – those that had already been screened for the first round of the Rapid Support Program.⁶¹



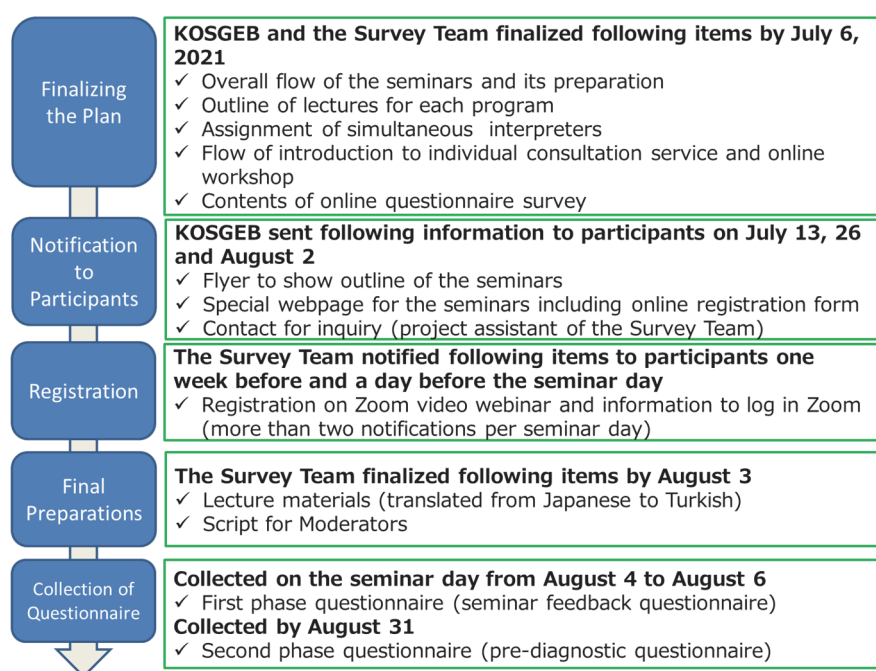
Source: Prepared by the Survey Team

Figure 4-1 Announcement Flyer (Left) and Special Webpage (Right) for Online Management Seminars

KOSGEB and the Survey Team discussed the contents of the online questionnaire as well as introduction materials for individual consultation service and an online workshop for the day of the seminars starting in May, and the contents were finalized on July 6. Figure 4-2 summarizes preparations for the online management seminars.

⁶⁰ The webpage was created via WordPress.com and was published after obtaining the domain name of “krizeragmenbuyume.com.”

⁶¹ KOSGEB started the second-round application of the Rapid Support Program in June 2021. However, since the screening for the second round of applications will be completed by the end of August, only MSEs for the first round of applications, for which the selection process has already been completed, were eligible for this seminar.



Source: Prepared by the Survey Team

Figure 4-2 Outline of Preparations for Online Management Seminars

(3) Feedback from participants

The total number of registrations for the seminars was 2,340, of whom a total of 345 participated. Excluding duplicates, the total number of applicants was 535 and the total number of participants was 179.⁶² A total of 210 people responded to the first phase online questionnaire survey of whom 67, excluding duplicates, indicated they would like to participate in the individual consultation service and online workshop. Table 4-2 gives a breakdown of the number of people who registered and participated in the seminars.

Table 4-2 Breakdown on Numbers of Persons Registered and Participated in Online Seminars

Program	Date	Number of Registration	Number of Participants	Number of Respondents to Questionnaire (Response rate)	Number of Applications for Individual Consultation, etc.
Sustain / Sürdürülebilirlik	2021/8/5	392	72	46 (63.9%)	41
	2021/8/10	352	39	18 (46.2%)	14
Grow / Büyüme	2021/8/4	413	90	45 (50.0%)	38
	2021/8/12	400	40	20 (50.0%)	19
Innovate / Yenilik	2021/8/6	399	51	47 (92.2%)	40
	2021/8/11	384	53	34 (64.2%)	29
TOTAL		2,340	345	210 (60.9%)	181

Note: The total number above includes duplicates. Without duplicates, there were 535 registrations and 179 participants.

Source: Prepared by the Survey Team

⁶² Of these, 91 participated for only one day, 38 for two days, 35 for three days, seven for four days, three for five days, and five for six days.

Initially, the number of participants for each seminar was expected to be approximately 200 people per day, but the actual number was an average of 57 people per day. Factors that contributed to the lower-than-expected number of participants include (i) a fall in the number of target participants, (ii) limited publicity channels, (iii) low participation rate by those who registered, and (iv) inadequate management on the day of the seminar. (i) The main reasons for the fall in target participants were the delay in the application and screening schedule for the Rapid Support Program, the lower-than-expected number of applications, and because only MSEs that are first-round beneficiaries of the Rapid Support Program, were eligible for this seminar as screening for the second round of application could not be completed in time after the application requirements were relaxed. (ii) The limitation on the publicity channel was due to the fact that KOSGEB was not able to disclose the contact information of the target MSEs to the Survey Team due to KOSGEB restrictions on handling confidential information, and the only publicity channel available was KOSGEB contacting the target MSEs directly. (iii) Regarding the low participation rate by those who registered, the secretariat sent reminders to registrants one day and one hour before the seminar, but the actual number of participants was 179 out of 535 registrations, giving a participation rate of 35%. Information on registration for this seminar was emailed out three times by KOSGEB, while reminders were sent via Zoom. In addition to basic information such as the date and time of the seminar and links to other sites, reminders about the seminar should have included contents that would increase anticipation, such as incremental announcements about the contents of the seminar and incentives for participation, such as issuing completion certificates. (iv) Concerning the operating inadequacies on the seminar day, the lecture was interrupted due to poor communication immediately after it started, and it took about 20 minutes before it could be resumed in stable internet conditions. This was because the lecture had to be conducted from an abnormal location with an inadequate communication environment due to COVID-19 prevention border control measures. The instructor and the secretariat ran a communication test beforehand, however, the problem was not detected at that time. Although measures to prevent infection were unavoidable, the procedures to be followed in the event of communication instability on the day of the seminar had to be organized in advance. For example, a procedure to immediately switch screen sharing, which puts a heavy load on communication should have been organized to avoid problems.

More than 90% of the total 210 participants who responded to the first phase questionnaire survey answered "satisfied" or "very satisfied" with the "lecture content," "overall flow," and "interpretation". Table 4-3 summarizes the participants' satisfaction level with the seminars.

Table 4-3 Outline on Satisfaction Level of Seminars by Participants

Program	Date	Lecture 1	Lecture 2	Overall Flow	Interpretation
Sustain / Sürdürülebilirlik	2021/8/5	1.52	1.50	1.48	1.26
	2021/8/10	1.56	1.67	1.56	1.67
	Average	1.53	1.55	1.50	1.38
Grow / Büyüme	2021/8/4	1.29	1.40	1.29	1.27
	2021/8/12	1.80	1.80	1.80	1.55
	Average	1.45	1.52	1.45	1.36
Innovate / Yenilik	2021/8/6	1.72	1.70	1.66	1.55
	2021/8/11	1.74	1.44	1.53	1.09
	Average	1.73	1.59	1.61	1.36

Note: Very satisfied = +2 Satisfied = +1 Not very satisfied = -1 Not satisfied = -2

Source: Prepared by the Survey Team

In the questionnaire comment section, several respondents stated that they would have liked to have more participatory content. In Lecture 1 (New Business Development) in the Innovate Program, for which the average satisfaction level was high, a participatory lecture was conducted using an online form to exchange opinions with participants, with evaluation that is consistent with the content of the comments.

In the feedback questionnaire, the participants indicated three main areas for improving the seminars: (i) improving the communication environment, (ii) improving the quality of the interpreters, and (iii) improving the lecture content. Regarding (i) improving the communication environment, this was particularly reflected in the level of satisfaction with the lecture on Overseas Market Development, which was Lecture 1 in the Grow Program on August 4, and the overall flow of the program on that day. Several participants pointed out the communication environment on this day. This was because the lecturer's internet connectivity became unstable for about 20 minutes after the lecture started, and it took time for the secretariat to restore it. (ii) In terms of interpretation, several participants pointed out that one of the two interpreters was not sufficiently skilled. (iii) Regarding the content of the lectures, there were requests for greater participatory content, additional case studies for each industry, and additional content on issues and solutions in the implementation stage, not just theory. These suggestions were shared within the Survey Team and improvements were attempted in the online workshop.

4.2 Individual Consultation Program and Online Workshop

The individual company consultations (hereafter referred to as "the Individual Consultation") and the Online Workshop were conducted from November 1 to 12, 2021., 27 MSEs and 25 SME experts participated in the

individual consultation, and 48 people from MSEs plus 13 SME experts participated in the online workshop.

(1) Implementation outline

Both the Individual Consultation and the Online Workshop were designed to support improved of the management of the participating MSEs through the following phases: identification of management issues, prioritization of the issues, and defining measures for improvement.

a. Target

The Individual Consultation was planned to be held in Istanbul, Kocaeli, Düzce, Ankara and Elazığ⁶³ after summarizing requests from the online management seminar participants, taking into account the number of MSEs by region, their specifics, and the locations⁶⁴ of MSEs where Japanese experts could visit.

After consultation with KOSGEB, 27 target MSEs were selected for the Individual Consultation. However, after they were selected, the Individual Consultation were switched to online implementation due to the spread of COVID-19, but since each Japanese expert had already conducted preliminary diagnoses for target MSEs based on the results of the online questionnaire, it was decided to keep the division of target MSEs and experts. The Online Workshop was open to 13 MSEs that requested the Individual Consultation but were not selected, as well as to approximately 6,200 MSEs nationwide that qualified for the second round application for Rapid Support. The initial plan was to conduct the Online Workshop for only those MSEs that were not selected for Individual Consultation, but due to the fall in the number of candidates MSEs, it was decided to invite the MSEs that responded to the second call for Rapid Support to participate in the Online workshop, after consultation with JICA Turkey Office and KOSGEB.

Initially, the Online Workshop was supposed to serve as a demonstration of consulting methods and on-the-job training for various Turkish consultants including SME Guides and Technical Consultants who will be certified under the new KOSGEB system. However, since the accreditation process within KOSGEB could not be completed by October 2021, and it was hard to invite SME consultants certified by MYK who were not under KOSGEB supervision, only SME Experts were invited to participate.

Table 4-4 shows a summary of participants in the Individual Consultation and Online Workshop.

⁶³ The Izmir region was not included because the number of target MSEs that submitted second phase questionnaire was four.

⁶⁴ Location of MSEs is roughly within a two-hour drive one way from the base city. In addition, MSEs with military-related clients were excluded in selection of target MSEs for individual consultation service.

Table 4-4 Summary of Target Participants in Individual Consultation and Online Workshop

Type	Individual Consultation	Online Workshop
MSEs	<ul style="list-style-type: none"> - MSEs that participated in the Online Management Seminars that requested Individual Consultation in the questionnaire (in total 27 MSEs) <ul style="list-style-type: none"> • Istanbul Region (8 MSEs) • Eastern Istanbul and Surrounding Region (7 MSEs) • Ankara Region (6 MSEs) • Eastern Anatolia Region (6 MSEs) 	<ul style="list-style-type: none"> - Of the MSEs that participated in the Online Management Seminars, those that requested Individual Consultation but were not selected - Of the companies that qualified for the second call for the Rapid Support Program, those that asked to participate (approx. 48 MSEs in total)
SME Experts	<ul style="list-style-type: none"> - SME Experts who are in charge of service delivery for the target MSEs for the individual consultation, or if they are not available, SME Experts who are in the KOSGEB office that serves the target MSEs (25 persons) <ul style="list-style-type: none"> • İstanbul İmes office: 2 persons • İstanbul İkitelli office: 1 person • İstanbul Boğaziçi office: 1 person • Düzce office: 3 persons • Kocaeli Bati office: 1 person • Ankara Ostim office: 2 persons • Ankara Sincan office: 2 persons • Elazığ office: 2 persons • Adıyaman office: 1 person • Eskişehir office: 1 person • Malatya office: 1 person 	
Japanese Experts	<ul style="list-style-type: none"> - Store and Sales Management (in charge of the Istanbul Region for Individual Consultation) - Production Management and KAIZEN (in charge of the Eastern Istanbul and Surrounding Region for Individual Consultation) - Financial Management and Accounting (in charge of the Ankara Region for Individual Consultation) - Business and Human Resource Management (in charge of the Eastern Anatolia Region for Individual Consultation) 	

Note: On the day of the workshop, 61 people participated. Although the exact breakdown of MSEs and SME Experts is unknown because the participants were not requested to authenticate on the day of the workshop, at least 13 were SME Experts. Hence, the number of MSEs is approximately 48.

Source: Prepared by the Survey Team

b. Schedule / Program

The Individual Consultation and the Online Workshop were conducted during the first two weeks of November 2021. After the first week of the Individual Consultation, the Online Workshop was conducted on the

Monday of the second week: the second week of the Individual Consultation began on the following day. Table 4-5 outlines the overall schedule for the Individual Consultation and the Online Workshop.

Table 4-5 Overall Schedule for Individual Consultation and Online Workshop

Period	Type	Participants	Major Contents
Nov. 1	Individual Consultation: Preparatory Meeting	<ul style="list-style-type: none"> SME Experts 	<ul style="list-style-type: none"> Explanation of the flow of the Individual Consultation and the Online Workshop Confirmation of the implementation measures for the Individual Consultation
Nov. 1 – Nov. 5	Individual Consultation: 1 st Session	<ul style="list-style-type: none"> SME Experts Target MSEs for the Individual Consultation 	<ul style="list-style-type: none"> Identify issues that target MSEs are facing and prioritize each issue
Nov. 5	Individual Consultation: Intermediate Meeting	<ul style="list-style-type: none"> SME Experts 	<ul style="list-style-type: none"> Based on the information gathered in the 1st session, discuss the following week's actions.
Nov. 8	Online Workshop	<ul style="list-style-type: none"> SME Experts Target MSEs for the Online Workshop 	<ul style="list-style-type: none"> Group discussion on measures to be taken based on the case study of the company Exercise on how to prioritize issues and how to plan countermeasures
Nov. 9 – Nov. 12 (Nov. 17)	Individual Consultation: 2 nd Session	<ul style="list-style-type: none"> SME Experts Target MSEs for the Individual Consultation 	<ul style="list-style-type: none"> Clarification of measures to be taken and preparation of action plans to address the issues of the target MSEs
Nov. 12	Individual Consultation: Final Meeting	<ul style="list-style-type: none"> SME Experts 	<ul style="list-style-type: none"> Summary of the Individual Consultation and the Online Workshop Discussion on future follow-up for MSEs that received Individual Consultation

Note: The second session of the Individual Consultation was mostly completed on November 12, however some sessions were postponed to November 16 or 17 due to request from the MSEs.

Source: Prepared by the Survey Team

The Individual Consultation began with a preparatory meeting with the SME Experts, and discussed the flow of the Individual Consultation and confirmed the SME Expert's understanding of the target MSE. The first session with the MSE was to confirm its current situation and issues. After that, the SME Expert and the Japanese expert discussed the proposal to solve the issues for each MSE at the intermediate meeting. The proposal was presented during the second session with the MSE. After this session, the SME Expert and the Japanese expert reviewed the contents of the Individual Consultation and confirmed the follow-up by the SME experts. There were four MSEs whose schedule was postponed for up to one week at their request. Table 4-6 shows an outline of the schedule for the Individual Consultation.

