

**THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN**

**AZERBAIJAN STATE UNIVERSITY OF ECONOMICS**

**INTERNATIONAL CENTER OF GRADUATE EDUCATION**

**MASTER DISSERTATION**

**on the topic**

**“DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESS IN  
AZERBAIJAN IN THE CONDITIONS OF CORONAVIRUS (COVID-19)  
PANDEMIC”**

**Nasibov Allahverdi Rufat**

**BAKU – 2022**

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**Head of the International Center for  
Graduated Education**

**Assoc. Prof. Dr. Ahmadov Fariz Saleh**

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PANDEMIC”**

**Code and name of Programme: 060409-Business Management**

**Specialisation: Business Management**

**Group: 146**

**Master`s Student:  
Nasibov Allahverdi Rufat  
\_\_\_\_\_ signature**

**Scientific Supervisor:  
PhD. in Econ. Asisst. Prof. Ismayilzadekh  
Ali-Aga Atkham  
\_\_\_\_\_ signature**

**Program Manager:  
PhD. In Econ. Shamkhalova  
Samira Oqtay  
\_\_\_\_\_ signature**

**Head of the Department:  
Dr.of Econ. Prof. Kalbiyev Yashar  
Atakishi  
\_\_\_\_\_ signature**

**BAKU - 2022**

## **Elm andı**

Mən, Nəsibov Allahverdi RUFət and içirəm ki, “Development of small and medium-sized business in Azerbaijan in the conditions of coronavirus (Covid-19) pandemic” mövzusunda magistr dissertasiyamı elmi etika və istinad qaydalarına tam uyğun və bibliografiyada istifadə etdiyim bütün mənbələri əks etdirərək yazdım.

# “KORONAVİRUS (COVID-19) PANDEMİYASI ŞƏRAİTİNDƏ AZƏRBAYCANDA KİÇİK VƏ ORTA SAHİBKARLIĞIN İNKİŞAFI”

## XÜLASƏ

**Tədqiqatın aktualığı:** Bugünkü iqtisadiyyatda Kiçik və Orta sahibkarlıq sektoru hər bir ölkənin iqtisadiyyatı üçün son dərəcə vacibdir və mövcud ən cəlbedici və yaradıcı sistemdir. İqtisadi inkişafda Kiçik və Orta sahibkarların əhəmiyyəti çox böyük səviyyədə qəbul edilir. Kiçik və Orta Sahibkarlıq sektoru iqtisadi və sosial faydalarına görə iqtisadiyyat üçün strateji maraq sahəsi kimi önə çəkilmişdir.

**Tədqiqatın məqsədi:** Pandemiya dövründə Azərbaycanda Kiçik və orta sahibkarlıq fəaliyyətlərinin davamlılığını və fəaliyyətini yaxşılaşdırmaq üçün nəzəri və praktiki cəhətdən əsaslandırılmış təkliflər hazırlamaq.

**İstifadə olunmuş tədqiqat metodları:** Tədqiqat proseduruna sistemli və müqayisəli təhlil, qruplaşdırma, analitik və qeyri-analitik tədqiqat yanaşmaları daxildir. Bunlar arasında məlumat təhlili, məzmun təhlili və hadisələrin öyrənilməsi metodologiyalarını nümayiş etdirə bilərik. Digər ölkələrin elmi əsasları, statistik göstəriciləri də öyrənilmiş və təhlil edilmişdir.

**Tədqiqatın informasiya bazası:** Məlumat bazasına statistik məlumatlar, məqalələr, Azərbaycan Respublikasının Statistika Komitəsinin məlumatları və beynəlxalq hesabatlar daxildir.

**Tədqiqatın məhdudiyyətləri:** Əsas məhdudiyyətlərdən biri hazırkı pandemiya ilə əlaqədar Azərbaycanda və bütün dünyada kitabxanaların olmamasıdır.

**Tədqiqatın elmi yeniliyi və praktiki nəticələri:** Bu gün istənilən ölkənin əsas məqsədlərindən biri pandemiya şəraitində Kiçik və orta sahibkarların davamlı fəaliyyətinə nail olmaqdır. Tədqiqatlar mahiyyətcə Azərbaycanda KOS-un əsas istiqamətləri üzrə məhsuldarlığın artmasına gətirib çıxarır.

**Nəticələrin istifadə oluna biləcəyi sahələr:** Azərbaycanda kiçik və orta təşkilatlara birbaşa aid olan sahələr.

*Açar sözlər: Koronavirus, KOBİ, biznes, hökumət, anti-böhran istiqamətində dövlət tədbirləri.*

# DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESS IN AZERBAIJAN IN THE CONDITIONS OF CORONAVIRUS (COVID-19) PANDEMIC

## SUMMARY

**The actuality of the subject:** In today's economy, the SME sector is extremely important, showing to be the most appealing and imaginative system available. The importance of SMEs in economic development is widely recognized. The SME sector has been highlighted as a strategic interest area for the economy due to its economic and social benefits.

**The purpose of the research:** To develop theoretically and practically justified proposals to improve the sustainability and performance of SMEs in Azerbaijan during pandemic.

**Used research methods:** The research procedure included systematic and comparative analysis, grouping, analytical and non-analytical research approaches. We can demonstrate data analysis, content analysis, and event study methodologies among these. Other countries' scientific bases were also studied and analysed, as were statistical indications.

**Limitations of the study:** One of the main limitations is the lack of libraries in Azerbaijan and around the world due to the current pandemic.

**The information base of the research:** The information base includes the statistics, articles, data of the Republic of Azerbaijan from Statistics Committee and international reports.

**The novelty and practical results of investigation:** One of the main goals of any country nowadays is to achieve sustainable performance of SMEs in the pandemic situation. The research leads to an increase in productivity of main directions of SMEs in Azerbaijan in essence.

**Practical significance of the results or areas where the results can be used:** Results which are obtained in this research can be used in the areas directly related to the small and medium-sized organizations in Azerbaijan.

*Key words: Coronavirus, SME, business, government, anti-crisis policy measures.*

## **ABBREVIATIONS**

<b>SME</b>	Small and Medium Enterprises
<b>GDP</b>	Gross Domestic Product
<b>AWU</b>	Annual Work Unit
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>ICD</b>	The Organization of Islamic Economic Cooperation
<b>IFC</b>	International Finance Corporation
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EU</b>	European Union
<b>GVC</b>	Global Value Chains

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## INTRODUCTION

**Relevance of the research topic:** In today's economy, the SME sector is extremely important, showing to be the most appealing and imaginative system available. The importance of SMEs in economic development is widely recognized. The SME sector has been highlighted as a strategic interest area for the economy due to its economic and social benefits.

SMEs, particularly traditional ones, have strengths and weaknesses that are inextricably linked to the involvement and human resource capacities of their leaders. They are frequently formed on the courage and brilliance of its founders. These companies are led by genuine entrepreneurs who are willing to risk their money and reputation.

COVID-19, also known as coronavirus, pandemic has drastically affected the business operations and customer behaviours and trends. Due to the quick spread of the virus, the pandemic has instant socioeconomic consequences both for developed and developing countries, and is hovering as new normal.

The COVID-19 epidemic has had a devastating effect on small and medium-sized businesses due to the specific constraints they confront. As a consequence of such factors as social segregation, fear of disease, diminished purchasing power as a result of job losses or wage cuts, and so on, consumers' purchasing patterns have changed dramatically. Attempts to mitigate the spread of pandemics put small and medium-sized businesses at threat. Thus, it is no longer a theoretical problem to ensure long-term viability in the face of pandemic spread and economic upheaval. Critical systems on which small and medium-sized enterprises (SMEs) are dependent have a vulnerability. An incapacity of corporate governance systems to adapt and react promptly to the fast-changing environment has been shown by the four-fold increase in infection rates that occurs when a wait of 10 days occurs. In addition to ensuring the long-term stability of the supply chain, companies must ensure that their



operations are properly balanced. In the near term, this means cutting down on spending and depending more on corporate and government funding.

The most requested measures to assist SMEs were a tax payment deferral for all taxes, excluding VAT, for the next six months, a loan deferral for the next six months, and a six-month insurance premium break.

**Statement of the problem and learning level:** During Covid-19, the full picture of small and medium businesses was not thoroughly explored from a theoretical and practical standpoint, and it was not able to reach the maximum degree of quality management in local businesses. As a result, in order to complete this study, advanced research methodologies from industrialized countries will be used.

**Purposes and objectives of the research:** Research goals and objectives of this research are to find to develop theoretically and practically justified proposals to improve the competitiveness of SMEs in our country.

The main tasks of the research are:

- to research the theoretical and methodological foundations of small and medium firm organization and effective operation based on global experience;
- to study the stages of development of small and medium sized enterprises (SMEs) and identify their characteristics;
- to reveal the patterns of formation and development of small and medium enterprises in Azerbaijan and in world experience in pandemic conditions;
- to study the role of small and medium enterprises in the pandemic situation in Azerbaijan;
- to identify opportunities for state regulation of small and medium enterprises for improving business in Covid-19 condition in Azerbaijan.

**Object and subject of the research:** Object of this research is about business and their situation and solutions to the problems in the Covid-19 period. On the other side subject of the research is the small and medium enterprises.

**Research methods:** Dissertation is concerned with researching and discovering effects of Coronavirus (Covid-19) pandemic to the small and medium-sized businesses and their experiences during this term. The methodological approach of the dissertation is related both – qualitative and quantitative data. Qualitative data is appropriate for describing overall picture of effects of pandemic on small businesses. Quantitative data is important for getting more in-depth information about situation.

Dissertation topic includes three parts. First part is related with theoretical sides of research and secondary research method will be used. Data will be collected from books, articles, journals and websites.

The second and third part of research is about analyzing of collected data. Focus research method from qualitative perspective and survey research method from quantitative perspective will be acceptable in order to get up-to-date and correct information. The sample will be collected from people who are connected with small and medium-sized businesses.

**Research database:** Existing economic theories, works by prominent world economists, professionals, experts, and economists on development issues, types of modern management theories and the results of research comparing them, examples of changes in world practice, business development in the country, management improvement, efficiency, and innovation serve as the research base. The work of key institutes on the theory of economic management and famous economists of modern times is represented in this collection of works on the growth and acceleration of economic reforms. The study is based on local, Turkish, and English literature, official local documents, Statistics Committee data spanning several years, publications by domestic and international scientists, as well as materials from scientific conferences and other sources.

