

TUSIAD

Business Priorities for Recommendations of Turkey's G20 Presidential Term in 2015

Executive Summary



British Embassy
Ankara

EY

Building a better
working world



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Acknowledgements

TUSIAD (Turkish Industry and Business Association) is a civil society organization established by Turkish industrialists and businessmen in 1971 in order to represent the business world.

TUSIAD aims to contribute to the formation and development of a social order based on the adoption of the universal principles of human rights, freedom of thought, belief and action, a secular state of law, concepts of participatory democracy, a liberal economy, the rules and regulations of a competitive market economy and a sustainable environmental balance.

TUSIAD works to achieve the realization of the main objectives stated above based in the belief that businessmen working in line with the targets and principles envisaged by Atatürk guided by a concept of Turkey's reaching and surpassing the norms of contemporary civilization and bolding to the equality of men and women in politics, the economy and education, comprise a pioneering and enterprising group in society.

As a representative body of the Turkish business world working for the public good, TUSIAD strives to manifest activities to entrepreneurs in conformity with the universal principles of business ethics. TUSIAD constantly aims for progress and enhancement in Turkey's competitiveness, social welfare, employment and productivity, as well as the country's capacity for renewal and the scope and quality of education and training during the globalization process.

TUSIAD contributes to the formation of national economic policies by correctly evaluating regional and sectorial potentials in Turkey's economic and social development in an environment in which social peace, compromise and reconciliation is maintained. TUSIAD contributes to the promotion of Turkey globally and supports the EU accession process through efforts to develop international political, economic, social and cultural relations as well as communication, representative and cooperative networks.

TUSIAD conducts research, forms views, and develops projects and activities in

the context of accelerating international integration and influence building, regional and local development.

TUSIAD aims on behalf of the Turkish business world to encourage and develop a unity of thought and action in line with these objectives through the direct and indirect dissemination of its views and recommendations to the Turkish parliament, government, other states, international organizations and public opinion, through the press and other means.

TUSIAD, in accordance with its mission and in the context of its activities, initiates public debate by communicating its position supported by scientific research on current issues.

The B20 is a forum which brings together business leaders from across G20 member countries to produce policy recommendations for G20. TUSIAD attaches particular importance to B20 and contributes to its activities since the London Summit in 2009, given its key role in bringing the outlook of the business world to the global stage.

Acknowledgements

Turkey will take over G20 Presidency in 2015 and will also chair and host the B20. In this context, TUSIAD initiated a global study to define private sector's priorities at national and global levels for the recommendations that will be produced during Turkey's Presidency.

This project examines private sector's priorities with special focus on the increasing role of emerging markets and G20 in the world economy. It is expected that this report will be taken into account by Turkey's G20 presidency.

The method of identifying the priorities is to conduct surveys with business leaders of six G20 countries: Brazil, France, India, Turkey, United Kingdom and United States. These six countries are chosen considering regional and socio-economic comprehension.

The sample is selected regarding sectorial and regional diversity, along with the representation of companies of all sizes.

The results of the survey are analyzed in light of former G20-B20 outputs, as well as Turkish government's priorities for 2015, to ensure alignment of the output with G20-B20's main concerns.

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- ▶ Brazil: National Confederation of Industry (CNI)
- ▶ France: French Business Confederation (MEDEF)
- ▶ India: Confederation of Indian Industry (CII)
- ▶ Turkey:
 - ▶ Federation of Industrial Associations (SEDEFED)
 - ▶ Turkish Confederation of Employer Associations (TISK)
 - ▶ Turkish Enterprise and Business Confederation (TURKONFED)
- ▶ United Kingdom: Confederation of British Industry (CBI)

Aim and Approach

The purpose of this study is to gather insights from global business leaders to construct an agenda proposal for 2015 B20 and G20 summits that are going to be held in Turkey.