Table 4-6 Outline of Schedule for Individual Consultation

Date		Istanbul	Kocaeli&Düzce	Ankara	Elazığ, Adiyaman, Bingöl& Malatya
1	Mon	Meeting with SME Experts 9:00	Meeting with SME Experts 9:00	Meeting with SME Experts 9:00	Meeting with SME Experts 9:00
		First Session with MSE (S/N: 4) 11:15	First Session with MSE (S/N: 15) 11:15	First Session with MSE (S/N: 16) 11:15	First Session with MSE (S/N: 27) 11:15
2	Tue	First Session with MSE (S/N: 5) 9:00	First Session with MSE (S/N: 12) 9:00	First Session with MSE (S/N: 17) 9:00	First Session with MSE (S/N: 22) 9:00
3	Wed	First Session with MSE (S/N: 7) 9:00	First Session with MSE (S/N: 9) 9:00	First Session with MSE (S/N: 21) 9:00	First Session with MSE (S/N: 25) 9:00
		First Session with MSE (S/N: 8) 11:15	First Session with MSE (S/N: 14) 11:15	First Session with MSE (S/N: 20) 11:15	First Session with MSE (S/N: 26) 11:15
4	Thu	First Session with MSE (S/N: 2) 9:00	First Session with MSE (S/N: 11) 9:00	First Session with MSE (S/N: 18) 9:00	First Session with MSE (S/N: 23) 9:00
5	Fri	First Session with MSE (S/N: 6) 9:00	First Session with MSE (S/N: 13) 9:00	Meeting with SME Experts 9:00	Meeting with SME Experts 9:00
		Meeting with SME Experts 11:15	Meeting with SME Experts 11:15	Second Session with MSE (S/N: 16) 11:15	Second Session with MSE (S/N: 26) 11:15
9	Tue	Second Session with MSE (S/N: 4) 9:00	Second Session with MSE (S/N: 15) 9:00	Second Session with MSE (S/N: 17) 9:00	Second Session with MSE (S/N: 25) 9:00
		Second Session with MSE (S/N: 7) 11:15	Second Session with MSE (S/N: 12) 11:15	Second Session with MSE (S/N: 19) 11:15	Second Session with MSE (S/N: 26) 11:15
10	Wed	Second Session with MSE (S/N: 8) 9:00	Second Session with MSE (S/N: 9) 9:00	Second Session with MSE (S/N: 20) 9:00	Second Session with MSE (S/N: 23) 9:00
		Second Session with MSE (S/N: 3) 11:15	Second Session with MSE (S/N: 10) 11:15	Second Session with MSE (S/N: 21) 11:15	Second Session with MSE (S/N: 24) 11:15
11	Thu	Second Session with MSE (S/N: 2) 9:00	Second Session with MSE (S/N: 6) 9:00	Meeting with SME Experts 9:00	Meeting with SME Experts 9:00
		Second Session with MSE (S/N: 1) 11:15	Second Session with MSE (S/N: 13) 11:15	Meeting with SME Experts 11:15	Meeting with SME Experts 11:15
12	Fri	Second Session with MSE (S/N: 1) 9:00	Meeting with SME Experts 9:00	Second Session with MSE (S/N: 22) 9:00	Second Session with MSE (S/N: 22) 9:00
		Meeting with SME Experts 13:30	Meeting with SME Experts 13:30	Second Session with MSE (S/N: 19) 13:30	Second Session with MSE (S/N: 21) 13:30
16	Tue	Second Session with MSE (S/N: 5) 10:00	Second Session with MSE (S/N: 18) 10:00	Second Session with MSE (S/N: 20) 10:00	Second Session with MSE (S/N: 21) 10:00
17	Wed	10:00	10:00	10:00	10:00
		12:15	12:15	12:15	12:15
		14:15	14:15	14:15	14:15

Note: S/N (Serial Number) refers to the company ID.

Source: Prepared by the Survey Team

Since MSEs and SME Experts participate together, a case method will be prepared in which a fictitious case company is examined to work out desirable measures and the participant learns the planning methods and tools in the process. Multiple sub-groups were set up based on the areas of interest referred to in the online questionnaire, and the middle section of the workshop was divided into sub-groups to analyze the case company. The results of this sub-group activity were shared with all participants at the end of the workshop so everyone could get an overview of the tools used in other sub-groups. The participants were encouraged to utilize the methods and tools after the workshop; MSE participants could apply them to their own business and SME Expert participants could apply them in their client companies. Table 4-7 shows an outline of the Online Workshop.

Table 4-7 Outline of Online Workshop

Date	Monday, November 8, 2021 (whole day)			
Venue	Zoom Video Meeting			
Target Participants	<ul style="list-style-type: none"> • MSEs in the manufacturing sector and innovative start-up companies that are beneficiaries of the Rapid Support Program • SME Experts 			
Objectives	<ol style="list-style-type: none"> 1. To provide the MSEs in the manufacturing sector and the innovative start-up companies that are the beneficiaries of the Rapid Support Program with knowledge and methodologies useful for them to overcome the difficult business environment and maintain or expand their businesses 2. To provide SME Experts with the said knowledge and methodologies and encourage their use in SME support services 			
Language	Turkish: simultaneous interpretation into/from English (consecutive interpretation into/from English in the sub-group activity)			
Program	10:00~10:50	Opening and introduction Plenary lecture: Case presentation		
	11:00~12:30	Sub-group A	Sub-group B	Sub-group C Sub-group D
	12:30~13:30	(Lunch Break)		
	13:30~15:20	Sub-group A (cont.)	Sub-group B (cont.)	Sub-group C (cont.) Sub-group D (cont.)
	15:30~16:30	Presentation of results from each sub-group Conclusion and closing		

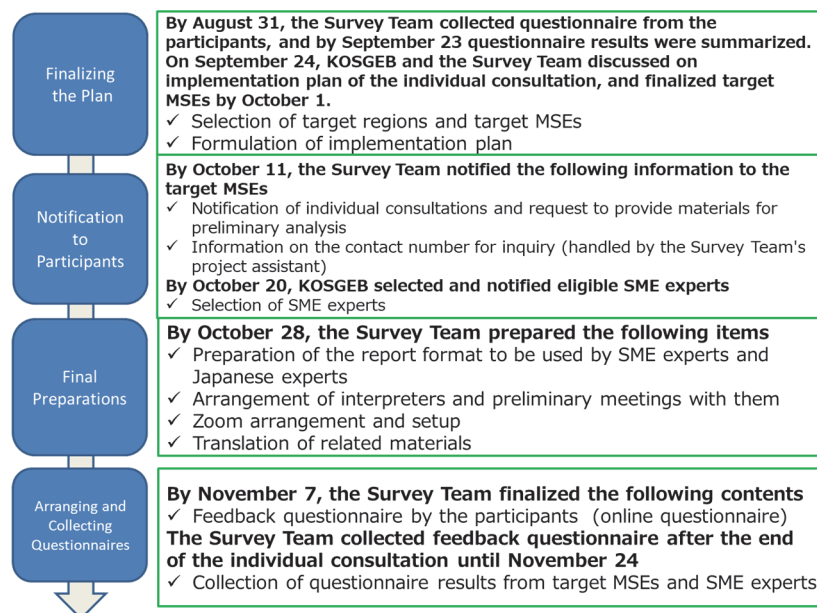
Source: Prepared by the Survey Team

(2) Preparation and operation

The Survey Team collected questionnaires from the Online Management Seminar participants by August 31, 2021, and summarized the results by September 23, 2021, to identify candidate MSEs for the Individual Consultation. On September 24, 2021, KOSGEB and the study team discussed and confirmed that the SME Experts would accompany the Turkish professional consultants for the Individual Consultation. In addition, the

target regions and MSEs were finalized by October 1, 2021.

The Individual Consultation were originally planned to be held at the end of October, with the Survey Team traveling to the site. However, due to the spread of COVID-19, it was decided on October 8 that the Individual Consultation would be conducted online. By October 21, KOSGEB had selected 25 SME Experts and by October 28, the Survey Team and KOSGEB had agreed on the format of the report describing the results of each Individual Consultation. In addition, the Survey Team prepared a feedback questionnaire for the Individual Consultation participants and collected the questionnaires from participants after the consultation until November 24. Figure 4-3 shows an outline of the preparations for the Individual Consultation.



Source: Prepared by the Survey Team

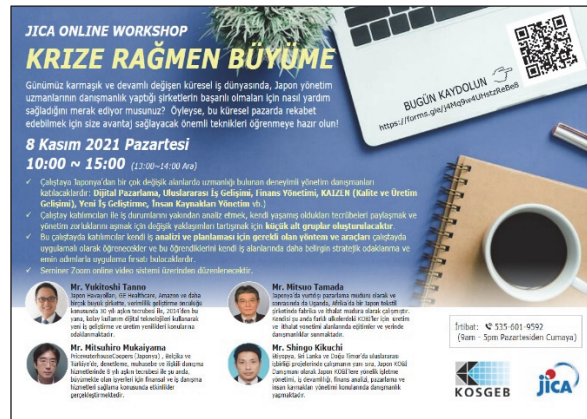
Figure 4-3 Overview of Preparations for Individual Consultation Program

After agreeing on the Online Workshop implementation plan, by October 21 the Survey Team finalized the details of the flow of the workshop and the announcement flyer to be used in recruiting participants.

For the Rapid Support Program first round participants the Survey Team notified MSEs by e-mail on October 21. For the Rapid Support Program second round participants, the Survey Team created an online registration form and KOSGEB sent it by email on October 21 and 28, inviting MSEs to participate in the workshop.

SME experts were informed about the workshop at the Individual Consultation preparatory meeting . On November 2, 4, and 6 the Survey Team sent three reminder e-mails to the SME experts and the registered MSEs,

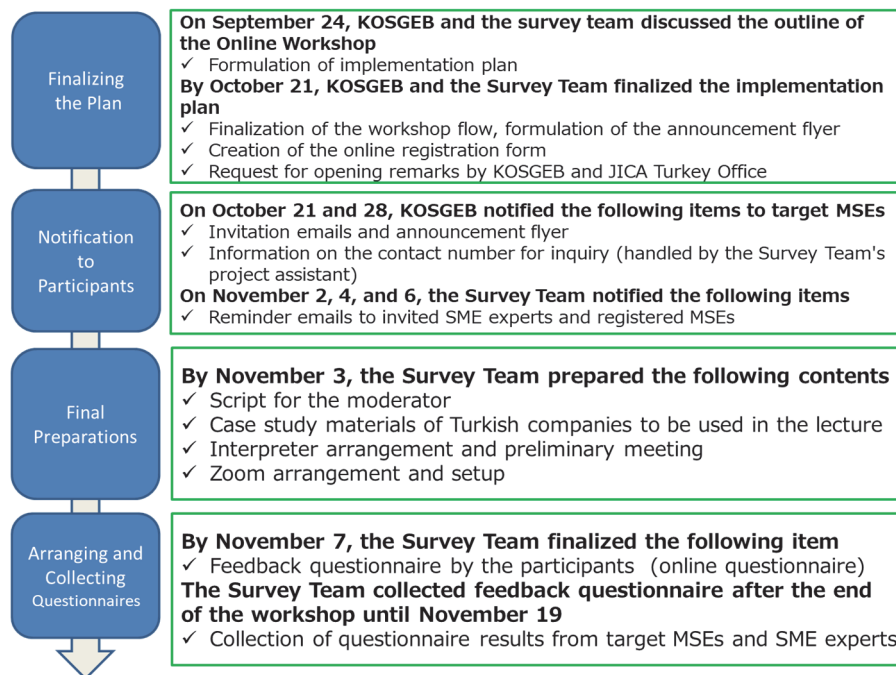
encouraging them to participate. In addition, the Survey Team prepared a script for the KOSGEB moderator and a presentation of case studies for the Turkish company to be used in the lecture, both of which were translated into Turkish. In addition, a preliminary meeting was held with the interpreters to ensure the flow of the workshop. The Survey Team also prepared a participant feedback questionnaire, which was collected from participants after the Online Workshop until November 24.



Source: Prepared by the Survey Team

Figure 4-4 Announcement Flyer for Online Workshop

Figure 4-5 shows an outline of the preparation for the Online Workshop.



Source: Prepared by the Survey Team

Figure 4-5 Overview of Preparations for Online Workshop

(3) Implementation results and participant feedback

a. Contents of Individual Consultation

Table 4-8 shows an overview of the major issues and advice provided for each MSE in the Individual Consultation.

Table 4-8 Overview of Major Issues and Advice Provided for Each MSE in Individual Consultation Program

ID	Major Product/Service	Major Issue	Overview of Advice Provided for Each MSE
Istanbul Region (8 MSEs)			
1	IoT kitchen appliance	<ul style="list-style-type: none"> - Marketing development - Improvement on motivation of human resources 	<ul style="list-style-type: none"> - Utilize E-commerce sites, Participate in international fairs, Provide samples to distributors, Create a product catalog, Increase visibility on social media - Set standard production time/KPI for each product, Provide incentive premium for excellent workers and create financial resources for this
2	Consultancy service on production management and topics related to tax	<ul style="list-style-type: none"> - Increasing the awareness of service - Clarifying the value of the service - Development of marketing strategy 	<ul style="list-style-type: none"> - Market research through an agency to identify the right marketing and communication channels, Employ a staff member for communication / marketing - Conduct interviews with current and potential customers - Meeting with the Chamber of Financial Advisors /TOBB / professional chambers such as ISO, ITO
3	Medical packaging machine	<ul style="list-style-type: none"> - To procure a non-metal 3D printer and a milling machine for product development - Finding qualified personnel - Renewal of website - Improvement of brand awareness 	<ul style="list-style-type: none"> - Identify the required equipment that gives the desired quality - Place recruitment advertisements - Professional video shoots and animations to enrich the contents - Open the e-commerce page, Utilize social media, Participate in related fairs
4	Environment monitoring systems (temperature/humidity monitoring)	<ul style="list-style-type: none"> - Lack of institutionalization on recruitment activity - Lack of new business channels - Lack of digital marketing 	<ul style="list-style-type: none"> - Employ one sales marketing specialist to coordinate recruitment activity - Identify criteria for the new dealers and find five new dealers via websites, Set meetings with current clients to inform newly developed product - Re-design the company website, Seek a social media professional in Turkey, Contract with e-trade platform
5	Plastic molding (toy)	<ul style="list-style-type: none"> - Export Expansion 	<ul style="list-style-type: none"> - Apply for international fairs, Add an English page and product presentation on the website, Market research for sales channels such as Amazon and Trendyol (Turkish EC platform)
6	Skin bands (for eyeglass)/ skin tapes (for mask, etc.)	<ul style="list-style-type: none"> - Product sales with marketing - Finding machines for mass production 	<ul style="list-style-type: none"> - Produce a business plan, Offer promotional free products at opticians after obtaining funding, Use advertising on Instagram and Facebook - Investigate required machine capacity, Identify process where machine installation is most necessary
7	IoT device (hardware, software prototype)	<ul style="list-style-type: none"> - Finding investors - Pilot product test 	<ul style="list-style-type: none"> - Identify potential investors and create the list of investors, Formulate strategy for business pitch - Determine pilot location, Prepare products/application for initiation of field tests.