**Research limitations:** The absence of libraries in Azerbaijan and all over the planet because of the ongoing pandemic is the main limitation of this research.

**Scientific novelty of the research:** The significance of examination of small and medium business places for their better development in Azerbaijan and uncover opportunities for entrepreneurs in post-Covid situation.

**Scientific and practical significance of the results:**

- The role and features of small and medium business in the pandemic in Azerbaijan and in international practice were revealed;
- The current state of small and medium enterprises all over the world has been statistically studied and its development has been statistically assessed;
- Statistical study of the development of small business in global experience and Azerbaijan;
- The main directions of government support for SMEs have been identified in the improvement throughout the pandemic.

# **CHAPTER I. THEORETICAL FOUNDATIONS OF THE DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESS IN A MARKET ECONOMY**

## **1.1. Small business as special form of entrepreneurship**

Small and mid-size business (SMEs) is an entity with earnings, resources, or staff that fall below a particular doorstep (Abbasov A.B., 2005). A small and medium-sized company is explained differently in each country.

As indicated by SBA (Small Business Act) small business is "a business that is autonomously claimed and worked and not predominant in its field. "Small firms is the one that has sensibly small portion of the market" is one more definition which has taken from Bolton report (Commission of the Enquiry on Small Business Firms, 1977). Likewise, R. Edward Freeman, James A.F. Stoner, Daniel R. Gilbert makes sense of small organizations as "Small business alludes to organizations privately claimed and made due, frequently with not many representatives working at a nearby area".

As indicated by Committee for Economic Development small business must met no less than two of four principles which referenced beneath:

1. Managers are owners;
2. Capital supplier and owner is an individual or little group;
3. All work force is local, market may not be local.
4. Relatively small production units compared to larger ones.

Although their size is small, small and mid-size business (SME) plays a vital and huge part in the modern economy. They are much more than big corporations by a substantial margin in quantity, employ a huge workforce, and are generally entrepreneurial in nature, more into to the shaping of innovation.

Because of their key characteristics - SMEs are dynamic, highly adaptable, and flexible – small and medium companies (SMEs) play a critical role in the global economy. Small and medium-sized businesses (SMEs) are now commonly considered as being one of the biggest determinants of economic development and job creation.

SMEs outweigh big corporations by a wide margin in any given country's economic development, and they also employ an even higher number of people. Small companies hire 4.7 million individuals and account for 98 percent of all enterprises in Australia. They generate one-third of total GDP. 98.5 percent of Chile's businesses were classed as SMEs in fiscal year 2014. Self-employed persons make up more than 28% of net non-farm employment in Tunisia, while businesses with less than 100 employees add up nearly 62 percent.

SMEs account for over 90% of all enterprises in the global economy, with a percentage of employment in the private sector ranging from 61% to 81% (Tatjana Petkovska, 2015). The ability to produce innovations is one of the most key characteristics of SMEs. Modern growth theories realize the importance of innovation in boosting development and productivity. Innovations are the tools that an entrepreneur uses to produce new products and improve existing ones.

"The requirement of the number of employees as the primary indicator," according to the European Commission, "but introducing a financial criterion is nonetheless a necessary addition in order to grasp the true scale and performance of the business, as well as its status in comparison to its competitors." The European Commission establishes the criteria for classifying businesses through a guide: the number of staff, yearly turnover, and yearly balance sheet. Fulfilling "the number of employees" condition is an important step, nevertheless carrying out financial criterias is also essential.

**Table 1: Definition of Small and Medium Enterprises with European Union standards**

<b>Enterprise category</b>	<b>Headcount: Annual Work Unit (AWU)</b>	<b>Annual turnover</b>	<b>Annual balance sheet total</b>
<b>Medium-sized</b>	< 250	≤ €50 million	≤ €43 million
<b>Small</b>	< 50	≤ €10 million	≤ €10 million
<b>Micro</b>	< 10	≤ €2 million	≤ €2 million

**Source:** European Commission (<https://ec.europa.eu>, 2020)

In Azerbaijan also definition for small, medium and micro businesses is the near. Although criteria for Annual Work Unit (AWU) is the same, but there have differences in annual turnover. Annual turnover for Azerbaijan is less than 200k manat for micro businesses. This indicator is from 200,000 manat 3,000,000 manat for small businesses. And it is between 3,000,000-30,000,000 manat for medium enterprises. (<https://stat.gov.az/source/entrepreneurship/>)

The World Bank defines small and medium enterprises based on three quantitative criteria: personnel count, total assets and yearly sales in US dollars. To be classified as a micro, small, or medium business, a company must meet quantitative criteria such as the number of workers and at minimum one financial requirement.

**Table 2: Definition of Small and Medium Enterprises by World Bank standards**

<b>Enterprise indicators (2/3)</b>	<b>Number of workers</b>	<b>Total assets</b>	<b>Total annual sales</b>
<b>Medium-sized</b>	> 50; ≤ 300	> \$3,000,000; ≤ \$15,000,000	> \$3,000,000; ≤ \$15,000,000
<b>Small</b>	> 10; ≤ 50	> \$100,000; ≤ \$3,000,000	> \$100,000; ≤ \$3,000,000
<b>Micro</b>	< 10	≤ \$100,000	≤ \$100,000

**Source:** Independent Evaluation Group (<https://www.worldbank.org>, 2008)

Businesses that are small have a good effect on the economic system in any sort of sector economy due to the functions they participate in (İmanov Ə.Ş, 2009). There are a variety of them, including:

- They help the social balance of the region where they operate by making jobs;
- They help the competitive condition of the marketplace if it is sources of competitiveness, leading to enhanced satisfaction of consumer wants; - SMEs help with the development of services and goods. As an outcome, they help with the development of GDP and also the expansion of national investments and exports.
- They guarantee future main company development potential through the development tasks where they participate.

- Medium-Sized and small enterprises can easily incorporate into a regional economic system which increases the area's growth and also reduces unemployment.

As an outcome, SMEs ensure a greater quality of employment quality regarding performance and work satisfaction. In these businesses, relationships are much less institutionalized, along with specific efforts and company objectives are much more closely aligned. Small- and Medium-Sized businesses (SMEs) have a selection of weaknesses in the economy:

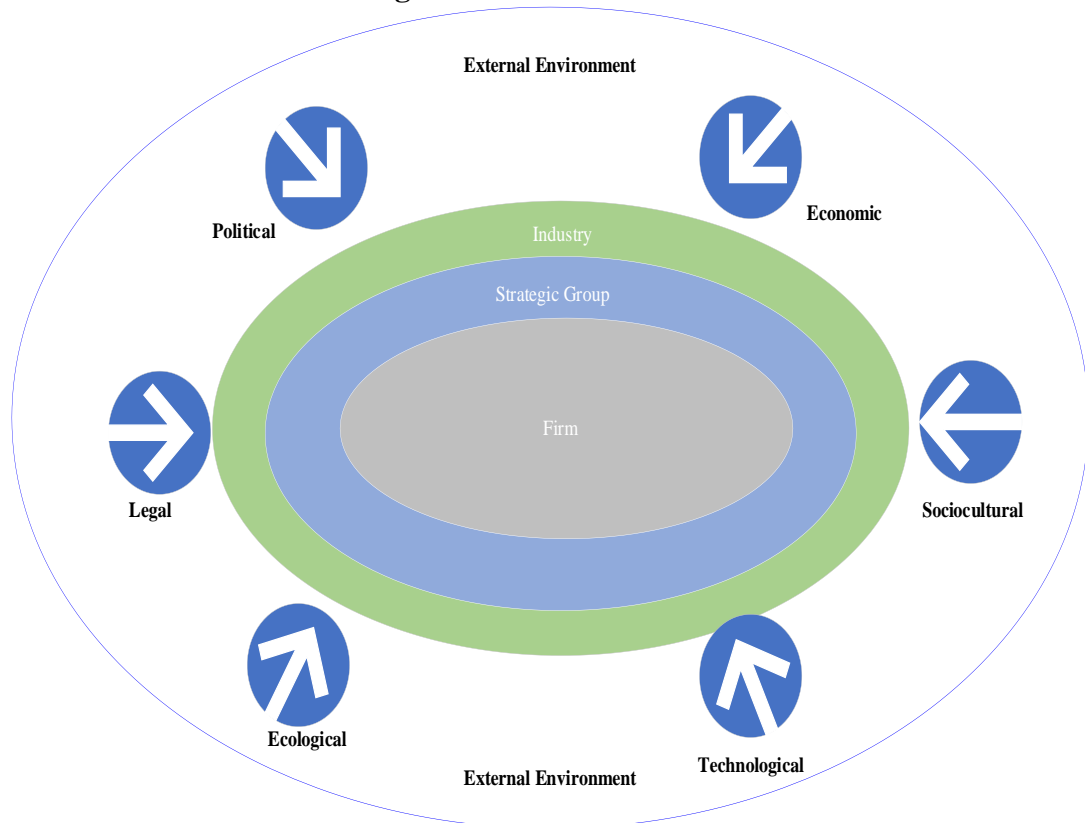
- They've reduced capital, making them much more exposed to financial shocks.
- A lot of reliance on a certain set of clientele (for example: the subcontractors).
- The absence of viable distribution infrastructure and also a chance to access affordable and effective advertising services.
- Economic expertise and inadequate management;
- Limited access to brand new technologies.

Small corporations should have been visible according to assortment of points of view. Therefore, every point of view on resilience would have been inspected independently to assemble a cohesive strategic resilience framework. The job of outer components or ecological shocks in authoritative strength is one of these significant qualities. Meyer (1982) affirms that ecological hums have been created because of fleeting aggravations that are hard to anticipate and meaningfully affect associations. Natural shocks unavoidably affect an association's strategic choices, advancement, and long haul reasonability. Natural shocks like the Corona flare-up have helped feelings of anxiety in the long haul, and subsequently, the moderateness of materials for different sorts of endeavors will change as client needs and requests for most products shift. Subsequently, organizations should know about their environmental elements to adjust and, ultimately, advance their drawn out progress.