In this respect, the following 6 countries were chosen to represent both developed and emerging markets:

Developed Markets

- ▶ France
- ▶ UK
- ▶ USA

Emerging Markets

- ▶ Brazil
- ▶ India
- ▶ Turkey

The study stands on the following 2 pillars:

1. Preparing and Conducting a Survey
 - ▶ Secondary research⁽¹⁾
 - ▶ In-depth interviews in Turkey
 - ▶ Relevant EY reports
 - ▶ Online survey
2. Analyzing Results and Establishing Agenda Proposals
 - ▶ Priority based analysis
 - ▶ Policy based analysis⁽²⁾
 - ▶ Agenda proposals

Accordingly, an extensive literature review was put forth to set ground for in-depth interviews. Then, the outcomes of the interviews were further developed through relevant EY reports to finally design a web-based survey questionnaire that was brought live in the aforementioned 6 countries, with the objective to gain more insight about the opinions of global business leaders.

After evaluating all the inputs, 9 main **priorities** emerged to be worthy of further attention and were subsequently embedded in the survey questionnaire to obtain a view of the global outlook:

- ▶ **Accessible and affordable financing**
- ▶ **Global trade**
- ▶ **Investments**
- ▶ **Sustainable and green growth**
- ▶ **Global welfare**
- ▶ **Human capital and employment**
- ▶ **Anti-corruption**
- ▶ **Integrity of global commerce**
- ▶ **Information and Communication Technology (ICT) development**

Once the results of this comprehensive survey, reaching over 900 people from different company profiles and industries were gathered, various analysis were conducted to understand how the survey respondents evaluated the significance of business priorities and related policies.

Finally, a meaningful outcome containing a subset of **most significant priorities** and **policies** is obtained to establish an agenda proposal.



Notes: (1) Detailed information on sources and reports examined during the secondary research is provided in the full report.

(2) In official B20 documents, priorities correspond to task forces and policies correspond to themes. In this report, priorities refer to strategic topics that should be on the agenda of G20, whereas policies refer to specific strategies that are suggested to be implemented under these strategic topics.

Analyses and Findings⁽¹⁾

Priority Based Analysis

One of the questions in the survey targeted to gather insights from business leaders about their views on the importance of the interrogated priorities.

By and large, developed and emerging markets both agree on the relative importance of the priorities addressed in the survey.

Overall, **sustainable and green growth** and **human capital and**

employment are indisputably highest rated priorities, which are not only the most important two in general overview, but are also among the top rated priorities in both developed and emerging markets.

As for another resemblance between developed and emerging markets, it is observed that the least rated 4 priorities are also the same for both set of

countries.

When it comes to addressing **anti-corruption** and **global welfare**, their relative importance differ to some extent in emerging and developed markets. Fighting against corruption is more applauded in developed markets than in emerging, as the latter puts more emphasize on enhancing global welfare.

Priorities Expected by Business Leaders to be Discussed in G20 Summit



Notes: (1) Only some key analyses are shown. For detailed analyses, please refer to the full report.

Policy Based Analysis

On the other hand, some patterns which could have not been detected in the priority based analysis, are observed among certain policies in the top quartile, which have surged to be more important for survey respondents than the priorities under which they have been grouped.