ID	Major Product/Service	Major Issue	Overview of Advice Provided for Each MSE
8	Plastic molding (automobile parts)	<ul style="list-style-type: none"> - Lack of Marketing Plan - Lack of Product development Plan - Lack of fundraising from Investors 	N/A
Eastern Istanbul and Surrounding (Koceli / Düzce) Region (7 MSEs)			
9	Software to issue reference letters from high schools and universities for students	<ul style="list-style-type: none"> - Lack of human resources - Software trail after completion of software development - Marketing 	<ul style="list-style-type: none"> - Consider outsourcing for software developer - Provide a free trial to private high schools and obtain feedback - Contact 5 well-known high schools for product promotion after trial
10	Textile	<ul style="list-style-type: none"> - Export business development - Improvement of productivity 	<ul style="list-style-type: none"> - Identify target country, Market research including communicating with Turkish agency/companies for export marketing development - 5S activity, identify waste in production process to eliminate it
11	Rubber based conveyor belt	<ul style="list-style-type: none"> - Completion of installation of equipment and test run in the new factory - Receive new orders from customers 	<ul style="list-style-type: none"> - Check whether the factory is laid out in line with the production process to maximize efficiency - Contact existing customers in Turkey (42~50 companies), Contact potential export customers (20 customers in 8-10 countries)
12	Herd tracking management system (livestock management)	<ul style="list-style-type: none"> - Starting business with promising customers in Turkey - Identifying potential customers in Turkey - Identifying potential customers in other countries 	<ul style="list-style-type: none"> - Contact 10 customers and win 1 contract in the Marmara region in Turkey - Set target region (3 or 4 regions), identify and contact 25 potential customers in each region - Tie up with strategic partners in Turkey for export business
13	Automatic photocell doors	<ul style="list-style-type: none"> - Increase of sales - Raw material wastage - Improvement of production lead time 	<ul style="list-style-type: none"> - Approach B2B customers for industrial doors in 9 prefectures, Approach B2B customers for residential complex, Approach B2C for individual doors - Monitor the current production process and analyses potential causes, Establish QC circle to continuously implement countermeasures - Monitor the current production process by recording video and eliminate unnecessary processes
14	Antibody kits on research and diagnosis in the field of biotechnology	<ul style="list-style-type: none"> - Starting export business - Marketing improvement for export sales - New product development (new kit) 	<ul style="list-style-type: none"> - Contact medical and clinical institutes in the USA. through their investor, Market research in African countries (Kenya, etc.), Consider participation in the exhibition in Japan - Enhance the website and social media contents, Contact clinical institutes or public agencies - Market research and R&D for customer's demand

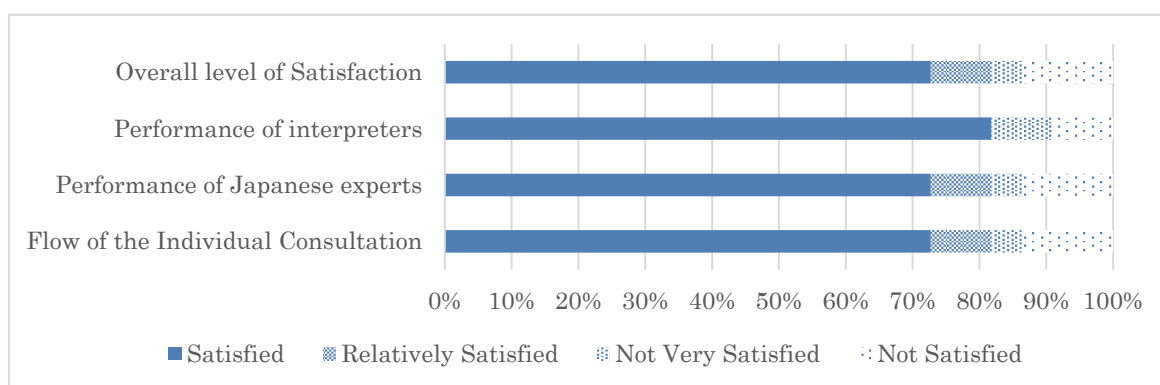
ID	Major Product/Service	Major Issue	Overview of Advice Provided for Each MSE
15	Food Product (Honey)	<ul style="list-style-type: none"> - Export marketing development - Product quality improvement - Marketing improvement for competition with fake honey 	<ul style="list-style-type: none"> - Obtain feedback from Japanese customers who purchased one container in 2020 - Research and collect information on prevention of crystallization from the German institute - Prepare a leaflet and identify major B2B customers to contact with the leaflet
Ankara Region (6 MSEs)			
16	Online education service for disabled children	<ul style="list-style-type: none"> - Weak in competition - Lack of resources 	<ul style="list-style-type: none"> - Consider introducing new online education services/courses: for example, how to do ORIGAMI for children. - Making expenses and revenue plans concretely
17	Dishwashing liquid	<ul style="list-style-type: none"> - To improve explanatory material to potential investors 	<ul style="list-style-type: none"> - Create business plan of the company following the format provided, Identify challenges/solutions, Clarify target market, short-term and long-term
18	Machine parts (pneumatic guns)	<ul style="list-style-type: none"> - New market development 	<ul style="list-style-type: none"> - Clarify business strategy including target overseas customers, Prepare sales promotion plan, Update the company website with increased exposure of the products in the language of the target overseas market
19	Machine for metal working process (plating)	<ul style="list-style-type: none"> - Financial planning for new product development 	<ul style="list-style-type: none"> - Focus on R&D activity and seek R&D support programs with KOSGEB - Formulate realistic financial plan following the format provided
20	Metal working (Roof windows)	<ul style="list-style-type: none"> - To make business and financial plans for the overseas market development 	<ul style="list-style-type: none"> - Identify target countries - Improve the website by adding target country languages - Make business and financial plans based on the sample format provided
21	Software Development	<ul style="list-style-type: none"> - To develop new product and new customers 	<ul style="list-style-type: none"> - Market research on cloud based service for the expense / reimbursement management system which seems to be less prevalent in Turkey
Eastern Anatolia (Elazığ, Adıyaman, Malatya, Bingöl) Region (6 MSEs)			
22	Medical devices for animals	<ul style="list-style-type: none"> - Funding for obtaining CE marking (license to sell in the EU market) to better negotiate with a company on patent transfer 	<ul style="list-style-type: none"> - Commercialize one of the products through the partner company to which the license was transferred
23	R&D and designs of engine and hydraulic pumps	<ul style="list-style-type: none"> - Digital Marketing & SEO - Funding - Commercialization 	<ul style="list-style-type: none"> - Create the corporate website - Identify investors (VCs, angels, crowdfunding) with global footprint and approach - Negotiate and agree on hydraulic pump production, Start manufacturing products to generate revenues

ID	Major Product/Service	Major Issue	Overview of Advice Provided for Each MSE
24	Coffee and coffee whitener	<ul style="list-style-type: none"> - Digital marketing - Make the corporate website more informative and attractive 	<ul style="list-style-type: none"> - Research similar products and competitors, Update social media at least 2-3 times/week, Improve quality of pictures/videos for promotion without relying on outsourcing - Add information about company's mission and vision as well as managers' background, Include product information (tastes, image, etc.)
25	Hardware and software for cyber security and forensics	<ul style="list-style-type: none"> - Digital Marketing & SEO - Funding - Human Resource Management 	<ul style="list-style-type: none"> - Create English website, Write blogs on more general topics, Put owner's personal background in the website - Identify investors (VCs, angels) with global footprint and approach - Recruit Admin Manager (HR, website, contract, accounting), Put in place HR management system (HR planning, evaluation, training, etc.)
26	Furniture	<ul style="list-style-type: none"> - Digital marketing - Make the corporate website more informative and attractive - Customer Relationship Management 	<ul style="list-style-type: none"> - Research similar products and competitors, Update social media at least 2-3 times/week, Improve quality of pictures/videos for promotion without relying on outsourcing - Add information about company's mission and vision as well as managers' background, Include product information - Improve quality of services by obtaining feedback from customers (guarantee, delivery, referral discount, etc.)
27	Software development, Executive Training on Marketing, Consultancy Service	<ul style="list-style-type: none"> - Marketing - Development of products and services - Fundraising 	<ul style="list-style-type: none"> - List and approach potential client companies, Amend the company's website with more concrete examples of how to solve clients' problems - Follow up existing clients and obtain feedback, Improve the quality of products and services based on the feedback - List potential investors relevant to the company's business

Source: Prepared by the Survey Team

b. Participant feedback on Individual Consultation Program

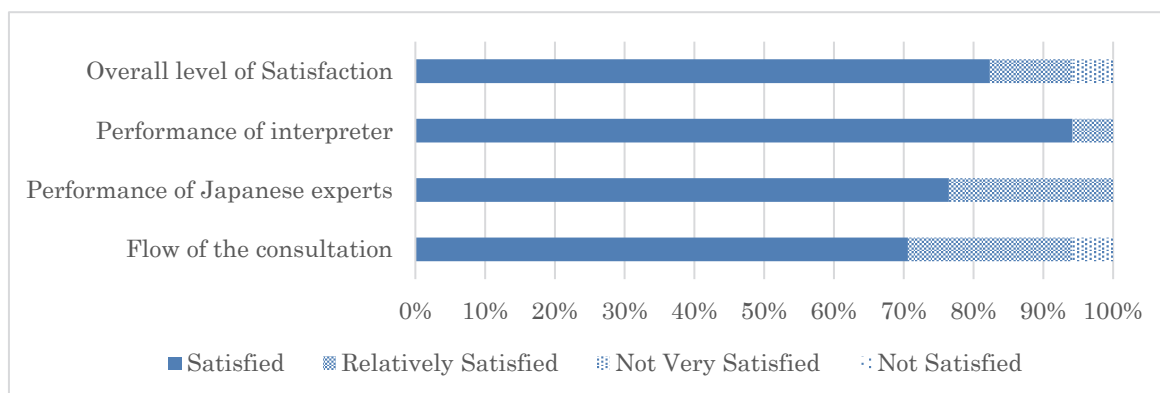
In terms of the the participating MSEs level of satisfaction, more than 80% of the 22 companies that responded to the questionnaire stated they were "satisfied" or "relatively satisfied" in all categories of "performance of Japanese experts," "performance of interpreters," and "flow of the consultation," indicating a high overall level of satisfaction. Participating MSEs stated that the consultation process, in which they analyzed the current situation, prioritized issues and formulated an action plan for improvement, was a new experience compared with similar services they had received in the past. This suggests that the Individual Consultation process led to a high level of satisfaction. Figure 4-6 shows the MSEs' level of satisfaction with the Individual Consultation.



Source: Prepared by the Survey Team

Figure 4-6 MSEs' Level of Satisfaction with Individual Consultation Program

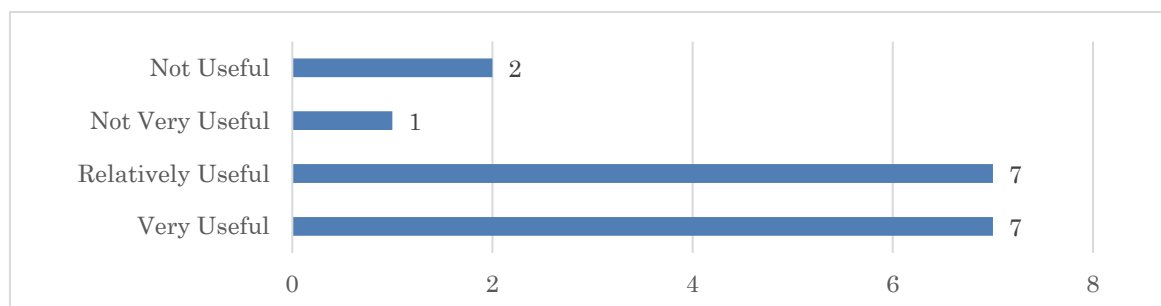
Concerning the level of satisfaction for the SME Expert, more than 90% of the 17 respondents who completed the questionnaire answered "satisfied" or "relatively satisfied" in all categories of "performance of Japanese experts," "performance of interpreters," and "flow of the consultation." Figure 4-7 shows the level of satisfaction with the Individual Consultation by SME Experts.



Source: Prepared by the Survey Team

Figure 4-7 Level of Satisfaction with Individual Consultation Program by SME Experts

The questionnaire was completed by 17 of the 25 SME Experts who participated in the Individual Consultation, 14 of whom answered that their participation in the Individual Consultation was "very useful" or "relatively useful" in improving the quality of their daily work (Figure 4-8).



Source: Prepared by the Survey Team

Figure 4-8 Usefulness of Individual Consultation in Improving Quality of Daily Work by SME Experts

However, we must consider the fact that eight SME Experts did not respond to the feedback questionnaire regardless of repeated requests. Although some SME Experts actively participated in the Individual Consultation, most of them remained as observers and did not contribute much advice or comments to the MSEs. In addition, there were some who participated only by speaking from their computers without cameras or microphones, and some who refused to conduct the interviews with MSEs and report writing in Turkish, due to their busy schedule. There was a clear lack of preparation of equipment and a lack of coordination with other tasks. Therefore, an additional effort was needed to ensure that the SME Experts fully understood, in advance, the purpose, meaning, and role of participating in the Individual Consultation. If there are similar opportunities in the future, the Survey Team, KOSGEB, and other organizations must provide SME Experts and their supervisors with a careful briefing on the Individual Consultation in advance, and take further measures such as prioritizing the selection of SME Experts who are willing to be involved.

As SME Experts are also involved in screening subsidies for companies, it is difficult for them to provide direct consulting services to companies, as they are required to treat companies impartially under KOSGEB regulations. However, as part of their regular duties, SME Experts visit and follow up companies that have received subsidies about once every four months, which is highly aligned with the Individual Consultation.

Lack of participation by SME Guides and Technical Consultants has undeniably limited the capacity building of SME support personnel in the new KOSGEB system compared with the original plan. It was assumed that a

practical understanding of the consulting process by SME Experts who come into contact with the MSEs they support on a daily basis would be useful in their own work and in promoting consulting support by KOSGEB in the future. However, it is difficult to say whether the participants equally understood this significance.

c. Participant feedback for Online Workshop

There were 122 applicants for the Online Workshop, consisting of 13 MSEs that were not eligible for the Individual Consultation from among the MSEs that participated in the online management seminar and 99 MSEs that qualified for the second round of the Rapid Support Program. In addition, 25 SME Experts participating in the Individual Consultation were encouraged to join the workshop. On the day of the workshop, 61 people participated in all or part of the program, giving a participation rate of 28%. Although the exact breakdown of MSEs and SME Experts is unknown because participants were not required to authenticate on the day of the workshop, at least 13 were SME Experts. Table 4-9 shows the number of participants in each session.