The outside climate affects an association's capacity to acquire and keep up with upper hands. By understanding outside impacts, strategic pioneers might add to authoritative resilience by keeping away from risks and using open doors (Figure 1).

PESTEL - investigation is an extremely straightforward technique to find, screen, and break down the significant outside factors that could influence an organization, for example, political, sociocultural, technical, ecological, economic, and legal perspectives.

**Figure 1: The PESTEL Model**



Source: <https://www.mdpi.com/2673-7116/1/3/10/html>, 2021

Meyer (1982) prescribed that changes to shocks have three essential periods of anticipatory, responsive and readjustment. The ensuing writing on resilience has considered more than one of these three significant regions generally. Hierarchical resilience is vigorously affected by the idea of variation. Sutcliffe and Vogus (2003) accept that resilience is the proceeding with capacity to respond to an emergency fittingly and effectively. Adjusting to outside changes adds to existing hierarchical qualities and future qualities. All in all, it upgrades authoritative resilience.



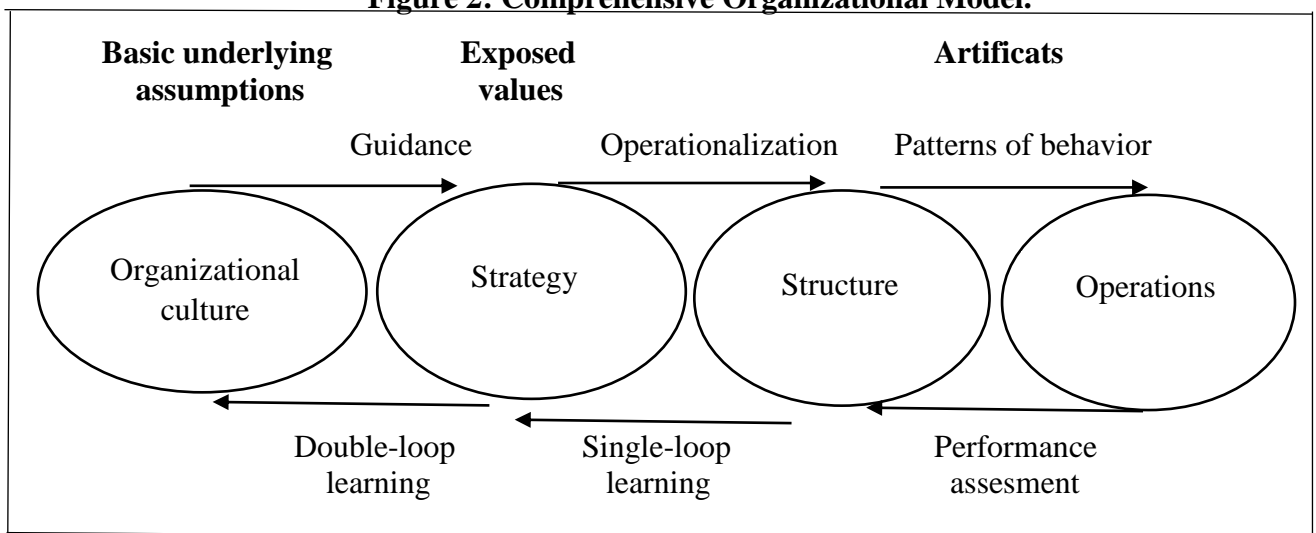
The resilience has various appearances relying upon integral viewpoints applicable to general business develops, for example, for example hierarchical culture, structure, strategy, and so on. Interchange between the possibility of steadiness and cycles joins components of the plan of action make sense of connections between develops. Parts of the resilient setup model from hierarchical culture along these lines need to connect with the osmosis of resilience either as a space name or as a cycle. Cunliffe and Mary Jo Hatch (2006) have recognized 4 components or spaces for instance (a) Authoritative culture and identity; b) Organizational strategy (c) Corporate plan, design and cycles; (d) Hierarchical way of behaving and execution, which are completely alluded to as the essential reaction to the rest of the world. Yet, the fitting reaction of associations suggests a specific type of activity, specifically in a resilient way, to a specific unfortunate occasion. The "resilient vital reaction to the outside climate" along these lines names an interaction that in the ideal structure interfaces the business to its outer climate components (the PESTEL model).

The (2006) model of Hatch and Cunliffe suggests various yet dark associations between particular areas to all the more obviously grasp the idea of explicit connections among three sections. Schein gave a changed arrangement by presenting explicit thoughts after the model of Hatch and Cunliffe. Sage organization consolidated the space approach of Hatch and Cunliffe (2006) with the hierarchical culture model of Schein and made an undeniably more complete model (Figure 2).

Whenever an organization is resilient, all inward factors and components should be resilient. To have the option to flip the Comprehensive Organizational Model solidly into a resilient plan of action, flexibility should be infused into most areas, methodology, structure, including activities, and organizational culture. Representative qualities are now marked as among the fundamental wellsprings of flexibility in scholarly business versatility research (forty-six). Luthans et al. (2007) utilized representative centered versatility as among 4 fundamental individual

elements (self-viability, positive thinking, and trust, alongside worker centered strength) with respect to great organizational outcomes. Employee-focused resilience concentrates on focuses on winning explicit traits which are related with strength. Different individual capacities are related with building flexibility, as social and mental abilities. Williams et al. (2017) has recognized 4 sorts of representative capacities which are intrinsically connected with the ability to change to affliction, and in the end straightforwardly influences organizational and individual flexibility.

**Figure 2: Comprehensive Organizational Model.**



Source: <https://www.mdpi.com/2673-7116/1/3/10/htm>

Mental capacities permit individuals to distinguish potential disturbances and furthermore answer properly. Social abilities assess people's ability to endure vulnerability and work together with others, especially under fierce conditions. Legnick-Hall et al. (2011) recommend the possibility of versatility limit that merges mental, conduct, as well as context oriented components to predicted dangers and prepared the absolute best responses to the issues. In this way, resilient specialists inside an organization further develop effectiveness and occupation fulfillment, decreased turnover, and furthermore have the capacity to recover from the issues shock properly and quickly. A rising assortment of examination recommends that

resilient specialists are typically more effectively involved, useful, and confident. The possibility of flexibility representative has a huge impact in organizational versatility. In any case, resilient specialists would be the aftereffect of any flexibility culture. Making a culture that cultivates flexibility requires fostering an organization culture which advances trust, versatility, and obligation. Resilient organizational societies not simply permit faculty to manage natural shock the correct way and return from mishaps all the more rapidly however provide laborers with a comprehensive information on how you can really focus on their profound and actual wellbeing.

It's memorable's fundamental that a brilliant key to some resilient organizational culture is strengthening, that could be appeared in different styles in associations that are unique. In view of the Towers Watson study, managers must have economical commitment by creating practices and arrangements to control the anxiety of theirs and furthermore address sincerely charged difficulties all through the harsh time. During exceptional circumstances including the COVID 19 pandemic, quick moves come to fruition in various kinds, which incorporates a convergence and monetary unpredictability of new advances. A large number of these progressions have famous qualities, similar to vagueness and vulnerability. To adapt to such an emergency, another normal should be distinguished. Accordingly, organizations are needing workers and pioneers that are spry, versatile, adaptable, or inventive, or maybe resilient. Organizations, especially little organizations, need to create resilient organizational societies that require a central change in perspective in the reasoning system.

The accompanying pivotal area which has be improved with flexibility credits is the strategy space. Chiefs should make the associations of theirs for misfortune, and accordingly, they need to apply the proactive administration of dangers with respect to dread of troublesome occasions. Organizational strength creates over the long run and frequently carves out opportunity to make an ability to make a move to misfortune and determine from it. By the by, a self-learn association makes versatility

to its methodology. Flexibility should be a vital part of the procedure making framework which closes in a versatility program for the association. The unmistakable elements of an association's notable encounter, center skills, alongside examples gained from a mix of circumstances because of strong economic situations is major to the essential advancement process. It's typical for an endeavor which has gone through troublesome capacities and has now resolved weaknesses to logically zero in on supporting the power of its major fundamental elements to keep away from such verifiable dangers which would hurt significant parts of its foundation. To improve the probability of achievement, a few organizations utilize vital instruments which perceive the associations between gambles with crushing outcomes in avoiding risk flowing solidly into an emergency. Situation arranging in light of likely future occasions and furthermore the scope of potential results is at the focal point of the procedure making process.

If a firm has a flexible culture, developing a robust system to control vulnerability at the highest dynamic echelon is the best course of action. According to J. Peter Scoblic's (2020) proposed crucial foresight strategy, we have witnessed a few attempts to construct proper flexible systems. When chiefs are freed from the obligation of the major phase, the author proposes that they should adhere to a defined set of important rules:

- Welcome the best people to partake;
- Recognize suppositions and drivers vulnerabilities;
- Envision conceivable yet essentially various fates;
- Occupy those fates through situation arranging;
- Seclude strategies that will be useful across various potential prospects;
- Carry out those techniques;
- Imbue the contemplation cycle.

Terrible circumstances, similar to the COVID 19 plague, could meaningfully affect an organization's business system. Because of changes in industry assumptions

and requirements, an association's ordinary construction and working could change during an emergency. Gifted supervisors are enrolled by tough organizations to be liable for web business progression and furthermore to deal with the organization exercises in a versatile way. Economical initiative practices and ecological and social activities as CSR, in view of exploration, sizably affect organization flexibility. Authoritative flexibility was broke down by Andersson et al. (2019) as a confounding and all-encompassing term. They feel that adjusting authoritative designs encourages risk mindfulness, extemporization, adaptability, transformation, and furthermore amplified participation among workers. The mix of a sound power circulation inside the hierarchical design and functional standardizing control can help to make limit even with surprising conditions. Risk mindfulness is seen the most rudimentary part of hierarchical flexibility, and furthermore it seems like that authoritative strength qualities should be changed into authoritative cycles.

## **1.2. The global impact of the coronavirus (Covid-19) pandemic on small business development**

Coronavirus, which was pronounced a worldwide pandemic by the World Health Organization (WHO, 2019), has now tainted in excess of 45 million people and caused more than 1 million passings as of the finish of October 2020 (ECDC, 2020). The mad work to abridge the human-to-human transmission of COVID-19 prompted a lockdown of networks and business terminations.