These top rated policies in both

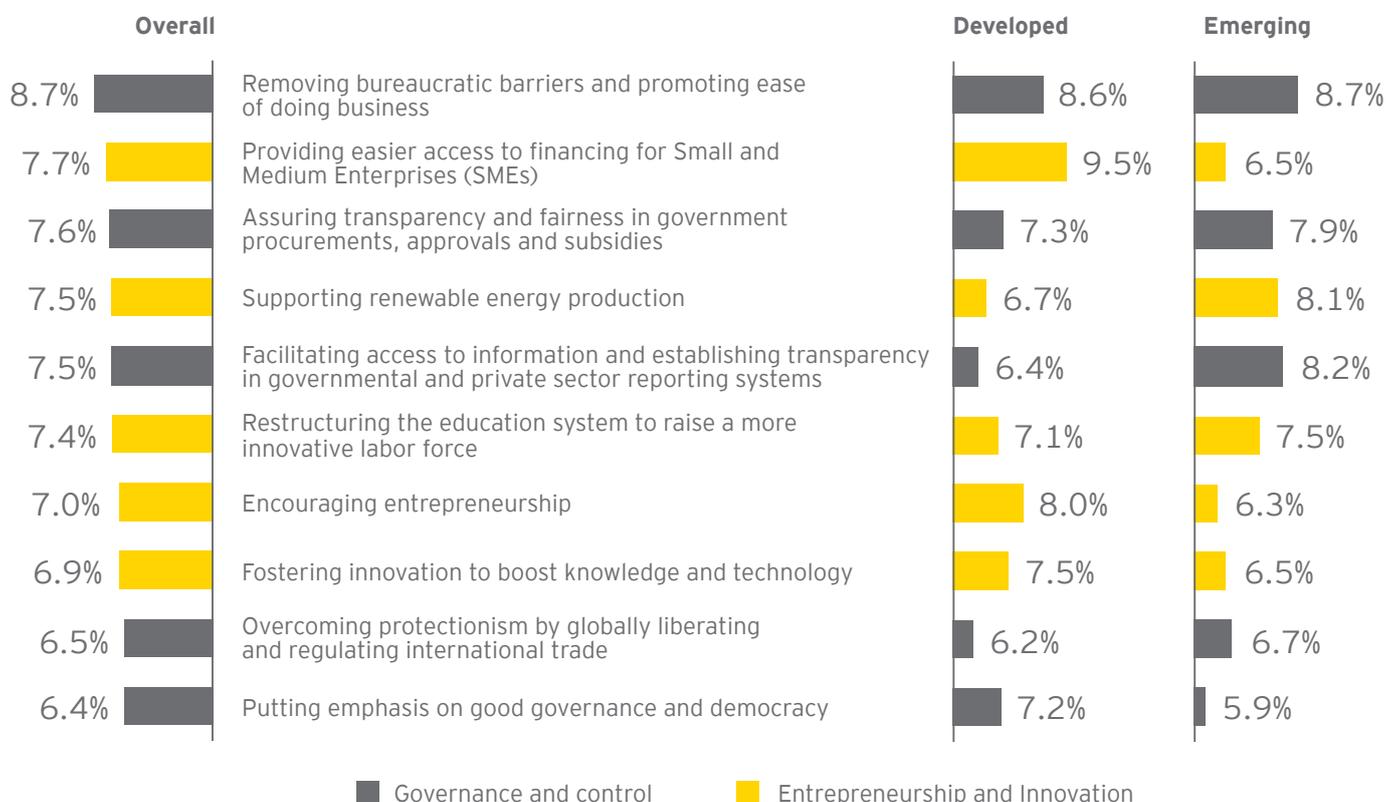
emerging and developed markets are united under comprehensive parities to define new priorities; namely **Governance & Control** and **Entrepreneurship and Innovation**.

This analysis also helps us deduce a major difference between emerging and developed markets, where the prior applauds Governance and Control

and the latter emphasizes Entrepreneurship and Innovation more.

In addition, it has been observed that although large corporations have more or less the same approach to surveyed priorities and policies in emerging and developed markets, SMEs seem to hold opinions that differentiate across two sets of countries.

Highest Rated Policies and Corresponding Priorities, % in Top Quartile⁽¹⁾



Notes: (1) The percentages reflect the percentage of the votes each policy has received based on the total number of votes in the top quartile. The graph only shows policies grouped under the abovementioned priorities and thus excludes some policies listed in the top quartile.

Implications for B20 and G20 Summits

Various policies initially grouped under certain priorities have been questioned and analyzed in detail to generate a comprehensive and holistic agenda proposal for Turkey's B20 and G20 presidential term in 2015.

As a result of the survey, the following priorities in bold stood out as relatively more important for the business world compared to others:

- ▶ **Sustainable and green growth**
- ▶ **Global welfare**
- ▶ **Human capital and employment**
- ▶ **Anti-corruption**
- ▶ **Governance and Control**
- ▶ **Entrepreneurship and Innovation**

However, this should not imply that the less emphasized issues are no longer a priority for the business world. Instead, these results should be evaluated in relation to recent macroeconomic developments.

As government leaders commit to certain actions following on B20 recommendations, improvements occur at a steady basis. The ambitious goal to lift the G20 countries' GDP by at least an additional 2% by 2018⁽¹⁾ is an example to such commitments with which the compliance rates are high.