Table 4-9 Number of Participants by Each Session in Online Workshop

All Group (Lecturer)	Sub-Group A	Sub-Group B	Sub-Group C	Sub-Group D	All Group (Presentation of results from each sub-group)
38	18	10	10	10	30

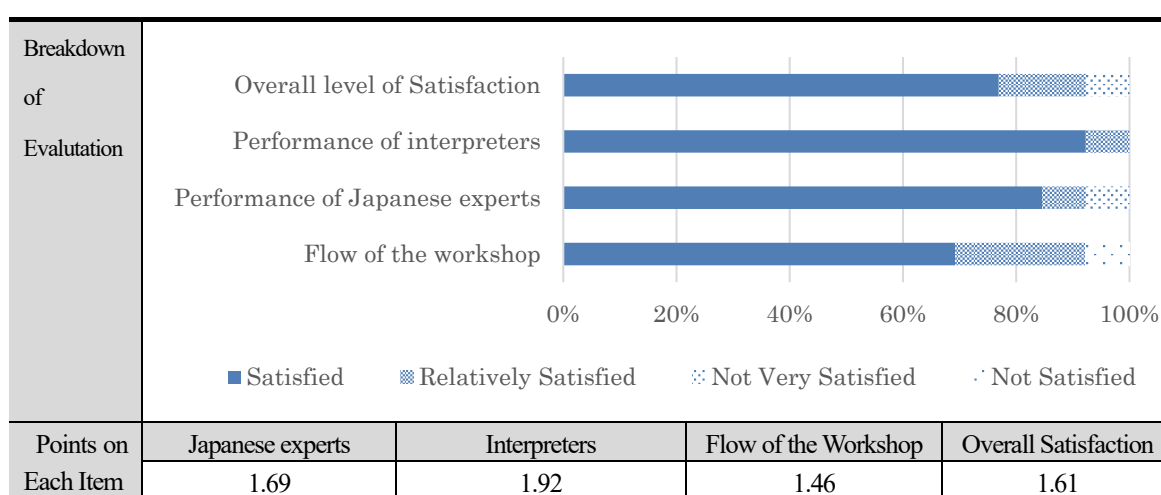
Source: Prepared by the Survey Team

Looking at participants' level of satisfaction, more than 90% of the 13 people who responded to the questionnaire answered "satisfied" or "relatively satisfied" in all categories of "performance of Japanese experts," "performance of interpreters," and "flow of the workshop," indicating a high overall level of satisfaction. This relatively high level of satisfaction is considered to be due to the participatory nature of the workshop, which encouraged discussion among participants and Japanese experts in sub-group activity. Table 4-10 shows the satisfaction level for the online workshop.

The number of Online Workshop participants was originally planned to be about 100, however out of 137 participants (112 from companies and 25 SME Experts who were invited to participate), 61 participated in all or part of the workshop (a 45% participation rate), and the maximum number of participants by session was 38 (a 28% participation rate). Compared to the online management seminar, additional measures were taken to encourage participation, such as increasing the frequency of reminders and sending them with slightly different content, however the actual number of participants fell compared with the number of registrants. As with the online management seminar, it is considered that the appeal of the content of the program - which provides

opportunities to learn management consultation and problem-solving techniques through free management consultation and group discussions with Japanese experts - was not been sufficiently conveyed. In the future, when planning similar workshops, the following measures are recommended: using video in addition to static media such as e-mails and flyers; publicizing the content of the workshop in advance through explanatory seminars for companies; considering additional incentives, and securing a larger number of applicants than planned.

Table 4-10 Satisfaction Level of Online Workshop



Note: Very satisfied = +2 Satisfied = +1 Not very satisfied = -1 Not satisfied = -2

Source: Prepared by the Survey Team

4.3 Needs for SME Consulting Support

This section summarizes SMEs' actual management condition and their needs for consulting support based on information collected through a series of activities in the survey.

4.3.1 The Actual Management Condition of MSEs Based on Online Management Seminar Questionnaires

The questionnaire survey of the Online Management Seminar participants was conducted in two stages: the first stage (basic information collection) questionnaire, to which all participants were asked to respond, and the second stage (detailed information collection) questionnaire, to which those who had already responded to the first stage questionnaire and wanted to participate in the Individual Consultation or the Online Workshop were asked to respond. The questionnaire survey was conducted from August 4 to 31, 2021. A total of 210 people responded to

the first stage questionnaire⁶⁵ (including 67 who requested individual consultation), and 45 to the second stage questionnaire. Details of the results are shown in Appendix 3.

This section examines MSEs actual management conditions based on the questionnaire responses. Table 4-11 compares the industry sector of the questionnaire respondents with the industry sector of MSEs in Turkey as a whole, across the industries covered by the Rapid Support Program and shows the ratio of the composition. In this respondent group, the size of traditional industries such as garment and furniture manufacturing was reduced, with a notably large presence of computer and electronics manufacturing and scientific R&D industries. It is important to remember that the results of the following analysis are based on observations from such a skewed group of respondents. However, it can be considered that these MSEs need Rapid Support, are willing to utilize KOSGEB support, and are interested in improving their management knowledge.

Table 4-11 Industry Composition of Questionnaire Respondents

Industry Sector	All Respondents		No. in Turkey as a whole		Ratio
Computer, electronic and optical products	49	23.33%	1,713	0.43%	53.85
Machinery and equipment	33	15.71%	17,244	4.36%	3.60
Scientific research and development	25	11.90%	1,280	0.32%	36.77
Food products	24	11.43%	51,125	12.93%	0.88
Rubber and plastic products	17	8.10%	17,800	4.50%	1.80
Textiles	16	7.62%	22,284	5.64%	1.35
Fabricated metal products, except machinery and equipment	10	4.76%	61,010	15.43%	0.31
Basic metals	9	4.29%	5,163	1.31%	3.28
Printing and reproduction of recorded media	4	1.90%	11,767	2.98%	0.64
Leather and related products	4	1.90%	8,899	2.25%	0.85
Chemicals and chemical products	4	1.90%	6,024	1.52%	1.25
Motor vehicles, trailers, and semi-trailers	3	1.43%	4,596	1.16%	1.23
Repair and installation of machinery and equipment	3	1.43%	24,939	6.31%	0.23
Beverages	2	0.95%	573	0.14%	6.57
Other transport equipment	2	0.95%	1,192	0.30%	3.16
Non-metallic mineral products	2	0.95%	15,953	4.03%	0.24
Furniture	2	0.95%	38,766	9.81%	0.10
Clothes	1	0.48%	56,029	14.17%	0.03
Other manufacturing	-	-	49,009	12.40%	-
TOTAL	210	100.00%	395,366	100.00%	1.00

Note: The number of enterprises in Turkey as a whole is the sum of the number of MSEs from TUIK 2020 statistics.

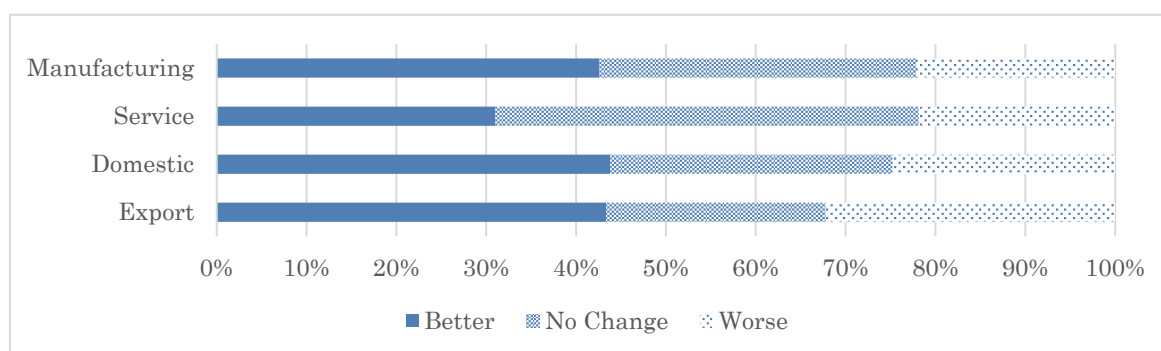
Source: Prepared by the Survey Team based on TUIK statistical data and the result of the questionnaire survey

⁶⁵ The number of participants excluding 31 duplications, which is 15% of the overall participants, is 179. However, even participants who do not wish to take individual consultation etc. answered anonymously but effectively. Therefore, the whole 210 answers are included in the analysis here to understand the situation of the overall participant companies.

(1) General management conditions (n=210)

For the respondents as a whole, 41% of the MSEs selected "Better" for their business conditions in 2020 and beyond, followed by "No Change" at 35%. "Worse" was lowest, at 24%. Contrary to expectations, the percentage of MSEs whose business situation had worsened was small. Further, 90% of all companies, regardless of their business conditions, indicated they had plans for future business expansion, showing very positive responses despite the impact of COVID-19.

Figure 4-9 shows management conditions as perceived by the respondents for each business type. By business type, those operating in manufacturing sector have a similar trend to the overall trend of participants. However, in the service sector, "No change" was the most common response, accounting for about half of the total, while 32% of companies exporting goods and services experienced a deterioration, which is slightly higher than the 25% of companies operating in the domestic market.

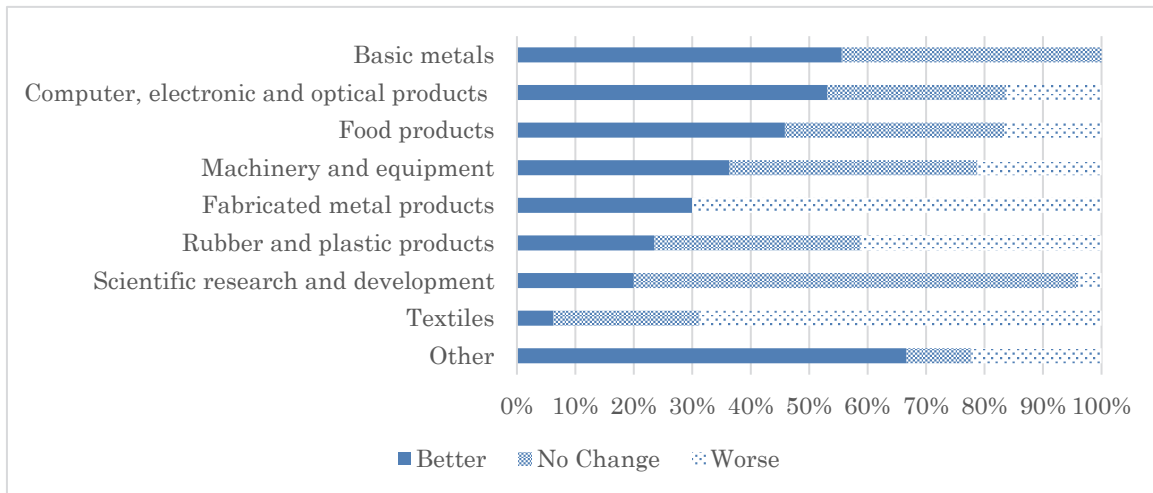


Note: The question was asked on the multiple-answer form and the respondents selected all applicable business types.

Source: Prepared by the Survey Team

Figure 4-9 Management Condition Trend of Respondent MSEs by Business Type

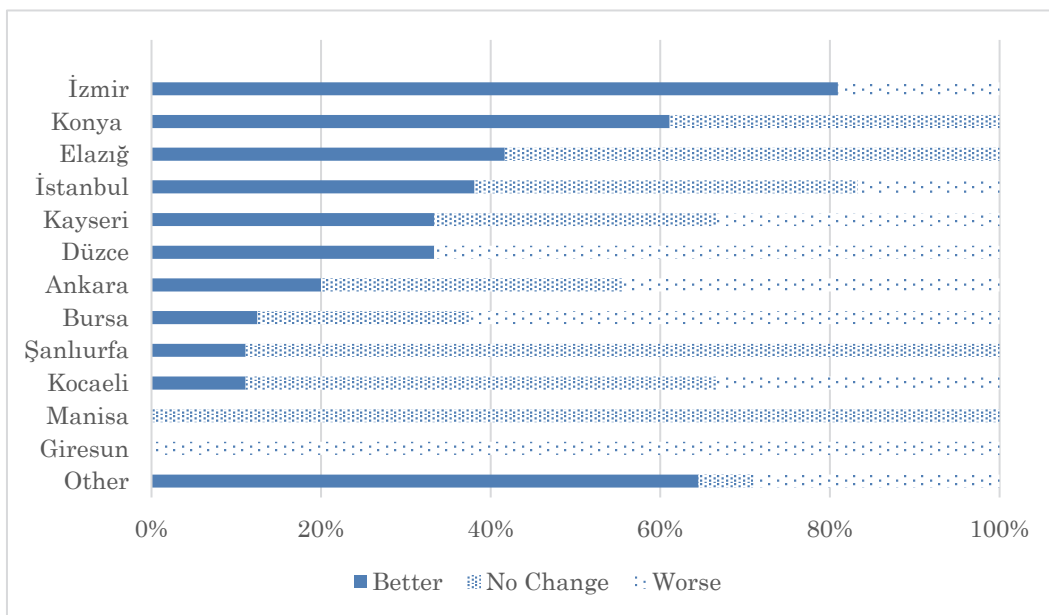
Figure 4-10 shows the management conditions perceived by the respondents in each industry sector. By industry sector, in the computer, electric, etc., machinery and equipment, R&D, food processing and basic metals such as casting, etc., sectors, more than half the respondents answered "Better" or "No Change." On the other hand, in the metal processing such as press working, rubber/plastic and textile sectors, "Worse" was the most common response. Although there were not too many companies in a worse business condition, business trend varies depending on industry sector.



Source: Prepared by the Survey Team

Figure 4-10 Management Condition Trend of Respondent MSEs by Industry

Figure 4-11 shows the management conditions as perceived by the respondents by region. 80% of participating MSEs with business establishments in Izmir answered “Better.” 90% of the participating MSEs with business establishments in Izmir were in the “computers and electronic equipment, etc.” and “machinery and equipment.” Industries. 80% of MSEs in Istanbul answered “Better” or “No Change.” In Istanbul, about half of the participating MSEs were in the “computers and electronic equipment, etc.”, and “machinery and equipment,” industries, and more than 90% of MSEs in these sectors in Istanbul responded either "No Change" or "Better," with many MSEs responding "No Change.”

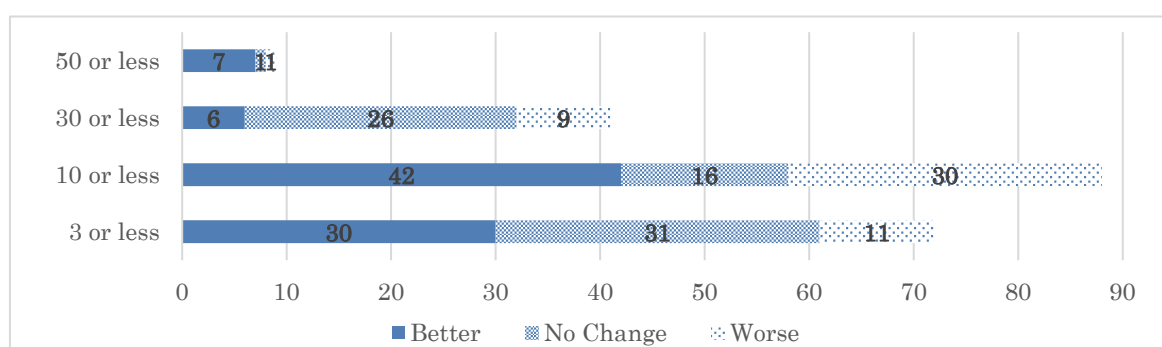


Source: Prepared by the Survey Team

Figure 4-11 Management Condition Trend of Respondent MSEs by Region

On the other hand, more than half of the participating MSEs with business establishments in Bursa or Düzce reported “Worse.” In Düzce, mainly food processing MSEs reported that the situation has worsened. In Bursa, mainly rubber and plastic sector MSEs answered "Worse." Compared with Istanbul and Izmir, more metal processing MSEs participated from Ankara and these often answered "Worse."