Coronavirus previously appeared in early 2020 and essentially affected networks and economics (Parnell et al., 2020; Ratten, 2020). It caused huge demise and enduring all over the planet. It is the greatest general wellbeing catastrophe in living memory, and it has set off a gigantic economic downfall, with assembling halting in burdened nations, a drop in utilization and certainty, and stock trades responding seriously to expanded vulnerability. Business people persevered through troublesome difficulties to protect their standing since they use chances to resolve issues and foster

merchandise that help society (Williams et al., 2017).The COVID-19 pandemic has pressed them to meet their business targets. The travel industry, inns, transportation, oil and gas providers, eateries, and occasion coordinators have all been antagonistically affected by the pandemic since they didn't have possibility measures set up. Despite the fact that COVID-19 contaminations keep on rising from one side of the planet to the other, lockdown and quarantine limitations are step by step being facilitated in certain nations (<https://movehub.com/blog/best-and-worst-covid-responses/>).

Eateries giving home conveyance of dinners, lodgings open for or with isolation administrations, and items sold through virtual entertainment are only a couple of instances of organizations that immediately responded to the plague to remain in business. Along these lines, in the COVID-19 emergency, business carried thoughts and innovative systems to support and increase firms. Pioneering direction is connected to "firm-level conduct highlights of participating in item market development, supporting inventive way of behaving inside the firm, chasing after generally perilous ventures, and being quick to concoct proactive advances" (Wang&Altinay, 2012). Business visionaries' fundamental job in the public eye (Griffith, 2020; Linan&Jaen, 2020) incorporates development and the ability to act despite an unsafe situation like as the COVID-19 pandemic. The idea of business advanced from a culture where potential and youngster business visionaries search for chances to take care of issues through a fruitful undertaking (Sengupta et al., 2018).

Social business has two objectives: one is to bring in cash, and the other is to take care of a social issue (Bacq et al., 2020). Subsequently, business venture is an effective method for managing the COVID-19 quandary by growing new organization commercial centers in an assortment of enterprises. Business visionaries in the schooling business, for instance, would profit from taking on clever ways of conveying training despite the plague. Coronavirus lockdowns and development control orders affected business people's ventures (Ionescu-Somers&Tarnawa, 2020).

Individuals' monetary limits and reasonableness were gravely hurt by the lockdowns, which exacerbated cultural financial disparities.

The extent of the global economic crisis produced by the pandemic is becoming progressively pessimistic, according to economic predictions released between April and June 2020. The OECD predicted a 6% reduction in global GDP by end 2020, and a 7.6% drop in case of a second pandemic wave, with double-digit declines in some of the hardest-hit nations, followed by a slight recovery of 2.8 percent in 2021 in its June 2020 Economic Outlook (OECD, 2020). This comes after a prediction made in late March that the shutdowns would cause a one-fifth to one-quarter drop in output in many economies, as well as a one-third reduction in consumer spending.

The Covid epidemic has an impact on the economy on both sides of trading, notably on small and medium-sized enterprises (SMEs). On the supply side, organizations see an abatement in labor force as workers become wiped out or have to deal with youngsters or different wards as schools are shut and individuals' developments are limited. Measures to contain the illness, for example, lockdowns and strategic isolations, result in even lower limit usage. Moreover, supply chains are upset, bringing about part and middle products deficiencies.

On the demand side, an intense drop in demand and income for SMEs fundamentally affects their capacity to work and additionally delivers genuine liquidity limitations. Besides, clients face a deficiency of pay, anxiety toward spreading the illness, and expanded vulnerability, all of which limit spending and utilization. These effects are exacerbated by the way that specialists are laid off and organizations can't pay their representatives. A few enterprises, like the travel industry and transportation, have been especially hard hit, bringing about a deficiency of business and client trust.

Both large and small businesses are affected by these diverse effects. The impact on SMEs, on the other hand, is particularly severe, owing to their higher degrees of vulnerability and lesser resilience as a result of their smaller size.

SMEs frequently have a smaller number of suppliers. This could protect them from the shock in some circumstances. German SMEs seemed to be fewer impacted by the occurrences in Asia when the epidemic first started in China, since they were more integrated into regional supply networks. For example, small and medium-sized businesses may depend on suppliers from countries and areas where COVID-19 occurrences are more common. SMEs are similarly impacted by logistics restrictions on land, sea, and air. Some SMEs are especially sensitive to business network and supply chain disruptions because of their connections to bigger operators and the outsourcing of numerous company services. Once supply chains are broken and previous partners create new alliances and commercial contracts, many SMEs may find it challenging to re-establish linkages with prior connections over the longer period.

Due to the total decline in worldwide demand for the products and services, businesses, especially small and medium-sized ones (SMEs), will be badly affected. This effect may be felt most severely in certain industries, such as tourism, but even among SMEs catering to local markets when containment measures have been implemented.

In the face of these challenges, small enterprises may be less able to cope and adapt. Because of their smaller size, small and medium-sized businesses may face additional expenditures for preventive and desired changes in work methods, such as the shift to telework, because of their lack of digitization and difficulties in procuring and adopting technology. The costs of underused labor and capital fall more heavily on small and medium-sized enterprises (SMEs) in response to the changes.

Because of their limited resources and existing barriers to finance access, SMEs have a lesser time to recover from a shock than bigger companies.

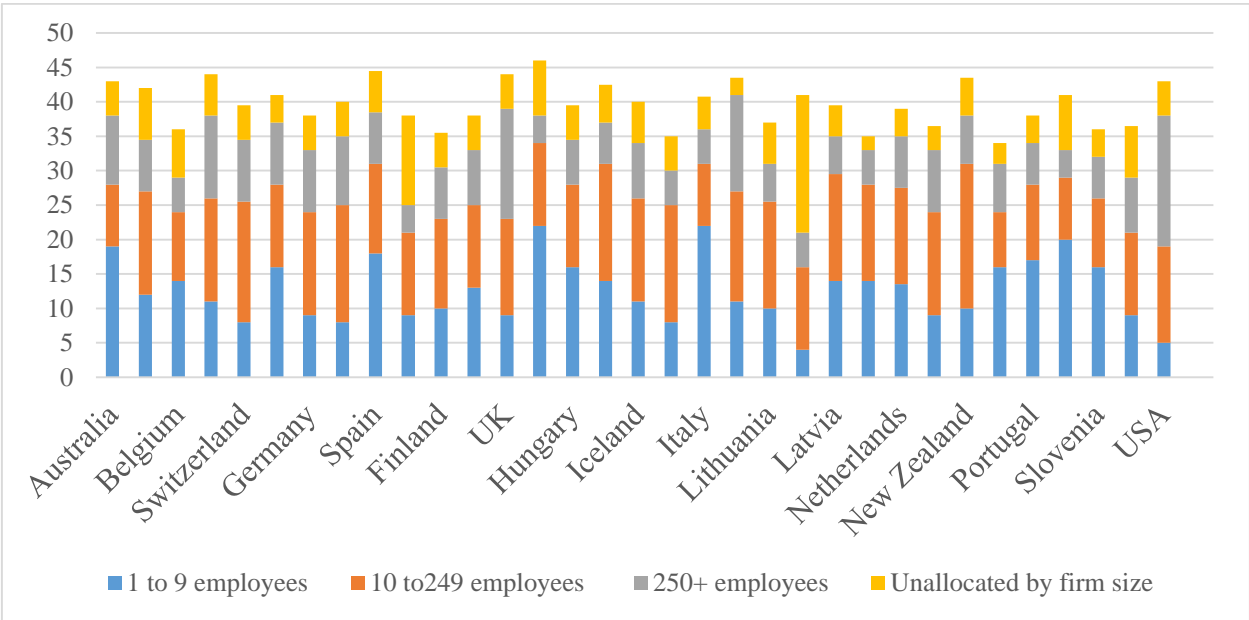
According to business surveys, the COVID-19 situation has caused major disruptions and anxiety among small enterprises. A recent NBER report that presents the results of a survey of over 5 800 small enterprises in the United States confirms



the scale of SME worries. One of the research shows that, 43 percent of corporations who responded have already closed for the time being. Companies cut four-fifths workforce on average.

According to a Verizon Business poll conducted in the United States, 68% of small firms expect to recuperate their COVID-19-related losses (Fierce Telecom, 2020). According to an American Express poll conducted in Australia, 80 % of small business owners have high prospects of surviving the crisis, while 52 % are concerned that sales would not rebound sufficiently to allow them to survive in the long run.

**Figure 3: Share of total employment in the most adversely affected sectors by firm size (%)**



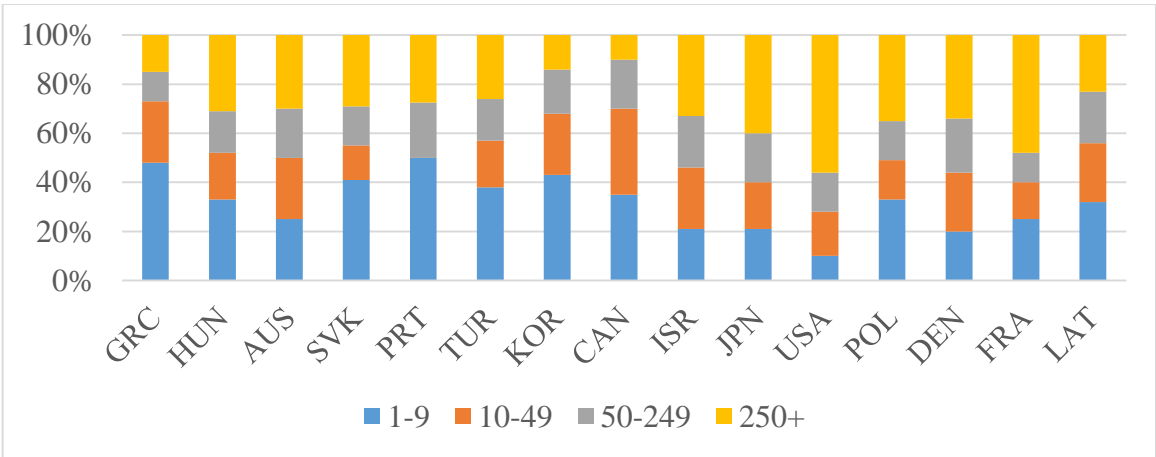
**Source:** OECD (2020) Strong, medium, vulnerable (Bennedsen, M., 2020)

According to a KPMG survey conducted in Australia, 79 percent of enterprises are 'confident' in their ability to recover financially (Jessica Jun, KPMG, 2020). However, a third recent poll (the biannual Pushka 'Canary in the Coal Mine report') reveals a bleak picture of entrepreneur thoughts and expectations, with just 225 SMEs confident in their businesses in May 2020, down from 40% a year earlier (<https://prushka.com.au/canary/Prushka%20report%20May%202020.pdf>). In June, the IFO Business Climate

Index (not specified by size) in Germany improved significantly (IFO Business Climate Index, 2020). Businesses in the Netherlands were more optimistic about the future of their operations in May than they were in April (www.cbs.nl, 2020). In Korea, the Bank of Korea's business confidence indicator improved for the second month in a row in June, with mood increasing more for small and medium-sized businesses than for bigger businesses (Cho Jeehyun, 2020).