As such growth targets would boost employment along the way, business world wants to make sure the labor markets have the qualified and adequate work force required for the growth to be sustainable. Therefore, **human capital and employment** still stands as a business priority.

Thus, business world also emphasizes issues, whose compliance rates are not as high as expected. Both developed and emerging markets' compliance scores on their commitments related to crime and corruption signals no commitment and

no inclusion in official G20 documents, respectively⁽²⁾.

Hence, and among others, anti-corruption surges as a recurring business priority resilient to time.

Likewise, following on previous years' B20 task forces on ICT, Technologies and Innovation, business world continues to prioritize **ICT development** despite the fact that G20 has not yet included B20's recommendations related to this area into G20 documents.^(2,3)

Similarly, in order to strengthen the proposal set, both priorities and policies have been analyzed to draw the major differences between emerging and developed markets.

The executive summary only holds some key analysis. For further details, please refer to the full report.

Notes: (1) G20 Leaders' Communiqué, Brisbane Summit, 15-16 November 2014

(2) Assessing G20-B20 Engagement Effectiveness, G20-B20 Dialogue Efficiency Task Force, June 2013, Draft Report

(3) ICT development is a relatively new and trending subject that has arisen during in-depth interviews and secondary research. Hence, it is considered as a priority and a number of additional questions about ICT have been included in the survey.

Agenda Proposals

Priority Proposals

As a result, the following emerge as the most significant business priorities for agenda recommendations of Turkey's G20 presidential term in 2015:

When asked to prioritize the issues to be discussed by G20, the business people around the world concurred on the following:

01

Sustainable and green growth

02

Human capital and employment

03

Anti-corruption

04

Global welfare

Recurring priorities that underlie the policies with the highest votes become prominent due to their intersecting nature:

05

Governance and control

06

Entrepreneurship and innovation

Trending priority that has not only emerged in both secondary research and in-depth interviews, but also been confirmed in survey questionnaire:

+1

ICT development

Agenda Proposals

Policy Proposals per Priority

Outstanding priorities should be evaluated in conjunction with relevant and most acclaimed policies, while being considered as potential task forces:



Sustainable and green growth

- ▶ Supporting renewable energy production
- ▶ Addressing water scarcity threats effectively
- ▶ Creating global regulatory bodies for energy, environment and natural resources
- ▶ Promoting policies to reduce carbon footprint



Human capital and employment

- ▶ Restructuring the education system to raise a more innovative labor force
- ▶ Incentivizing vocational and on the job training
- ▶ Encouraging entrepreneurship
- ▶ Developing alignment between learning ecosystem and workforce needs



Anti-corruption

- ▶ Assuring transparency and fairness in government procurements, approvals and subsidies
- ▶ Facilitating access to information and establishing transparency in governmental and private sector reporting systems
- ▶ Reinforcing business ethics by means of personal, corporate and governmental governance



Global welfare

- ▶ Reducing income inequality to overcome social tensions
- ▶ Putting emphasis on good governance and democracy
- ▶ Overcoming regional tensions and rebuilding trust between nations to promote personal and international security
- ▶ Increasing collaboration among government, private sector and citizens



Governance and control

- ▶ Removing bureaucratic barriers and promoting ease of doing business
- ▶ Assuring transparency and fairness in government procurements, approvals and subsidies
- ▶ Facilitating access to information and establishing transparency in governmental and private sector reporting systems
- ▶ Overcoming protectionism by globally liberating and regulating international trade
- ▶ Putting emphasis on good governance and democracy



Entrepreneurship and innovation

- ▶ Providing easier access to financing for Small and Medium Enterprises (SMEs)
- ▶ Supporting renewable energy production
- ▶ Restructuring the education system to raise a more innovative labor force
- ▶ Encouraging entrepreneurship
- ▶ Fostering innovation to boost knowledge and technology



ICT development

- ▶ Establishing and improving necessary legal, regulatory and policy environments related with ICT sector
- ▶ Encouraging service competition by driving innovation

Proposed agenda recommendations hold a solid stance since they:

- ▶ Show continuum with the current B20 task forces
- ▶ Are representative of all parts of the business world
- ▶ Are proactive in terms of offering policies regarding trending priorities

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