Figure 4-12 shows management conditions as perceived by the respondents, by years of operation. By years of operation, more than 60% of MSEs in all years of operation responded either "Better" or "No change." On the other hand, a relatively large percentage, more than 30%, of MSEs with less than 10 years of operation replied "Worse." About half of these MSEs responding “Worse” were in the textile and metal processing sectors.



Source: Prepared by the Survey Team

Figure 4-12 Management Condition Trend of Respondent MSEs by Years of Operation

(2) Self-assessment of management conditions and Competitiveness (n=45)

This section examines the self-evaluation of the MSE's management condition and competitiveness based on the information in the second stage questionnaire, which was answered by 45 MSEs that requested the Individual Consultation and the Online Workshop. 40 of these respondents were micro companies with less than 10 employees.

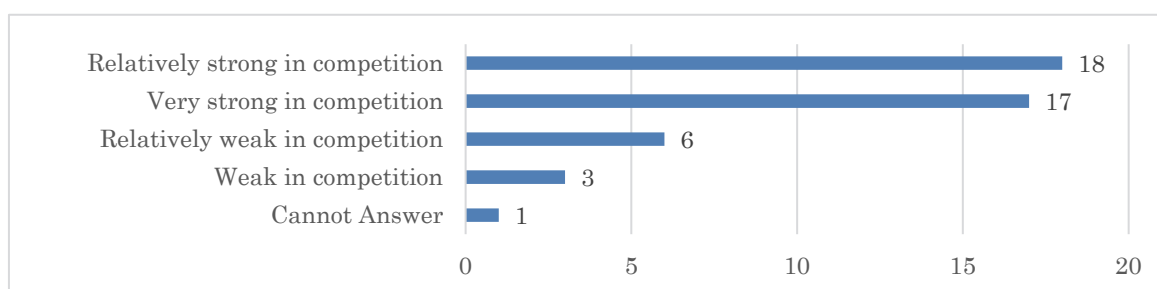
Table 4-12 Self-Assessment on Management Conditions

Option	No. of Companies	Ratio
Not Satisfied	2	4%
Relatively Not Satisfied	6	13%
Relatively Satisfied	16	36%
Very Satisfied	21	47%
Total	45	100%

Source: Prepared by the Survey Team

The outline of business condition self-assessment is illustrated in Table 4-12. More than 80% of companies answered that they are relatively satisfied or very satisfied with their current management conditions. This indicates that most respondents have high-level satisfaction with their business conditions.

Figure 4-13 illustrates an outline of self-assessment on competitiveness. 78% of the MSEs answered that their competitiveness was "very strong" or "relatively strong" compared with their competitors. Despite the relatively short history of many of these MSEs and the impact of COVID-19, their managers are bullish about their businesses. This may demonstrate the strong mentality of Turkish people.



Source: Prepared by the Survey Team

Figure 4-13 Self-Assessment on Competitiveness

(3) Financial conditions (n=20)

This section compares sales growth rates, based on the sales data for the past three years that the MSEs supplied. Table 4-13 shows the distribution of MSEs' sales growth rate. In the second stage questionnaire, according to the answers by 20 MSEs out of 45, 63% of MSEs achieved positive sales growth while 37% of them had zero or negative growth in 2019 before COVID-19. In 2020, 65% of MSEs had zero or negative growth. Hence, the ratio of MSEs with a positive growth to those with zero or negative growth has reversed compared with the previous year. However, even in a challenging environment, six of the seven MSEs with a positive growth achieved a 20% or higher growth rate in 2020.

Table 4-13 Overview of Growth Rate in Sales of MSEs

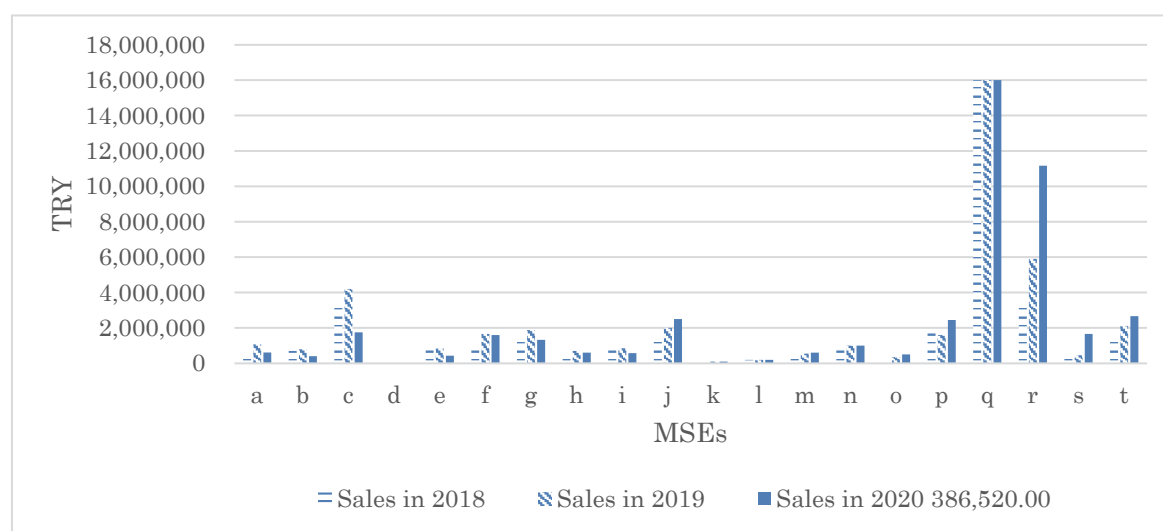
Sales growth rate against the previous year	No. of Companies by Growth Rate in 2019	Ratio	No. of Companies by Growth Rate in 2020	Ratio
0 % =>	7	37%	13	65%
1%~9 %	1	5%	1	5%
10 % =<	2	11%		
20 % =<	1	5%	2	10%
30 % =<	3	16%		
40 % =<	2	11%	1	5%
50 % =<			1	5%
70 % =<	1	5%		
80 % =<			1	5%
100 % =<	2	11%	1	5%
Total	19	100%	20	100%

Note: Since 2018 sales were not available for one company, the growth rate for 2019 was calculated for 19 companies only. The sum of ratios does not necessarily equal 100 % as figures are rounded.

Source: Prepared by the Survey Team

In responding MSEs, two had successfully improved business performance by more than 80% in sales growth even during the spread of COVID-19. The highest sales per company in both 2019 and 2020 are TRY 16 million (about JPY 208 million) and the lowest sales are TRY 2,000 (about JPY 26,000).

Figure 4-14 shows the sales trends of the responding MSEs from FY2018 to FY2020.



Note: The company numbers in the figure are different from the company IDs in the individual consultation.

Source: Prepared by the Survey Team

Figure 4-14 Sales Trends of Respondent MSEs from FY2018 to FY2020

The net profit growth rates have been compared based on the net profit data for the past three years. Table 4-14 shows the distribution of MSEs' net profit growth rates. According to the 17 MSEs that responded to the question, in 2019, before the spread of COVID-19, the number of MSEs experiencing negative growth was 50% of all respondents. However, in 2020, MSEs with negative growth rose to 65%, and therefore the number of MSEs that achieved positive growth fell. On the other, even in a difficult environment, there were six MSEs that achieved positive growth rates of more than 20%, similar to sales. It is presumed that these MSEs have intensely strong businesses.

Table 4-14 Overview of Growth Rate in Net Profit of MSEs

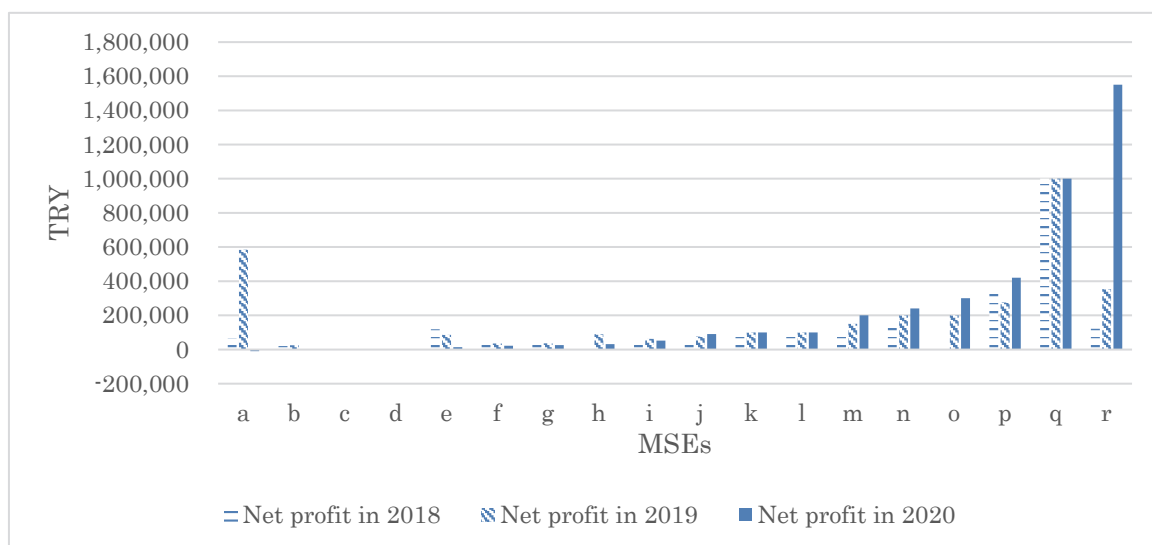
Growth rate of net profit compared to the previous fiscal year	No. of Companies by Growth Rate in 2019	Ratio	No. of Companies by Growth Rate in 2020	Ratio
0 % =>	8	50%	11	65%
20 % =<	3	18%	2	12%
30 % =<	2	13%	1	6%
50 % =<	1	6%	2	12%
100 % =<	2	13%	1	6%
Total	16	100%	17	100%

Note: Since 2018 net profit was not available for one company, the growth rate for 2019 was calculated for 16 companies only.

The sum of ratios given does not necessarily equal to 100% as the figures are rounded.

Source: Prepared by the Survey Team

Among these responding MSEs, one that saw significant positive growth in the COVID-19 environment led the overall performance. The highest net profit per MSE was TRY 1 million (about JPY 13 million) in 2019 and TRY 1.55 million (about JPY 20.15 million) in 2020, and the lowest net profit was TRY 200 (about JPY 2, 600) both in 2019 and 2020. Figure 4-15 illustrates the net profit of the responding MSEs for FY2018-2020.



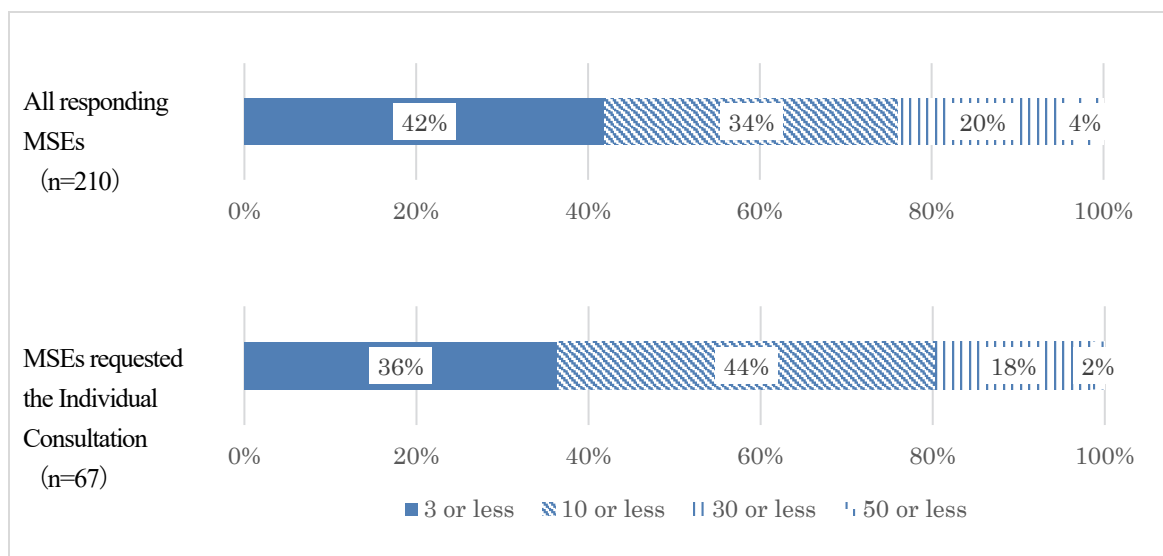
Note: The company numbers in the figure are different from the company IDs in the individual consultation.

Source: Prepared by the Survey Team

Figure 4-15 Net Profit of Responding MSEs for FY2018-2020

(4) Characteristics of MSEs that requested Individual Consultation

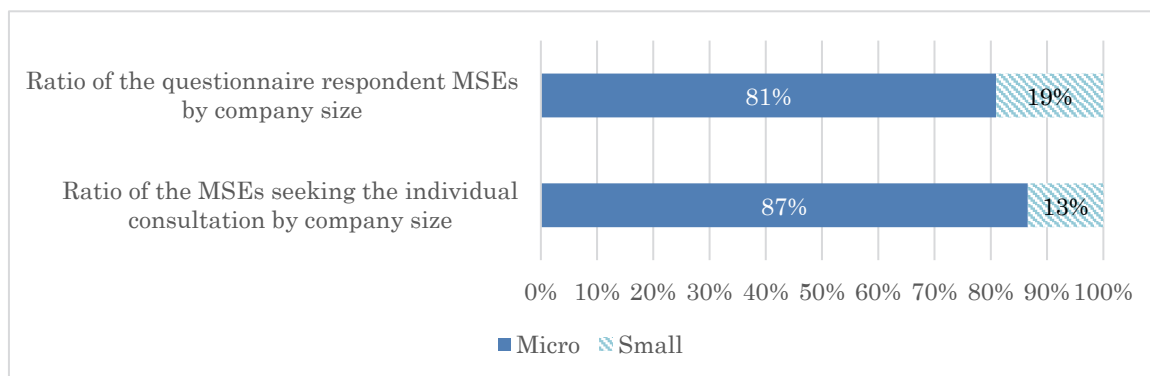
Figure 4-16 shows the composition of all MSEs that responded to the questionnaire and the MSEs that requested Individual Consultation by the number of years of operation. In both groups, "3 years or less" and "10 years or less" accounted for about 80% of the total. On the other hand, in terms of MSEs requesting the individual consultation, the percentage of MSEs operating for "10 years or less" was higher, suggesting that these MSEs requested individual consultation more frequently than other groups.



Source: Prepared by the Survey Team

Figure 4-16 Composition of All Respondent MSEs and MSEs that Applied for Individual Consultation Program by Number of Years in Operation

In terms of company size, 81% of all responding companies were micro enterprises (10 or less employees) and 19% were small enterprises (11 to 50 employees). 87% of the micro enterprises and 13% of the small enterprises responded that they would like an Individual Consultation,⁶⁶ reflecting the fact that more micro enterprises than small enterprises expressed a desire for Individual Consultation. Figure 4-17 illustrates the composition of the MSEs seeking Individual Consultation and the MSEs who responded to the questionnaire, by company size.