According to OECD data, SMEs are overrepresented in sectors most hit by the crisis, including transportation manufacturing, construction, wholesale and retail trade, air transport, housing and food services, real estate, professional services, and other personal services. According to recent OECD data, while SMEs account for over 50% of employment in the business economy as a whole, they account for 75% of employment in these sectors on average across OECD nations, and nearly 70% in Greece and Italy (see Figure 3 and Figure 4). Micro enterprises are particularly well-represented in affected sectors in various OECD nations. Micro enterprises account for 60% of the most afflicted sectors in Italy and Greece, while they account for 45 and 55 percent of overall employment in the commercial economy, respectively.

**Figure 4: Percentage of employment in 2020**



Source: OECD (2021), OECD SME and Entrepreneurship Outlook 2021, OECD Publishing, Paris, <https://doi.org/10.1787/97a5bbfe-en>.

### **1.3. Foreign experience in supporting small business development during a pandemic (Covid-19)**

To make due and recuperate from troublesome times, SMEs should make satisfactory strategic emergency arranging. Staw et al. (1981) examined interestingly the way in which outside dangers might cause firm and fixed ways of behaving that risk an association's presence. Meyer (1982) utilized the maxim "Natural Jolt" to portray how organizations respond to such dangers. Legnick-Hall et al. (2011) characterize strength as an organization's ability to foster fitting reactions to participate in a groundbreaking cycle to benefit from troublesome shocks that compromise its endurance. Their meaning of strength covers qualities like spryness, adaptability, and variation with organizational capacities. In any case, flexibility is excellent in that it incorporates a significant business progress as an unmistakable quality. This groundbreaking methodology embraces the idea that versatility ought to be a strategic point attached to the association's upper hand. All in all, laying out a versatile association ought to be attached to a market advantage for a firm, making it a strategic objective. Denyer (2017) gives one more meaning of versatility as a strategic objective pointed toward supporting a firm in getting by and flourishing. As per Denyer, on the as opposed to the organizations which are less tough an exceptionally versatile organization ought to be more deft, versatile, creative, hearty, and serious.

Various scholastics, similar to Williams et al. (2017), have investigated the planning of flexibility, guaranteeing that it doesn't create in a solitary moment however is available consistently. They depict this term as the cycle through which an association fabricates and utilizes organizational limit gifts to adjust to the climate decidedly and keep on acting even with obstructions previously, during, and after affliction. Sutcliffe and Vogus characterize two fundamental ways to deal with strength: trademark and formative viewpoints (2003). The qualities procedure to the definition that referenced above centers around an organization's intrinsic capacity to recuperate from a calamity, while the formative viewpoint believes strength to be a

drawn out process. During seasons of emergency, a few business visionaries investigate new possibilities and fabricate recent fads for little undertakings, as per Kuckertz et al. (2020). Little firms have a novel chance to lay out strong market responsiveness in view of their tremendous and profound experience.

Nations have set up measures to help SMEs on account of the remarkable conditions that they are at present confronting. While general wellbeing is the essential concern, an assortment of activities are being carried out to diminish the economic effect of the Covid flare-up on organizations. Numerous states are finding a way quick ways to help SMEs and independently employed individuals during this troublesome time, with a specific spotlight on projects to keep up with momentary liquidity. These approaches arrive in an assortment of structures. Numerous countries have carried out SME-explicit arrangements:

- Several countries have implemented policies related to working time reduction, temporary layoffs, and sick leave, some of which are specifically targeted at SMEs. Similarly, governments provide pay and income support to employees who have been laid off temporarily or to companies in order to keep their jobs. In several situations, countries have enacted legislation aimed exclusively at the self-employed;

- Numerous legislatures have carried out techniques to defer taxes, social security instalments, obligation instalments, and lease and utility instalments to mitigate liquidity issues;

- Advance assurances have been made, extended, or improved in a few nations to permit business banks to support loaning to SMEs;

- Nations have expanded direct loaning to SMEs through administrative foundations in different conditions;

- To compensate for the income shortage, a few nations are giving awards and subsidies to SMEs and different organizations;

- Non-banking monetary help middle people are turning out to be more normal in nations' approach support blend;

- Nations are authorizing underlying arrangements to help SMEs in embracing new working strategies and innovation, as well as observing new business sectors and deals channels, so they can keep on working notwithstanding the ongoing control measures. These approaches mean to settle quick transient troubles, like the presentation of teleworking, while likewise adding to the primary fortifying of SMEs and supporting their further development;

- A few countries have carried out specific plans to follow the emergency's effect on SMEs and work on the administration of SME-related arrangement reactions.

The OECD SME and Entrepreneurship Outlook 2021 inspects measures executed to help SMEs in getting by, and by and large flourishing, all through the pestilence. It additionally investigates the emergencies drawn out results and how nations might encourage a greener, more feasible, and comprehensive recuperation. The investigation reasons that SMEs and business visionaries are basic in driving the recuperation and checks that administration salvage bundles are basic.

What's more, there are a lot of proof that things are gazing upward. Business start-up rates in Australia and France, for instance, are presently 20% higher than pre-emergency levels (OECD SME and Entrepreneurship Outlook, 2021). The emergency has additionally expanded the flexibility of SMEs. The greater part of SMEs in OECD countries have helped their use of advanced apparatuses, supporting the limiting of computerized incongruities with bigger companions.

Regardless, in spite of these uplifting headways, a few issues remain. Many support components for SMEs and business visionaries appeared as obligation, which, if loosened up excessively fast, could set off an influx of bankruptcies, risking the recuperation. Government help has likewise been less powerful in arriving at more modest and more youthful organizations, independently employed people, ladies, and minority business visionaries, consequently worsening previous imbalances.

An epidemic has a negative impact on small businesses' capacity to pay their debts, resulting in a breakdown in payment disciplines with their creditors and the

resulting load of financial penalties. As a one-day company, an inspector may incorrectly classify a company that has collapsed for legitimate reasons in audit assessments. The increased number of obligation evaluations that occur when things are uncertain leads to excessive penalties and reduced commercial activity for small businesses.

Because of an organization's indebtedness, there is a trouble with the installment of expenses and charges, as well as protection commitments for obligatory social protection. In this situation, charge deferral and insurance installment excursions empower the aversion of additional fines. Besides, pay that would somehow or another be spent on duties, charges, and insurance installments can be put resources into expanded generation.

The money related component, a financing cost to help small and medium-sized firms, is less productive than charge instruments and government sponsorships for the advancement of SMEs. Regardless, a lower loan cost decreases firms' monetary expenses and, with the proper utilization of credit reserves, can to some extent reestablish undertakings' functional action.

A moratorium on bankruptcy filings launched by creditors is the least effective instrument for assisting SMEs; this step is incapable of resolving solvency issues and, in the absence of reserves for solvency restoration, will merely delay enterprises' insolvency (Elena R., Larisa Y., Elena K., Mikhail K., Valeriy S., 2020).

In general government supports for SMEs contain some type of aids:

- 1) Financial Support;
- 2) Sector-specific supports and guidance;
- 3) Skills and training supports;
- 4) Work Safely Protocol.

Monetary help are pay upholds; credits, grants, vouchers and schemes; rates waiver and assessment measures. Pay upholds incorporate Employment wage subsidy conspire, joblessness instalment, and brief time frame work support. There are various

means for credits, grants, vouchers and schemes:

- COVID-19 Credit Guarantee Scheme;
- Business Loans for Covid-19 period;
- Loan Program for Emerging Economies;
- Pandemic Stabilisation and Recovery Fund;
- General grant supports;
- Covid-19 Restrictions Support Scheme;
- Company Support grant;
- Business Financial Planning Grant;
- Code of Conduct for rentals of businesses;
- Products Scheme.

The third way of financial support - Rates waiver and tax measures are formed by commercial rates waiver, 'Warehousing' of deferred tax debts, VAT rate reduction and advice for taxpayers and agents.

Sector-specific supports and guidance is related to specific sectors which are directly affected with Covid-19 pandemic. Food and drink, tourism, sports, hospitality services are common and most-affected business sectors during this term.

Because of pandemic most organizations had to work and organize remotely. And the most important problematic factor was improving skill sets. That's why, skills and training supports are so important. This includes some online learning resources which funded from government, some online courses for mental health and learning new skills.

The Work Safely Protocol outlines the minimum Public Health infection prevention and control measures that must be implemented in every workplace to prevent and decrease the spread of COVID-19 after temporary closures and to ensure that workplaces remain safe to work in. In order to implement this protocol there have some ways:

- Online courses;

- Templates and checklists;
- Data Protection;
- Business continuity (working remotely, HSA advice for employers and employees, NSAI guidance, ReBound – Back to Business)



## **CHAPTER II. ANALYSIS DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESSES IN A MARKET ECONOMY**

### **2.1. Stages of formation of small and medium-sized businesses in Azerbaijan**

Further evolution of small and medium businesses in Azerbaijan is essential for diversification, employment, domestic use of domestic commodity demand, dependency on imports, and sustained economic development. In this sense, entrepreneurship must be regarded as the main and first form of entrepreneurship in the small business model. The primary goal of Azerbaijani government is to produce conditions for the development of the non-oil and the trade sectors. It is important to diversify from this perspective. The foundation of diversification is the development and promotion of a suitable entrepreneurial environment, which is crucial for Azerbaijan. To begin with, the fate of gas and oil production in the country is not clear, because of the drop in oil and gas production. As a second point, we can see from the present economic crisis that reducing our reliance on the petroleum industry while both balancing our budgets and reducing our reliance on unreliable exports is doable. The oil and gas industry is a capital industry, so it has little impact on the functioning of the workplace. However, the non-oil sector has direct responsibility for creating job opportunities and contributes to net employment and the general strengthening of the economy. The experience of other countries has had a significant effect on small businesses when it comes to employment, sustainability, competitiveness, and overall economic growth. Consider everything that happens in Azerbaijan and create and improve an enabling environment for small business owners.

"Requirements for small enterprises" was recognized by the Cabinet of Ministers of the Republic of Azerbaijan on December 21 as a mechanism to boost the immediate impact of changes on small firms. The revised order was authorized in December 2018 and is currently in effect. For small businesses, the new method eased

several requirements. Rather than the categorization sector, this category is focused on the object's measurements (<https://stat.gov.az/source/entrepreneurship/>).

**Table 3: Criteria of determination of small enterprises in Azerbaijan**

Entrepreneurship Category in terms of size	Average Number of Employees	Annual Revenue
Micro	Up to 10 employees	Up to 200000 manats
Small	11-50 employees	200000-300000 manats
Medium	51-250 employees	300000-3000000 manats
Large	More than 250 employees	More than 30000000 manats

Source: <https://www.stat.gov.az/source/entrepreneurship/>

Based on the new order, the category of present businesses in little, medium and large groups is primarily based on the "average number of "annual income" and employees". If any of the key elements exceeds the limits of it, the category of the company is transformed to a greater level. When it comes to new firms, the "median figure of workers" is used to classify small, big, and medium-sized companies one term from the date of state registration and tax registration. As a result, the entire value of the company's goods, services and activities is included in the company's yearly profits only for the fiscal year in which the new order was placed.

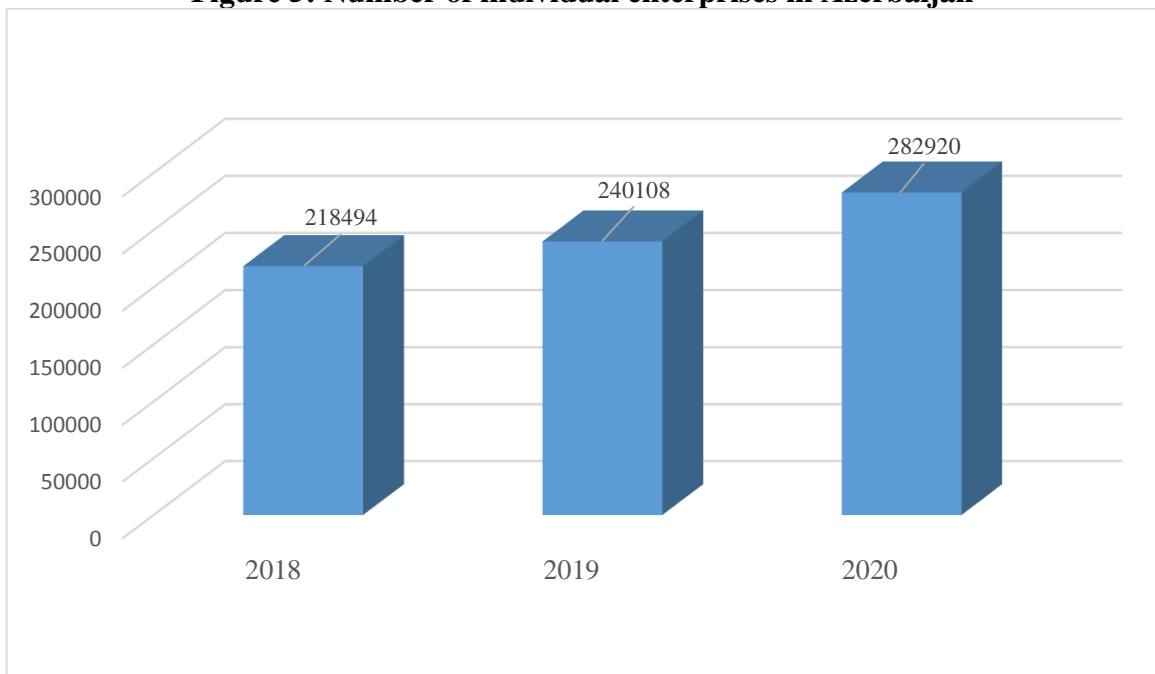
Many of the above is classified by the amount of medium-sized and small enterprises (number of income or employees). Nevertheless, an additional technique of Shapkin and Blinov (2003) is classified qualitatively, as a rule, as follows:

- Manufacturing lesser goods and services;
- Open competition;
- The relatively significant usage and restricted financial resources of decentralised financial resources, as opposed to large corporations, have been used to restrain the operations of small businesses;
- A significant level of practical and institutional adaptability and mobility;
- Limited market segment;

- The low level of control, the study of the business's simplicity, and the conduct of legal processes;
- Competitive method based on market targeting, self-sustaining manufacturing, and free-trade.

Based on the Ministry of Economy of the Republic of Azerbaijan, the variety of business entities in all sectors of the economic system was 316,370 folks. Evidently, the variety of business entities in 2020 increased by 42.812 in contrast to 2019. Based on the above mentioned signs, 47.03 % of the total number of business owners in Baku plus 52.97 % in some other areas have been authorized in Baku. People engaged in entrepreneurial activities (without a legitimate entity) and legal entities might take part in Azerbaijan; will be individually individual business owners and legal entities, limited partnership, general partnership, limited merging company or liability company. It must be mentioned that the amount of people interested in entrepreneurial activities with no legal entities is 282,920; their number has grown in comparison with prior seasons.

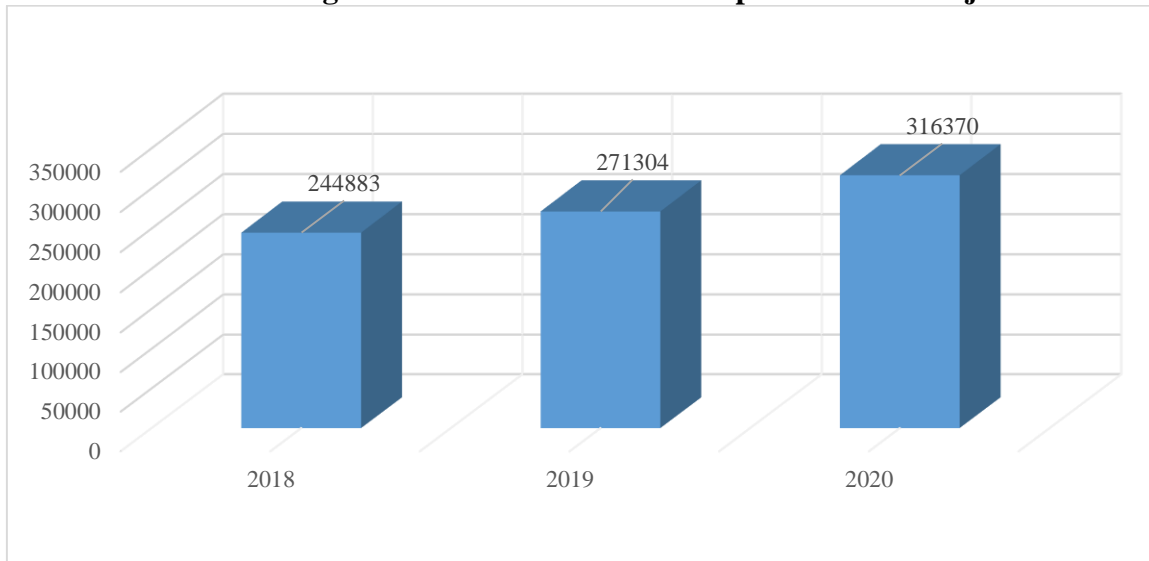
**Figure 5: Number of individual enterprises in Azerbaijan**



Source: <https://www.stat.gov.az/source/entrepreneurship/?lang=en>, 2021

The trade interactions of small enterprises have improved. In general, according to 2020, the number of SMEs increased from 271,304 units in 2019 to 316,370.

**Figure 6: Number of small enterprises in Azerbaijan**



Source: <https://www.stat.gov.az/source/entrepreneurship/?lang=en>, 2021

From the beginning it appears to be an incomprehensible errand to classify small business issues and development designs in an orderly manner that is useful to business visionaries. The size and limit of small organizations differ significantly. These are described by the freedom of the activity, different organizational structures and various administration styles.

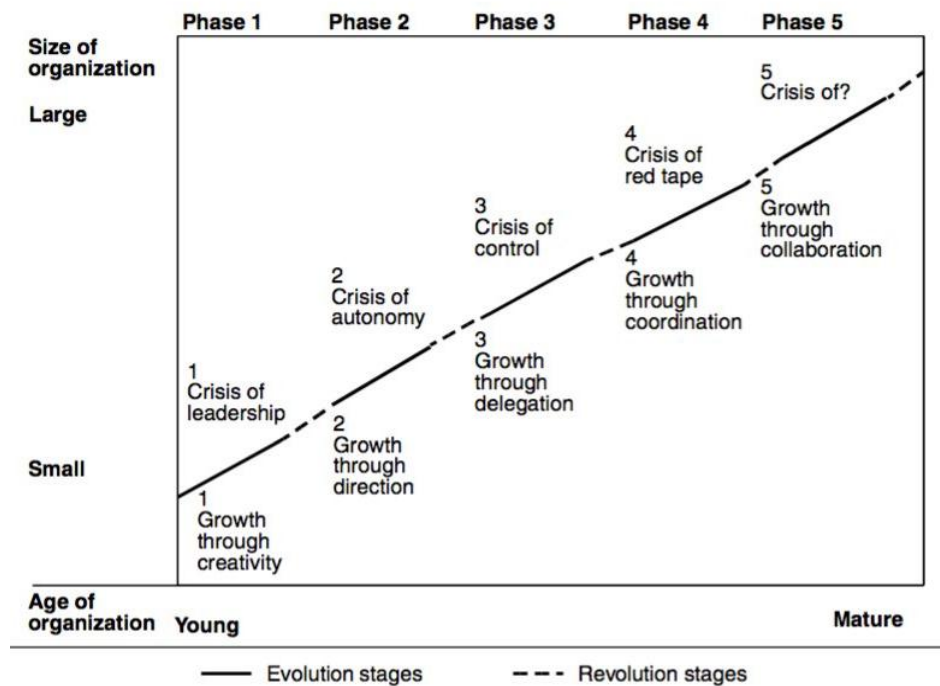
This sort of understanding can assist administrators and proprietors of small organizations with evaluating current difficulties. For example, the need to update an ongoing PC framework or to utilize and prepare second-level chiefs to keep arranged development. It will empower you to expect the critical necessities at various times, for example, the unreasonable time responsibility for proprietors during the start-up period as well as the requirement for changes and designation in administrative jobs as organizations become substantially more perplexing.