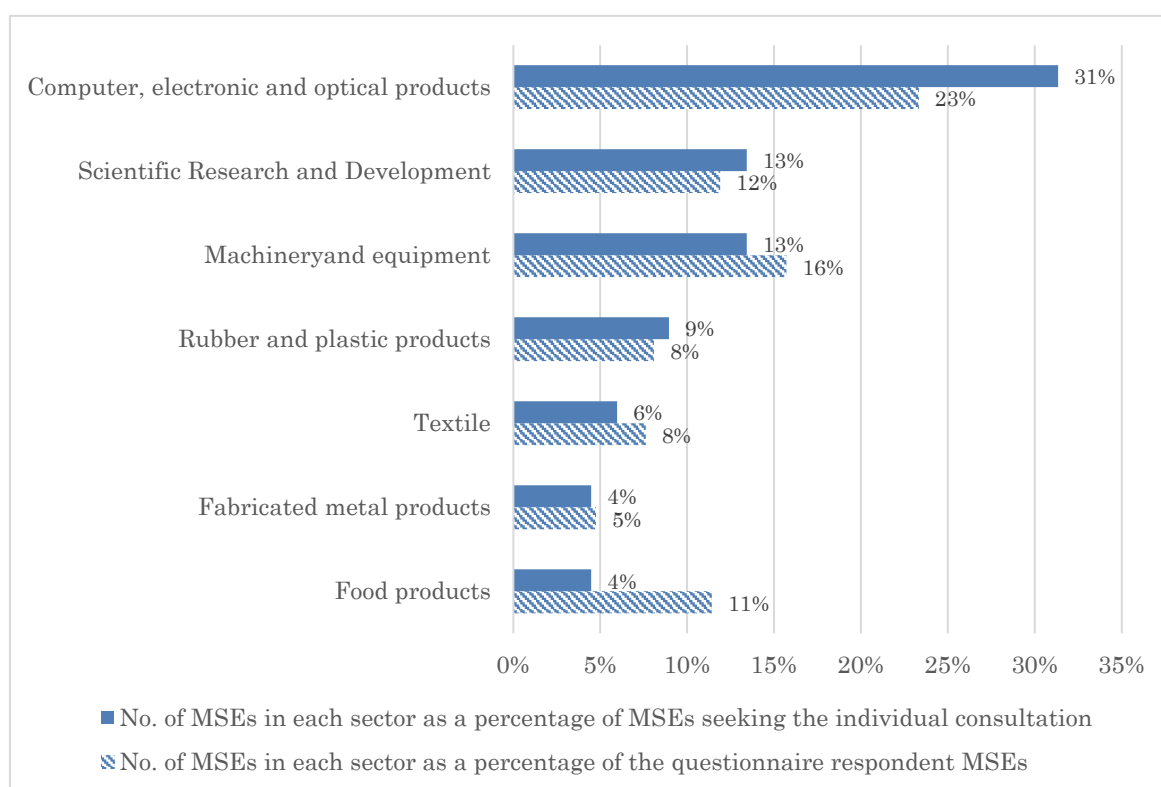


Source: Prepared by the Survey Team

Figure 4-17 Composition Ratio of MSEs Seeking Individual Consultation and MSEs that responded to the questionnaire, by Company Size

In terms of the number of MSEs seeking Individual Consultation by industry sector, MSEs in “computers, electronic and optical product,” “equipment, machinery and equipment,” and “scientific R&D” showed particularly strong interest, followed by “rubber and plastic products,” “textiles,” “food processing,” and “metal processing.” Figure 4-18 shows the composition of the number of MSEs seeking the Individual Consultation from those that responded to, the questionnaire by major industry sector.

⁶⁶ This is about the same as the composition ratio of the number of MSEs engaged in manufacturing and R & D in Turkey.



Note: Scientific R&D is not classified as a manufacturing sector but is shown as a percentage of the total number of MSEs in the manufacturing sector.

Source: Prepared by the Survey Team based on the results of the online questionnaire and the statistical information of the Turkish Statistical Institute (TUIK) for FY2020 as of November 2021 (<https://www.tuik.gov.tr>)

Figure 4-18 Comparison of Composition Ratio of MSEs Seeking the Individual Consultation and MSEs' Responding to Questionnaire, by Major Industry Sector

By comparing the ratio of the total number of MSEs seeking Individual Consultation against the total number of MSEs in the Turkish manufacturing industry, the former is more than twice as large as the latter in the “computers, electronic and optical products,” “equipment, machinery and equipment,” and “scientific R&D” and “rubber and plastic” industry sectors. Considering that the ratio of each industry within the total number of MSEs in the manufacturing industry is less than 1% for “computers, electronic and optical product,” and “scientific R&D,” clearly an extremely large number of MSEs from these industry sectors actively requested Individual Consultation.

In the case of comparison on the ratio of the MSEs that responded to the questionnaire and the MSEs seeking Individual Consultation in the “computers, electronic and optical product” sector, the ratio of the MSE seeking individual consultation increased significantly compared with other industry sectors. This suggests that a particularly large number of MSE managers from this industry sector who were interested in the Individual

Consultation participated in the online questionnaire. Hence, this group of MSEs can be seen as promising recipients for consulting support.

4.3.3 Observations at Individual Consultation Program and Online Workshop

Based on information collected by the Survey Team through the Individual Consultation and the Online Workshop, the observations regarding the MSEs' management capabilities and the SME Experts' management consultation capabilities will be summarized.

(1) MSE management and technical consulting needs

The Individual Consultation and the Online Workshop had management diagnosis and improvement planning phases, including "understanding the current situation, identifying issues, prioritizing them and creating countermeasures and action plans." Many of the MSE managers responded favorably, saying they were able to organize their challenges and actions appropriately. Therefore, it is considered that there is a certain need for a management consultation method applied at this time, in which management diagnosis and improvement planning are conducted during each phase.

In addition, the MSEs and start-ups requested funding from venture capital. It is desirable to develop an ecosystem for these MSEs/start-ups and strengthen cooperation with external support organizations.

(2) MSE management and administrative capabilities

It is hard to generalize because these vary depending on the qualifications and experience of each MSE manager. For example, in the issue of fundraising, there were cases where all possible fundraising measures, including investors, financial institutions and private sector options such as crowdfunding, were considered and incorporated into the management strategy; and on the other hand there were cases where hardly any measures were taken and only subsidies from public organizations such as KOSGEB and TUBITAK were considered.

Further, several MSE managers who are also working as instructors in universities participated in the consultation. While these managers had the advantage of being able to develop innovative products and services based on their own specialized fields, such as software development, it was unclear to what extent they could focus their time and other resources as MSE managers.

(3) MSE management condition and business performance

Many participants were MSEs that had not yet reached a stage where they could generate stable sales, or were short of funds and human resources. Some MSEs had experienced a significant fall in sales due to the spread of

COVID-19. While there were MSE managers who were trying to implement steady improvement plans, there were others who avoided analyzing the issues and causes related to their own business conditions, blaming all issues on lack of funds or lack of access to loans. On the other hand, several participating MSEs, including start-ups, stated that they were seeking to expand their sales channels to overseas markets, or had done so in the past. Several managers had tried to develop overseas markets regardless of their business performance.

(4) Management knowledge, ability to consult and get advice from SME Experts

There are significant individual differences in ability and approach. There were some excellent SME Experts who actively interviewed consulting MSEs and took the lead in preparing the action plans, but as mentioned earlier most SME Experts were observers in the Individual Consultation and few of them actively spoke and gave advice. Therefore, it is difficult to accurately quantify the abilities of SME Experts through the Individual Consultation and the Online Workshop. However, an impression was given that some of them lacked logical thinking and the ability to analyze/pursue the root causes of MSE's management issues.

(5) Responsibility and role of the SME Experts

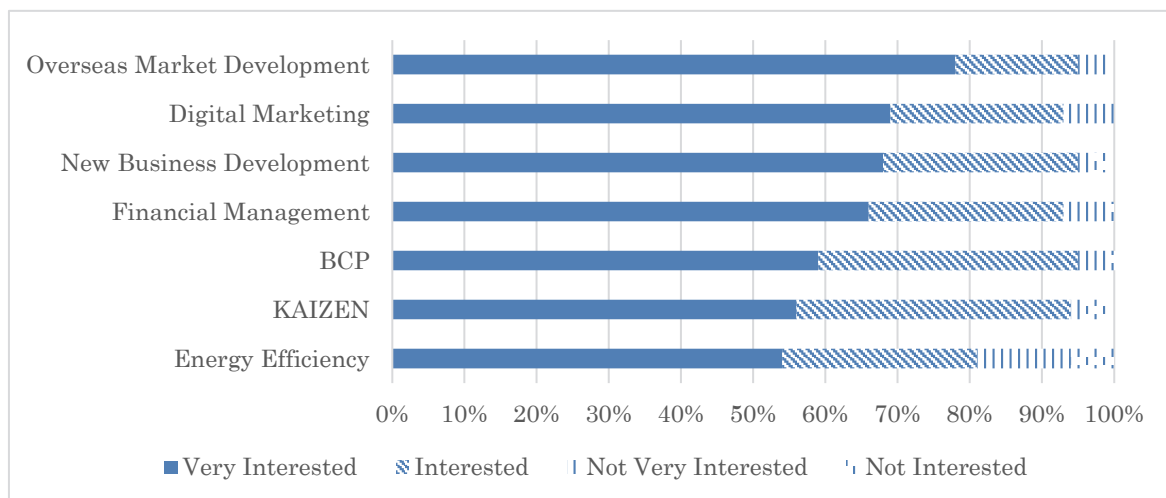
As mentioned earlier, it is difficult to fully quantify SME Experts' capabilities only through the Individual Consultation and the Online Workshop. However, there was an impression that the SME Experts are determined not to provide management support unless it fits into the content of KOSGEB support programs such as entrepreneur support, business development support and proposal-based support, including R&D support and export promotion. Moreover, the SME Experts did not seem to have a network of venture capitalists or angel investors who could provide start-up companies with funding and support. Therefore, there is room for improvement in developing services, including analysis of the MSEs/start-ups needs and connecting them with the relevant public support institutions and private resources, including start-up funders and supporters. In addition, the SME Experts should not only introduce the KOSGEB support menu, they should also act as good consultants for the MSE's managers and work with them to come up with solutions.

4.3.4 Attitude of MSEs toward Consulting Support

Based on the results of interviews and questionnaires with the MSEs and SME support personnel, the following is a summary of MSE attitudes and perceptions toward consulting support.

(1) Areas of interest in management consulting support

The MSEs that participated in the Online Seminars, the Individual Consultation and the Online Workshop, were asked whether they were interested in the topics where they are assumed to have needs for consulting support under the current business environment. Figure 4-19 shows the summary of answers from the MSEs (n=245). More than 80% of MSEs responded that they were "very interested" or "interested" in at least one of the topics. Even energy efficiency, which had a relatively large number of "not very interested" and "not interested" responses, showed more than 80% of respondents expressing interest.



Source: Prepared by the Survey Team

Figure 4-19 Level of Interest in Support Topics Where MSEs Are Assumed to Need Consulting Support

Figure 4-20 (n=35) shows the MSEs' areas of interest according to questionnaire responses from MSEs wishing to participate in the Individual Consultation and the Online Workshop. The areas of greatest need are marketing/sales strategy and business strategy, followed by overseas market development.



Source: Prepared by the Survey Team

Figure 4-20 Topics Related to Business Management That Are Interest to MSEs Wishing to Participate in the Individual Consultation Program and the Online Workshop

(2) MSE management consulting services experience

From among the MSEs that participated in the Online Workshop and the Individual Consultation, 32 answered about their use of management consulting services, of which 11 (34.4%) had used management consulting services in the past. The most common areas of consultation were "export," "advertising and digital marketing," "legal affairs," "human resource management," and "business planning."

A few MSEs have hired consultants who did not have public support. Although it is important to note that the respondents are considered to belong to the group of MSEs in Turkey that are especially keen to grow and learn, there are definitely MSEs that are willing and ready to bear the necessary costs to gain knowledge from outside the MSE.

In terms of evaluating the consulting services used, respondents were generally satisfied with the knowledge and analysis, but in terms of implementation, there were some harsh comments such as "lack of experience," "not applicable to the company's reality," and "consultants do not know the job of a consultant even if they are good at studying."

(3) Obstacles to Use of management consulting services

Table 4-18 shows the results for obstacles to the use of consulting services. The KOSGEB SME Guide System and the Technical Consultant System are expected to bring some improvements to the top three obstacles.

Table 4-15 Obstacles to Use of Consulting Services by MSEs

Obstacles to the Use of Consulting (Multiple Answer)	No. of Responses	Ratio
Cost	20	62.5%
Finding a consultant	14	43.8%
Uncertainty of the consultant's ability	10	31.3%
Concerns of information security	3	9.4%
There is no barriers or concerns	5	15.6%
My company does not need a management consulting service	3	9.4%

Other:

- Cost can be a reason but if an agreement is done on a commission basis, it would be acceptable. For instance, if a company receives counseling and earns money through these efforts, it pays a percentage.
- Appropriate consultant and failure by the consultant to take part in the solution

Note: A questionnaire survey was conducted in November 2021 for MSEs participating in the Online Workshop and the Individual Consultation. A total of 32 responses were received.

Source: Prepared by the Survey Team

Regarding the cost burden, one of the issues raised by the MSEs and SME Experts was the lack of local consultants. They pointed out that costs would increase because they would have to rely on consultants in Istanbul. Regarding the uneven distribution of consultants in urban areas, in addition to the increased cost, it was also pointed out that consultants tend to give advice at a level and scale that does not match the actual situation, without understanding regional characteristics such as the actual state of the local industry and local business managers trends in thinking and making decisions.

Among the services provided by consultants, support for subsidy applications is often contracted on a contingency fee basis, however MSE owners, SME Experts and SME consultants all stated that obtaining subsidies/grants has become the objective and has not led to business improvement. One business owner, who also works as a management consultant, lamented that there are no "real consultants" in the local area who can see the reality of the company and support specific management improvements. On the other hand, one start-up company said, "We need money to run our business. We have to apply for subsidies/grants one after another and implement projects, which keeps us very busy." This is considered to be an honest representation of the actual situation for MSEs. Further, one business owner said that some companies divert the subsidies/grants they receive to other projects instead of using them for their intended purpose: one business owner also said, "I would like to request that diligent companies implementing the subsidized projects will be properly evaluated and given preferential treatment in subsequent applications for subsidies/grants, etc." It is natural for companies to expect a return on their investments in using consultants. In this regard, it seems that various problems in obtaining subsidies/grants have arisen as a result of both companies and consultants losing sight of consulting's original

purpose.

In terms of finding the right consultant, MSEs that had used consulting services in the past found consultants through referrals from incubation centers, business partners, personal networks and lecturers at the university where MSE managers were studying. Moreover, when SME Experts who participated in the Individual Consultation were asked how they would respond if a client company was looking for a consultant, 16 responded: only 3 (18.8%) said that they would provide specific information ("I would consult with the university faculty or tell the company to do so" or "I would provide information about consultants that I know"); 4 respondents (25.0%) responded that they would not provide specific information as KOSGEB staff; another 4 (25.0%) answered that they did not need a consultant and 5 respondents (31.3%) answered that they had no such experience. The reason for the "no need for consultants" response was negative observations about subsidy application support mentioned above. At the same time, SME Experts do not welcome the involvement of external consultants because they feel that the subsidies/grants application process is an area where SME experts can provide support.

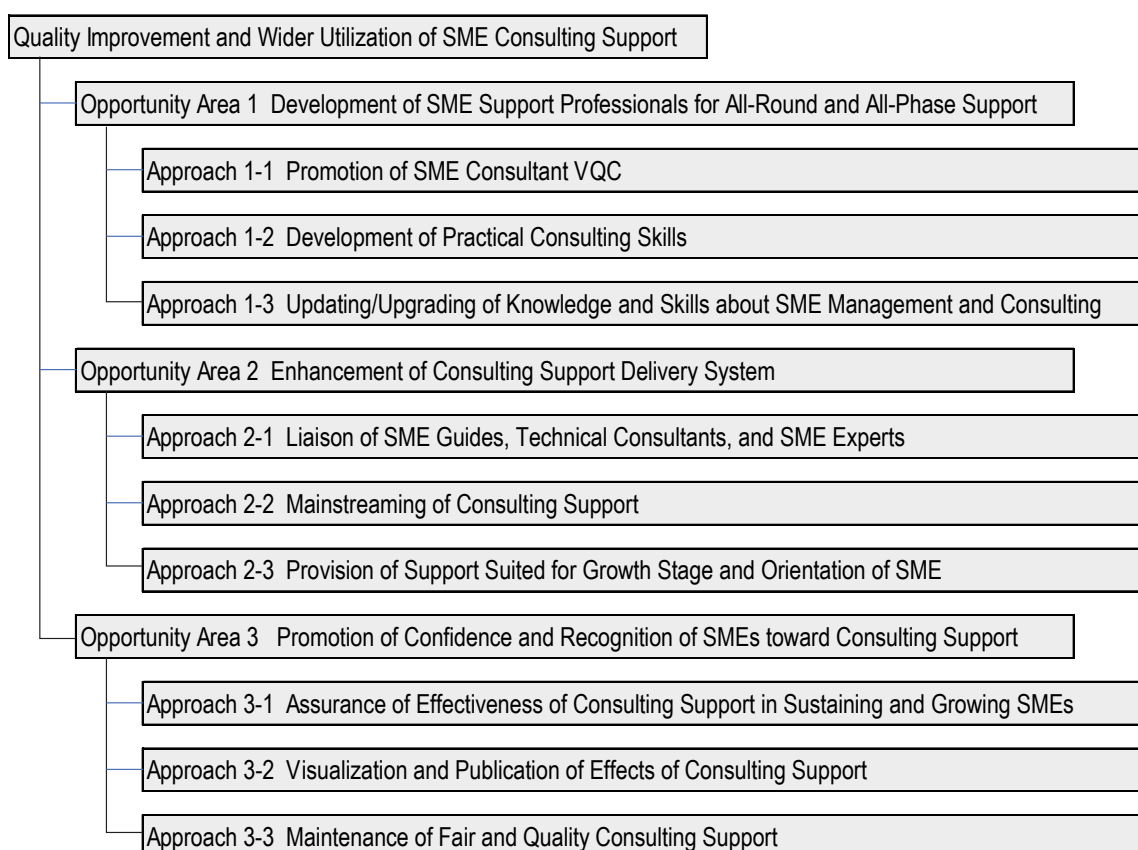
However, it is too early to say that having external personnel assist in the subsidies/grants application process is a bad thing. Looking at the reality that MSEs are short of workforce and the burden is concentrated on the top management, it is understandable that they would prefer to ask for support from outside the MSEs if there is assistance to read the support system and regulations and prepare documents that meet the requirements. For private-sector consultants, assistance in applying for subsidies/grants can be a steppingstone to gaining clients and may open the door to management consulting in its original form. In fact, it is reasonable to consider that the lack of "consulting service that can explore the reality of the company and support specific management improvements" in the public sector tends to highlight the negative aspects of subsidy/grant application support.

5. Orientation of JICA's Future Cooperation

This chapter presents a proposal about the possible orientation of JICA's future cooperation in the field of SME development in Turkey. The proposal is not intended to affirm KOSGEB's commitment to implementing the cooperation activities presented.

5.1 Map of Opportunities Relating to KOSGEB SME Guide and Technical Consultant Systems

The opportunities for future cooperation discussed in 2.4 of Chapter 2 are explored to identify possible approaches, as shown in Figure 5-1. The overall goal of operating the SME Guide and Technical Consultant Systems is "to improve the quality and expand the use of consulting support for SMEs," and the measures deemed necessary to achieve this goal are explored in each area of opportunities. These approaches are regarded as a set of measures to be considered for collaboration between JICA and KOSGEB.



Source: Prepared by the Survey Team

Figure 5-1 Approaches in Areas of Opportunities for Future Cooperation

The following section describes the possible cooperation activities identified in each approach by opportunity areas.

5.1.1 Possible Cooperation Activities in Consultant Development

The KOSGEB SME Guide System reinforces the SME Consultant VQC by providing a classroom training program on the standard consulting process and by requiring a certain number of hours of consulting practice gained by applying the standard process, and it thereby provides ready-to-work consultants with solid practical skills. For the system to operate as intended, there must first be a considerable number of people who have obtained the SME Consultant VQC on their own (Approach 1-1). In addition to the geographic concentration of existing SME Consultant VQC holders, some of them can be expected to lose their certification due to expiries starting in 2022, five years after the start of certification. This may pose an obstacle to the SME guide system, and specific measures are desired.

In addition to the above, it is expected that the practical consulting work required before SME Guide authorization and registration will be genuinely fruitful as an opportunity to acquire consulting skills (Approach 1-2). There are cases where the SME Consultant VQC was obtained even by those who have no practical experience, and some VQC-holders are said to be inactive as consultant after obtaining the certification.

Generally, professional certification is regarded as "certification for the fully-fledged", which is obtained after mastering the job through some work experience, but the SME Consultant VQC can be attained by people who do not have these levels of professional experience. There needs to be a practical engagement system that takes into account participation by those who have studied business administration, are interested in the work of SME consultants, and have obtained certification, but have little practical experience. KOSGEB is planning for SME Guide candidates to carry out practical engagements independently, not within the team consulting format that is offered to SME Management Consultants in Japan. Therefore, guidance and assistance before and during the required practical engagement are especially important. In addition, the system does not require Technical Consultants to undergo specific training, but this is different from having knowledge and skills in specialized fields and being able to provide SMEs with appropriate and effective advice and support. It is worth considering providing online on-demand learning materials, where Technical Consultants and their candidates can learn about the business environment, business conditions, coaching techniques, and other considerations related to working with SMEs.

Finally, registered SME Guides need to prevent their knowledge and skills from becoming obsolete and maintain their ability to provide consulting services relevant to the changing business environment. This will secure truly reliable human resources for consulting support services (Approach 1-3). The periodical training program and the registration renewal training program to be run by KOSGEB should be a way to achieve this. Nevertheless,

continuous practice is the most important way for consultants to maintain and improve their consulting skills. In the face of as-yet limited use of consulting support in Turkey, policy measures to generate sufficient job opportunities for consultants may be valid.

Table 5-1 summarizes the possible cooperation activities related to these approaches.

Table 5-1 Possible Cooperation Activities in Consultant Development

Approach 1-1 Promotion of SME Consulting VQC	
Description	To increase the number of SME Consultant VQC holders, which is a prerequisite for SME Guide authorization, through collaboration between KOSGEB, which created the national occupational standard of SME Consultant, and MYK, which manages the vocational qualification system, in implementing institutional and operational promotional measures.
Examples from Japan	<ul style="list-style-type: none"> The SME Management Consultant registration system was established to develop people responsible for public SME guidance service, and local government officers and certified accountants were intensively trained as SME Management Consultants. Job opportunities were secured after registration. Financial Institutions and private companies began to encourage employees to obtain SME Management Consultant qualification as part of human resource development programs, and it became a popular qualification that was ranked first in the “qualifications that working people want to acquire.”⁶⁷ About 15,000 people take the exam every year.
Possible Cooperation Activities	<ul style="list-style-type: none"> Survey on identification of target groups such as staff members of chambers and other employers’ associations, retired SME experts, and retired company employees/owners, plus design of measures to promote certification among the target groups
Approach 1-2 Development of Practical Consulting Skills	
Description	To supplement the current KOSGEB system in which SME Guide candidates engage in practical work independently, to ensure SME Guides have a necessary level of practical ability through systematic and effective upskilling during practical engagement.
Examples from Japan	<ul style="list-style-type: none"> In the early days of the SME diagnosis system, diagnosis procedures were created for each industry. Currently, the Organization for Small & Medium Enterprises and Regional Innovation, Japan (SME Support Japan), the Japan Small and Medium Enterprise Management Consultant Association (J-SMECA), etc. are creating and providing manuals, tools, casebooks, etc. The Ministry of Economy, Trade and Industry (METI) and Japan Finance Corporation (JFC) release management index data that enables individual companies to know their relative performance by comparing themselves with the

⁶⁷ Source: Questionnaire survey of 903 respondents conducted by Nikkei Inc. and Nikkei Human Resources Inc. in November 2015 (The Nikkei Morning Edition, January 12, 2016)

	<p>industry average.</p> <ul style="list-style-type: none"> • J-SMECA and other accredited training bodies provide opportunities to participate in team consulting under the supervision of an instructor and help SME Management Consultants fulfill the requirement for initial and renewal registration.
Possible Cooperation Activities	<ul style="list-style-type: none"> • Promotion of practical engagement related to SME Guide authorization through joining with candidates to provide a continuous online consulting service to SMEs • Technical support for developing tools to facilitate the consulting process (strategy formulation tools, etc.)

Approach 1-3 Updating/Upgrading of Knowledge and Skills about SME Management and Consulting

Description	To provide new knowledge and skills to authorized SME Guides through the regular and renewal training programs to be conducted by KOSGEB and maintain their ability to respond to changing consulting needs.
Examples from Japan	<ul style="list-style-type: none"> • J-SMECA and several other accredited training bodies provide theoretical training programs and practical engagement opportunities for SME Management Consultants to fulfill the requirements to renew registration. • To enhance the capabilities of Management Advisors at chambers/societies of commerce and industry, a system to accompany experienced consultants during on-site guidance and mandatory training programs have been introduced. • SME Support Japan provides training, information, tools, and advice for support organizations and support professionals.
Possible Cooperation Activities	<ul style="list-style-type: none"> • Content provision to the SME Guide regular and renewal training programs to be organized by KOSGEB (giving a lecture on the introduction of new consulting methods, etc.) • Implementation or joint-implementation with KOSGEB of measures to promote research activities by SME Guides and other support professionals (opportunities for presenting know-how to third countries, essay competition and awards, institutionalization, etc.)

Source: Prepared by the Survey Team

5.1.2 Possible Cooperation Activities in Developing Consulting Service Delivery System

With the establishment of the SME Guide and Technical Consultant Systems, KOSGEB will distinguish and utilize three types of SME support professionals, including SME Experts. The first thing needed for operation is a specific workflow to respond to SME's support needs by putting the right person in the right place in a way that makes best use of respective type of professionals, and that each of them understand they should not only advise the SME themselves but are also aware of what other professionals can provide (Approach 2-1). However, at present, the significance of consulting support has not penetrated fully among SMEs or among KOSGEB staff. There is also recognition that consultants infringe the role of SME Experts.

In addition, it is likely to remain inadvisable that SME Experts to make referrals and bridges between an SME Guide or Technical Consultant and an SME individually. On the other hand, it seems relatively easy for the SME

Guide, Technical Consultant, and SME Expert involved within the same SME to share their support records via the KBS with the SME's consent. Similarly, recommendation functions may be added to the KBS, which will suggest to SMEs assumed to need consulting support based on their support history and monitoring results that they use a SME Guide or Technical Consultant. While keeping SME Experts neutral, it would still be possible to build a system in which each of the three parties fills their specialized roles and ensure that SMEs receive seamless support by consulting any one of the three parties according to their support needs.

Under the current situation, in which consulting support for SMEs is not widespread, the SME Guide and Technical Consultant systems need to be established as an integral part of KOSGEB's support programs. Consulting support should be incorporated into subsidy or other popular support programs and made a prerequisite for benefiting from the program (Approach 2-2). While the SME Guide's support for the planning and implementation process is particularly beneficial for SMEs, as evaluated by participants in the individual consultation program, it is difficult for business owners to understand its benefits before using it. When SMEs are obligated to receive consulting support, it will help them identify growth strategies and thus use subsidies wisely, and also strengthen management capacity which is the basis for sustaining and developing the business.

Finally, one-off advice is not enough to secure consulting support achievements: this needs continuous follow-up with individual companies and provision of support in line with their growth stage and orientation is important to ensure their growth (Approach 2-3). The right types of support professionals should be involved at a time when their respective role and function is required, and they should work toward the common purpose of supporting the company achieving its goals. However, SME guidance support and technical consulting support to be provided under the Business Development Support Program are only available to a company for two years. After that, the company has to hire a SME Guide or a Technical Consultant, either in connection with the proposal-based support program to receive KOSGEB support or at its own expense. A comprehensive support delivery system that enables SMEs to access support agencies other than KOSGEB, such as TUBITAK and Development Agency, in line with their needs, would be very convenient for SMEs.

Table 5-2 summarizes the possible cooperation activities related to these approaches.

Table 5-2 Possible Cooperation Activities in Developing Consulting Service Delivery System

Approach 2-1 Liaison between SME Guides, Technical Consultants, and SME Experts	
Description	To prepare a system and environment supervised by KOSGEB where SME Guides, Technical Consultants, and SME Experts play their respective roles and cooperate smoothly to provide consulting support efficiently and effectively.
Examples from Japan	<ul style="list-style-type: none"> Starting with establishment of the three types of SME Support Centers in 2000, a system has been developed to provide suitable consulting support by combining

	<p>service desks and expert dispatch.</p> <ul style="list-style-type: none"> • Support windows are set up at municipal, prefectural, and national levels to offer free management consultation through which management challenges are identified. These windows can refer client SMEs to a support program that fits the challenges. • In response to increasingly complex and advanced support needs, project manager-type support professionals,⁶⁸ who coordinate support resources to address management challenges, were advocated and their development has been promoted.
Possible Cooperation Activities	<ul style="list-style-type: none"> • Knowledge support for KOSGEB and related organizations through online seminars, discussion with Japanese counterparts, and/or Invitation or Knowledge Co-Creation Program in Japan for planning and developing functions of support centers such as KOSGEB regional offices and local chambers of commerce

Approach 2-2 Mainstreaming of Consulting Support

Description	To expand and instill use of consulting support by incorporating consulting support into subsidy and other tangible KOSGEB support programs, thereby increasing the effectiveness of the programs
Examples from Japan	<ul style="list-style-type: none"> • Shortly after the creation of the public SME guidance system, management consulting was made a prerequisite for application to the special loan program that was in high demand. Consequently, the number of companies receiving public SME guidance service increased dramatically and the system was quickly established. • The Management Innovation Plan Approval System stipulates that a business plan should be formulated with an approved support agency before applying for specific subsidies, tax incentives, and other financial support programs, which promotes the use of consulting support by support professionals who has expertise related to financial management. • The Small Business Management Improvement Fund provides interest-free and unsecured loans on condition the Management Advisors at the local Chamber of Commerce and Industry provide continuous consulting support.
Possible Cooperation Activities	<ul style="list-style-type: none"> • Knowledge support for KOSGEB and related organizations through online seminars, discussion with Japanese counterparts, and/or Invitation or Knowledge Co-Creation Programs in Japan for policy formulation • Survey on designing a support program that combines special loans and consulting support

Approach 2-3 Provision of Support Suited for Growth Stage and Orientation of SME

Description	To depart from the <i>ad hoc</i> provision of consulting support by SME Guides and Technical Consultants by establishing a system and environment supervised by KOSGEB for continuously monitoring individual companies and giving appropriate support when necessary, thereby maintaining their growth to optimize support
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⁶⁸ Source: Report of the Study Group on Development of SME Support Professionals "SMEs Are Changing; Can Support Professionals Change?" (Small and Medium Enterprise Agency, April 2010)

	outcomes.
Examples from Japan	<ul style="list-style-type: none"> • Management Advisors at the Chambers and Societies of Commerce and Industry provide community-based patrol guidance for local SMEs. • The Yorozu Support Centers provide follow-up support until the client SME achieves the targets, not solely advice on problem solving. The centers organize a team of experts depending on the issues such as product development, market development, overseas expansion, or research and development, and provide support by appropriately utilizing other support organizations and programs. • SME Agency has developed and published an online database system which consolidates SME measures across ministries and local government entities to promote use of the measures.
Possible Cooperation Activities	<ul style="list-style-type: none"> • Survey on planning a system to provide continuous support for business development by visualizing and consolidating locally available support resources.