The structure likewise gives a premise to assessing the effect of present and proposed legislative guidelines and approaches on one's business. A valid example is

the avoidance of profits from twofold tax collection, which could be of extraordinary assistance to a productive, mature, and stable systematic a burial service home however of no assistance by any means to a new, quickly developing and high-innovation undertaking.

The structure likewise assists bookkeepers and specialists with diagnosing issues and match answers for smaller organizations. The issues of a 6-month-old, 20-man business are scarcely at any point tended to by data in view of a 30-year-old, 100-man producing organization. Cash flow arranging is fundamental for the previous. Presumably the most significant for the last option is vital preparation in addition to planning, to accomplish coordination and working control.

**Figure 7: Growth Phases**



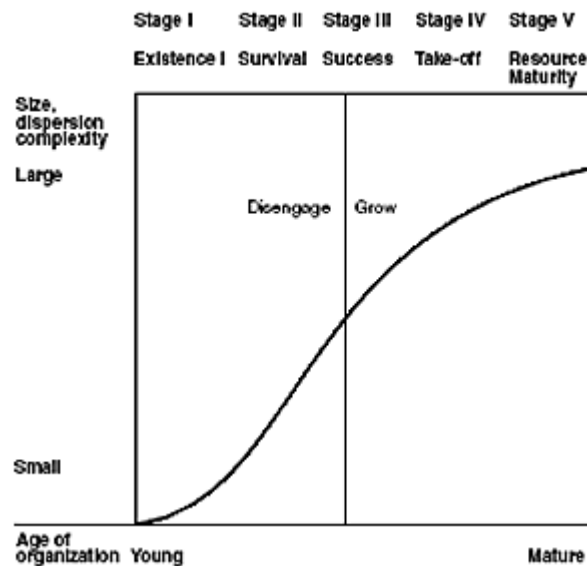
Source: <https://hbr.org/1983/05/the-five-stages-of-small-business-growth>

Analysts have created models for concentrating on organizations throughout the long term. Each utilizes the business size as a solitary aspect and the development

or progressive phase as a subsequent aspect. These structures are helpful in various regards, yet on multiple counts they are not appropriate for small organizations.

To begin with, they believe that a business must expand and progress through all stages of growth or perish in the process. Second, the models overlook crucial early phases in a company's development and growth. Third, these frameworks define firm size primarily in terms of yearly revenue (though some include staff count) and disregard other criteria such as value contributed, number of locations, product line complexity, and pace of change in goods or manufacturing technology.

**Figure 8: Stages of Business**



Source: <https://hbr.org/1983/05/the-five-stages-of-small-business-growth>

We utilized a combination of expertise, literature study, and empirical research to establish a framework that is applicable to small and developing firms. The five stages of development are depicted in Figure 8 by the framework that resulted from this endeavor. Each stage is defined by a size, diversity, and complexity index, as well as five management factors: managerial style, organizational structure, formal system extent, primary strategic goals, and the owner's engagement in the company. Figure 8 depicts each step, and this article describes each one narratively.

For most organizations there have five phases to decide their maturity level:

1. Existence - In this specific stage the major questions of the organization are acquiring clients and supplying the item or perhaps administration contracted for. Among the essential central points of contention are the accompanying:

- Might we at any point get sufficient clients, convey the results of our own, and furthermore offer types of assistance actually enough to be a down to earth business?

- Could we at any point develop from which one significant pilot or client creation framework to a lot more extensive deals base?

- Do we've cash that is sufficient to cover the critical cash requests of this start-up stage?

The organization is a one - the proprietor does all and straightforwardly supervises subordinates, who should be of at least average competence. Systems and legitimate arranging are essentially nothing to nonexistent. The organization's strategy is simply to remain in presence. The proprietor will be the organization, plays out the fundamental positions as a whole, and is certainly the main supplier of power, bearing, as well as, with companions and family members, capital.

2. Survival - In accomplishing the point, the organization has shown it's a functional business element. It's adequate clients and fulfills them really with its administrations or items to keep them. The essential issue subsequently moves from simple presence to the association among costs and incomes. The essential worries are as per the following:

- In the extremely short run, might we at any point deliver a lot of cash to earn back the original investment and to talk about the maintenance or perhaps substitution of the capital resources of our own in light of the fact that they break down?

- Could we, at least, produce adequate cash flow to stay in business and furthermore to back improvement to a size which is adequately huge, given the industry of our own in addition to industry niche, to make a monetary profit from our work and resources?

The organization is still simple. The business might have a small number of staff checked by a team lead or perhaps an overall foreman. Neither of them makes critical choices freely, but instead plays out the somewhat distinct orders of the proprietor.

Systems improvement is very little. Legitimate planning is, best case scenario, cash determining. The super goal keeps on being survival, so the proprietor remains related along with the organization.

3. Success - The decision confronting proprietors now is assuming that you ought to take advantage of the organization's achievements and furthermore increment or even keep up with the association steady and rewarding, if an establishment for substitute proprietor exercises. Thus, a vital issue is assuming that you ought to utilize the association similar to a stage for improvement or as a technique for support of the proprietors as they to some extent or totally withdraw from the business. Behind the withdrawal might be a wish to start up new organizations, campaign for political position, and just to seek after leisure activities alongside other external interests while staying with the about inside the state of affairs.

4. Take-off - In this specific stage the significant issues are the manner by which you can develop how and quickly to finance that development. The most essential issues, then, are cash and designation

5. Resource Maturity - The best issues of an endeavor entering this specific stage are, for starters, to unite and restrict the money related benefits because of quick improvement as well as, next, to recall the awards of size that is small, which incorporates opportunity of response and furthermore the pioneering soul. The company ought to develop the administration force rapidly to the point of killing the failures that improvement can make and furthermore professionalize the association by utilization of such resources as spending plans, vital preparation, the board by targets, alongside ordinary expense systems - and furthermore get this going without smothering its pioneering characteristics.

A business inside this stage has monetary resources and the staff to take an



interest in extensive functional in addition to vital preparation. The administration is decentralized, appropriately staffed, and furthermore talented. Furthermore, techniques are impressive and advanced. The business and the proprietor can be independent, both functionally and monetarily.

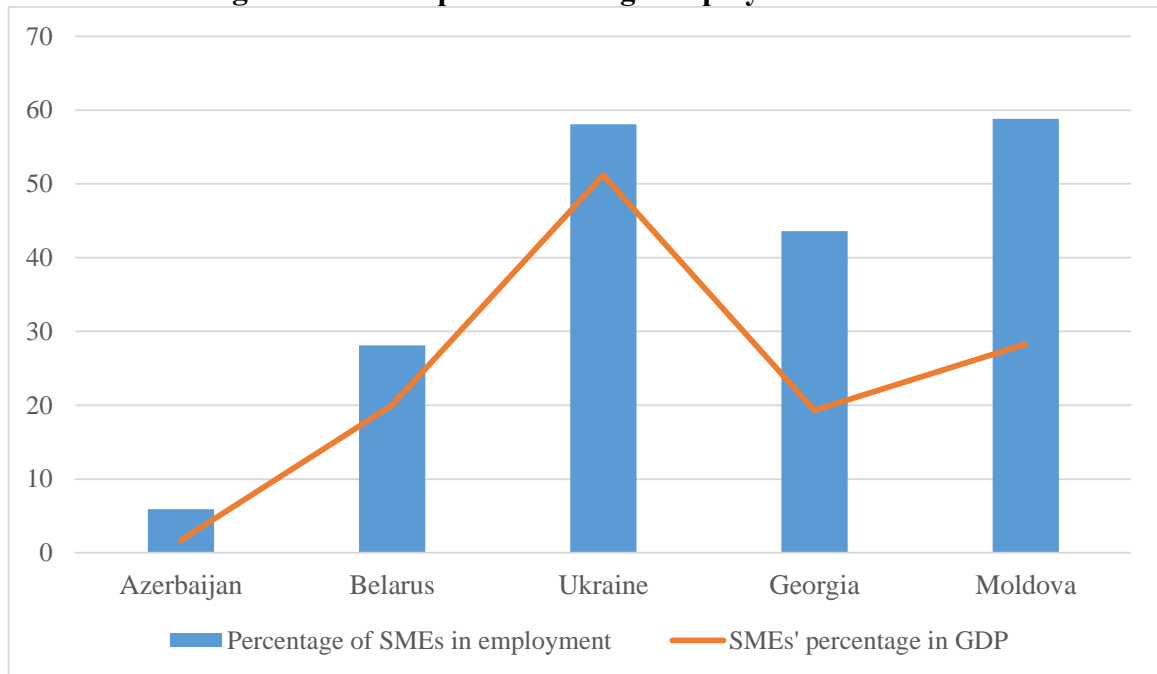
The association has now conveyed. It's the advantages of size, managerial talent, and monetary resources. At the point when it can safeguard the enterprising soul of its, being an impressive power in the marketplace is going. On the off chance that it wasn't, it could type in a 6th phase of sorts: ossification.

Ossification is perceived by an absence of progressive navigation and furthermore the aversion of dangers. It gives off an impression of being most pervasive in enormous organizations whose huge portion of the overall industry, buying power, and money related data have them suitable until there's a massive change inside the environment. Unfortunately for these organizations, normally their rapidly developing rivals see the green change first.