Source: Prepared by the Survey Team

5.1.3 Possible Cooperation Activities in Establishing Recognition of Consulting Support

Under the SME Guide and Technical Consultant Systems, consulting support will be established and widespread as SMEs' appreciation of consulting support and social recognition of professional consulting develop together. With this in mind, the value of consulting support itself has to be enhanced, with a continued stress on conveying the usefulness of consulting support and justifying the trust placed in consulting support. First, as one of the SME support programs, consulting support is expected that can produce good results both in terms of client satisfaction and policy implementation (Approach 3-1).

Consulting support plays a major role in guiding SMEs in desirable directions regarding the priority areas of SME policies and assisting them to plan and implement effective measures for sustaining and growing their business. Consultants are in a position to connect policy, which provides support by setting certain conditions, with the reality of individual company management. Strengthening consulting support and achieving tangible results in priority SME policy areas such as digitalization and innovation will be effective in enhancing the reputation of consulting support.

Then, visualizing good results and actively disseminating them to the public is key to expanding and improving recognition (Approach 3-2).

Finally, to avoid wasting these efforts, it is essential to take measures to prevent compliance problems (Approach 3-3). From the standpoint of KOSGEB, which authorizes SME Guides and Technical Consultants and subsidizes the costs, it is essential that SME Experts make a careful examination of the work performance of SME Guides and Technical Consultants and keep the entire system operating correctly. In this regard, SME Guides and Technical Consultants are already obliged to commit to confidentiality and legal compliance.

Table 5-3 summarizes the possible cooperation activities related to these approaches.

Table 5-3 Possible Cooperation Activities in Establishing Recognition of Consulting Support

Approach 3-1 Assurance of Effectiveness of Consulting Support in Sustaining and Growing SMEs	
Description	Imparting consulting support methods KOSGEB adapts them to policy issues and solves the right management challenges identified, to make SME Guides and Technical Consultants deliver concrete achievements through consulting support and obtain the client SME's satisfaction.
Examples from Japan	<ul style="list-style-type: none"> Registered SME Management Consultants are required to know about SME support systems and measures as one of the prerequisites for initial and renewal registration and play a role in promoting SME's awareness and utilization of the support measures. Support professionals are developed and used to address policy issues as seen in the Smart Manufacturing Supporter Dispatch Program and the SME Resilience Enhancement Support Program. J-SMECA compiles the body of knowledge for priority consulting themes such as overseas business development and business succession and distributes it to its members.
Possible Cooperation Activities	<ul style="list-style-type: none"> Survey on design of system of consulting support for SMEs aiming to do business with Japanese or other foreign companies and cultivating the Japanese or other markets Survey on design of system of consulting support in the field of digitalization, innovation, supporting industry development, local industry or cluster development, etc.
Approach 3-2 Visualization and Publication of Effects of Consulting Support	
Description	To establish a cycle within KOSGEB of measuring and collecting the effects of consulting support on SME management and business performance through monitoring by SME Experts, service result reports, client companies' evaluation, etc., and distributing the results widely.
Examples from Japan	<ul style="list-style-type: none"> J-SMECA requests support case essays from SME Management Consultants every year and commends excellent essays at an annual symposium attended by SME managers, support organizations, and the media. The SME Agency and the SME Support Japan produce and distribute various casebooks and case study videos.
Possible Cooperation Activities	<ul style="list-style-type: none"> Creation and publication of successful cases in the process of designing the system of consulting support for SMEs aiming at doing business with Japanese or other foreign companies and cultivating the Japanese or other markets Creation and publication of successful cases in the process of designing the system of consulting support in the field of digitalization, innovation, supporting industry development, local industry or cluster development, etc.

Approach 3-3 Maintenance of Fair and Quality Consulting Support

Description	To establish a system and environment supervised by KOSGEB that makes SME Guides and Technical Consultants adhere to professional ethics and ensures SME Experts monitor the progress, results, and client satisfaction of consulting support precisely, and take corrective measures as necessary
Examples from Japan	<ul style="list-style-type: none"> • J-SMECA requires members to comply with the SME Management Consultant Code of Conduct. The Tokyo Small and Medium Enterprise Management Consultant Association limits job offers to members who have completed the compliance training program.⁶⁹ • SME Support Japan, as the national headquarters of <i>Yorozu</i> Support Centers, conducts monitoring including satisfaction surveys of client companies and provides guidance to each center.
Possible Cooperation Activities	<ul style="list-style-type: none"> • (SME Guides and Technical Consultants are obliged to commit to confidentiality and compliance with laws and ethics prior to authorization.) • Support for planning and implementing seminars and training for SME Experts and/or content provision for such seminars and training • Support for development of tools to support the process of monitoring and evaluating consulting support

Source: Prepared by the Survey Team

5.2 Draft Concepts of JICA's Future Cooperation Relating to Consulting Support

Based on the possible cooperation activities mapped in the previous section, the Survey Team proposes the following draft orientation for JICA's future cooperation. This cooperation should be divided into two phases: a first phase that aims to achieve a sufficient number of SME Guides and Technical Consultants and a second phase that aims to strengthen the comprehensive support system centered on consulting support. Each phase contains particularly important approaches. In addition, the availability of Japanese experience and resources that could be utilized in the Turkish context was used as a criterion for selecting approaches. The two phases need not necessarily be implemented sequentially: they may overlap in a time frame. However, it would be difficult to implement the second phase without the existence of a certain number of SME support professionals.

Table 5-4 outlines the draft concepts of JICA's future cooperation.

⁶⁹ The training program is based on the Compliance Manual released by the Tokyo SME Management Consultant Association in December 2018 and consists of the Basic Program, which explains related laws and regulations and points to be noted in business along with the SME Management Consultant Code of Conduct and the Advanced Program that exemplifies risks in actual consulting work.

Table 5-4 Outline of Draft Concepts of JICA's Future Cooperation

	First Phase	Second Phase
Focus of cooperation	Support for promoting authorization of SME Guides and Technical Consultants toward their quantitative sufficiency	Support for enhancement of comprehensive support delivery system
Rough estimate of cooperation period	One to two years	Two to three years
Cooperation activities	<ul style="list-style-type: none"> a. Promotion of practical engagement related to SME Guide authorization by providing a continuous online consulting service to SMEs (Approach 1-2) b. Survey on design of measures to promote certification (Approach 1-1) c. Knowledge support through online seminars, discussion with Japanese counterparts, and/or Invitation or Knowledge Co-Creation Program in Japan (Approaches 2-1 and 2-2) 	<ul style="list-style-type: none"> d. Survey on designing a support program that combines special loans and consulting support (Approach 2-2) e. Survey on planning a system for continuous support for business development, by consolidating locally available support resources.(Approach 2-3) f. Survey on designing the system of consulting support for SMEs aiming to do business with Japanese or other foreign companies and cultivating the Japanese or other markets (Approaches 3-1 and 3-2)

Source: Prepared by the Survey Team

As the SME Guide and Technical Consultant Systems are not yet in operation, “c. Knowledge support through online seminars, discussion with Japanese counterparts, and/or Invitation or Knowledge Co-Creation Program in Japan” should be the most beneficial cooperation activity and should be implemented before the other proposed activities. Discussion with KOSGEB staff members on future visions for SME Guide and Technical Consultant Systems, while referring to relevant examples from Japan, has good potential for identifying specific needs that may develop into cooperation projects.

The purpose and method of each cooperation activity is described below.

(1) First phase

- a. Promotion of practical engagement related to SME Guide authorization by providing a continuous online consulting service to SMEs

Purpose: Barriers will be eased for candidates who have completed the SME guide training program to engage in practical work independently, and proper execution will be supported throughout the process from analysis of the current situation to problem identification and drawing up business plans or improvement plans.

Method: During SME Guide candidates' practical engagement, a session to review the progress of planning and execution will be organized once a month, where the candidate and client SME are joined by a Japanese expert remotely online. Japanese experts will apply the online individual consultation program method to help SME Guide candidates learn consulting techniques and provide consulting support smoothly to companies during the interval period. This will be counted towards the hours of practice required for SME Guide authorization. This continuous online consulting practice will be used as a model in developing a tool that facilitates a consulting process for use by SME Guides and a tool that assists practical engagement for use by KOSGEB.

Possible partner: KOSGEB

Possible participants: University that provides the SME Guide training program and TOBB that provides SME Guide candidates with opportunities for practical engagement

b. Survey on design of measures to promote certification

Purpose: SME Consultant certification and SME Guide authorization will be promoted intensively among the target groups identified, thereby securing a sufficient number of SME Guides at an early stage.

Method: The target groups that are expected to play an active role as SME Guides will be identified. Staff members of chambers, industry associations, or other employer's associations, retired SME experts, and retired company employees/owners are possible candidates for the target groups. Incentive structures,⁷⁰ partial exemption from qualification requirements, a reward program and other measures will be devised to convert the target groups into SME Guides intensively within a short period. After trial implementation and verification of these measures, a system for accelerating SME Consultant and SME Guide development will be designed and put forward to KOSGEB and related organizations.

Possible partner: KOSGEB and/or MYK

Possible participants: Testing bodies (Sakarya University, Sakarya University of Applied Sciences, and TOBB)

⁷⁰ For a measure for securing job opportunities that the incentives will be centered, refer to "c. Survey on designing a support program that combines special loans and consulting support." It would be also effective to offer part of SME guidance support for free of charge to the SME (support 100% of costs) even for a limited time.

c. Knowledge support through online seminars, discussion with Japanese counterparts, and/or Invitation or Knowledge Co-Creation Program in Japan

Purpose: The experience of Japan in disseminating consulting support and strengthening comprehensive consultation systems will be shared through direct discussion with policy makers and field personnel, to provide a reference for formulating a future vision and strategic plans to realize the vision in Turkey.

Method: Online programs or Invitation/Knowledge Co-Creation Programs will be organized as a chance to learn about the approval of management innovation plans, the one-stop comprehensive support program (*Yorozu* support centers and SME 119 expert dispatch), the small business management improvement fund, and the like, so participants will understand the background, mechanism, operation, outcomes, and challenges of such SME measures in Japan. Participants may be assumed to be high-rank officials and planning officers from KOSGEB and the Ministry of Industry and Science, executives and staff of related ministries and agencies, and executives of commercial and industrial organizations.

Possible partner: Participants listed above

(2) Second phase

d. Survey on designing a support program that combines special loans and consulting support

Purpose: Provided integrally with a special loan program, consulting support will be used by more SMEs, which will lead to job opportunities for authorized support professionals and increased awareness of consulting support.

Method: Pilot companies will be selected from the beneficiaries of the Rapid Support Program for MSEs or the loan interest support program of KOSGEB, and SME Guides and Technical Consultants will provide continuous consulting support to the pilot companies. In parallel with monitoring the status and results of the consulting support, cases from Japan and other countries will be studied in detail with KOSGEB, looking at the merger of special loans and consulting support. Based on the results, a support program that combines special loans and consulting will be drafted and proposed to KOSGEB and related organizations.

Possible partner: KOSGEB

Possible participants: Financial institutions that are major partners in providing loans under the KOSGEB interest support program (such as Halk Bank)

- e. Survey on planning a system for continuous support for business development, by consolidating locally available support resources

Purpose: A mechanism will be developed for use of SME support resources across different organization, and the environment in which an SME utilizes appropriate support as needed throughout its business life cycle will be reinforced.

Method: Support resources available within the reach of local SMEs will be identified and visualized. Support agencies and support professionals with these resources will be encouraged to give mutual consultation and cooperation on the methods, mechanisms, and systems to be drafted and implemented on a trial basis. After verification of the results, a comprehensive support system based on mutual cooperation between support agencies and professionals will be drafted and proposed to related organizations.

Possible partner: KOSGEB, TUBITAK, Development Agencies, Halk Bank, TOBB, etc.

- f. Survey on designing the system of consulting support for SMEs aiming to do business with Japanese or other foreign companies and cultivating the Japanese or other markets

Purpose: Consulting support techniques will be improved in the field of doing business with foreign companies and overseas business development, where growth-oriented SMEs have a great need, and a support model will be developed through collaboration between multiple support agencies and professionals.

Method: SME Guides, Technical Consultants and Japanese experts will work together to provide hands-on support for SMEs aiming to do business with foreign companies or enter foreign markets. When providing support, this must involve related support agencies and use a wide range of support resources. Based on the process and results, support procedures, focal points, theoretical basis, useful support resources, and other practical knowledge will be systemized so they can be used for further training of support professionals who can provide similar support.

Possible partner: KOSGEB

Possible participants: TUBITAK, Development Agencies, Halk Bank, TOBB, etc.

The cooperation activities above could be implemented independently, but by combining multiple activities into a project, they will exert synergies in the development of consulting support stemming from the new SME Guides and Technical Consultants systems prepared by KOSGEB.

5.3 Opportunities for cooperation in supporting the promotion of other SMEs

Discussions with KOSGEB and related organizations in the survey period have suggested additional needs for future cooperation that are not directly related to consulting support but considered important to the development of SMEs in Turkey. Therefore, the following sets out this possibility of future cooperation by JICA, although technically it may be out of the scope of this report.

The Turkish government plans to promote import substitution of some products in order to strengthen the export competitiveness of local industries. The automobile, machinery, electronic and electrical equipment sectors are the primary target of cooperation requested to improve the technological capabilities and cost competitiveness of domestic companies and strengthen the industrial supply chain. Therefore, JICA's cooperation should be considered relevant in assisting KOSGEB to establish a system that supports SMEs in meeting the needs of importing companies with domestic manufacturing, which would strengthen target industries' supply chains and promote domestic sourcing of excess imports. Cooperation may be in the form of seminars, questionnaires, and on-site surveys by Japanese Experts to provide specific information. Furthermore, cooperation from Japanese companies that have manufacturing sites in Turkey could also be obtained.