## **2.2 Problems the development of small and medium-sized businesses in Azerbaijan in the conditions of Coronavirus (Covid-19) pandemic**

Current access to funds for SMEs in Azerbaijan is small and its function is moderate in the country's economy, which is not at the desired level. The administration of the engine oil market in the progress of the Azerbaijan's economy slows down growth of the non-oil industry, including the development of small and medium businesses. In spite of SME development initiatives and plans by the government, SMEs aren't able to contribute to the economy in the required way. SME owns about 1.7 % of the GDP and the share of jobs created is approximately 6 %. 50-70 % of developed GDP is, nevertheless, made up of small and medium enterprises. In the European Union, SMEs account for more than 60 % of all jobs. In the Eastern Partnership countries, SMEs play a crucial role in reducing both unemployment and GDP.

**Figure 9: SMEs' picture through employment and GDP**



**Source:** World Bank, Doing Business Database 2017

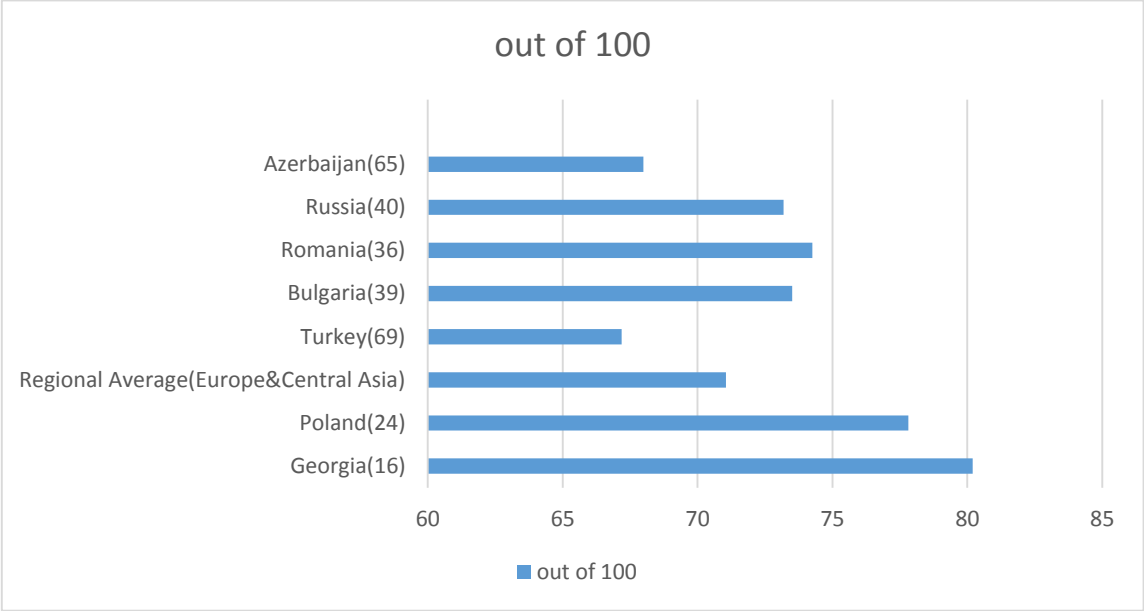
Poor access to material resources is one of the factors preventing the development of SMEs in Azerbaijan. A variety of international businesses and organizations whose business environment is assessed are also limited in their ability to maintain the financial resources necessary to improve their business development. Results from surveys, international reports, expert research, and individual meetings show that companies are financially reliant on external resources, and the trouble of getting these funds hinders company research.

SMEs, based on management research and surveys carried out in the country, prefer to exploit the internal problem of the monetary problem. They aim at low risk, low income, but reliable pursuits with limited resources. Companies look for foreign opportunities to expand their business. Because of the possible difficulties in using foreign funds. The cost of resources and also the presence of security problems in businesses limit their ability to produce financial resources from abroad.

The Organization of Islamic Economic Cooperation (ICD) considers the primary hurdles to the growth of small businesses in Azerbaijan to be financial, tax and

corruption. ICD data indicate that access to funds is essential and 9 % greater compared to the global average (16 %) (Islamic Corporation for the Development of the Private Sector, 2012). That same study identifies high taxes as a hurdle to small business in Azerbaijan.

**Figure 10: Overall Business Environment index**



**Source:** World Bank, Doing Business Database 2017

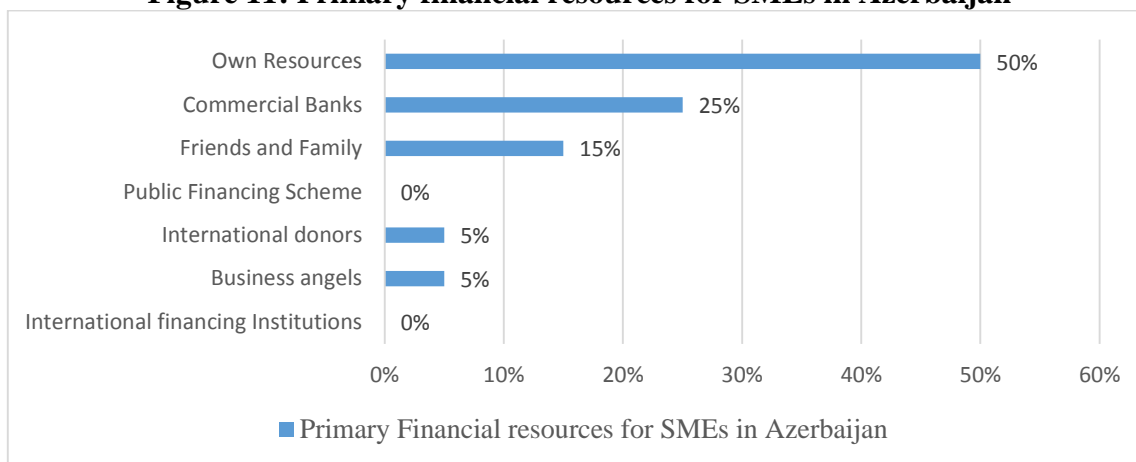
Characteristics of the small businesses in Azerbaijan are their place in the capital and in Absheron instead of spreading to other areas of the country. Thus, entrepreneurial activity has not improved in the regions when compared with Absheron and Baku. But this trend results in an imbalance and the long lasting development of regional entrepreneurship. Based on statistics released by the Ministry of Economy in 2017, approximately 54 % of the total number of businesses in Azerbaijan is in Baku (Ministry of Economy, 2016). Azerbaijan is ranked 65th out of 189 target nations by the World Bank (see Figure 11). Azerbaijan continues to be, however, in an excellent position among the 189 countries assessed for the general business atmosphere, though the index for "getting a loan" is 118, which is a great indicator.

Factors that may be both positive and negative can have a significant impact on the operations of small enterprises. Small businesses in Azerbaijan have trouble getting loans from commercial banks. According to this observation, bank interest rates are often quite low. In general, banks favor short-term loans with a positive cash flow. Despite the fact that Azerbaijani law permits security interests in both unoccupied and moveable real estate, it seldom develops the country's financial capability outside of real estate registered as banks, ships, cars, and securities. Due to Azerbaijan's absence of collateral and lack of a security record, the borrower is unable to keep and deal with collateral in the structures in case of unforeseen events, which were not formed because of this. Banks often need real estate as collateral, which may have a substantial influence on the financial status of small businesses. Business Environment and Entrepreneurship of the EBRD, more than half of Azerbaijan's companies want a loan, according to this report (EBRD 2014). More than half of firms are interested, cumbersome processes, hostages, and any other worries that don't include an agreement are the main reasons. The banking sector should be reformed, at least from the standpoint of small enterprises, in light of these circumstances. Access to sufficient financial resources is further complicated by the World Bank's list of additional roadblocks, which includes large investments and the difficulty of finding business partners (World Bank, 2013). (2013) In Azerbaijan, Kuriakose identifies three key roadblocks to the establishment or the operation of the organization: Typical difficulties in locating company partners, making substantial initial investments, and securing complicated finance. Tax regulations and the prohibitively high cost of bankruptcy laws continually dictate the bulk of common legal and regulatory constraints.

The Azerbaijani microfinance groups are a source of substantial financing for small businesses and their deficit is growing, taking into account the problems of the banking sector. Right now, there are more than 10 thousand microfinance institutions in the world, and they gave more than 120 billion dollars to the companies. Other

financial instruments like leasing and factoring remain insignificant. In 2015, the World Bank projects that leasing and factoring financing for small enterprises will be 4 % and 2 % (OECD, 2016).

**Figure 11: Primary financial resources for SMEs in Azerbaijan**



**Source:** World Bank, Doing Business Database 2017

According to the general info of the International Finance Corporation (IFC, 2009), banks in Azerbaijan don't wish to lend to tiny businesses as a result of lack of bankruptcy opportunities. This decreases the growth of small businesses and speeds up the growth of the real economy, at the same time. Based on the 2021 World Bank report, Azerbaijan is far from being an indicator of bankruptcy among other OECD countries. This is 38,5 cents a dollar in Europe and Central Asian countries, but 39.7 cents in Azerbaijan. Based on the subsequent OECD study (2016), after bankruptcy after 3/3 of 390 respondents, it had been extremely hard to bring back jobs. Also Azerbaijan's resolving insolvency score is 63.5, which puts them at 47<sup>th</sup> place out of 190 countries (Doing Business, 2020). Below, figure 12 shows the primary financial resources of small businesses. Based on East Investment Research (2012), more or less half the enterprise builds a company with its own resources and supports it. Of these, only 25 % should be given loans from commercial banks. Practically, entrepreneurs do not use alternative lending options including public finance schemes

and international financial institutions. All of this indicates that the options for financing small businesses in Azerbaijan aren't diversified.

One other factor that prevents local small businesses from being viable is lack of knowledge about the market. Small businesses are unable to expand their borders into international markets. The majority of small businesses, regardless of their small and medium size enterprises, do not have enough information on the market requirements for small businesses in front of small businesses. It is common for business owners to overlook the market's need or opportunity, which results in a short-lived business. To be able to completely integrate into the European Union (EU) market, small businesses in Azerbaijan must comply with the demands of the EU market. The degree of access to economic markets along with other restrictions on innovation and the development of small businesses is also low in Azerbaijan.

Those entrepreneurs who wish to take part in entrepreneurial pursuits prefer to be registered as individuals, and not as legal entities. There are several explanations for this observation. 1) The process of registration. For individual entrepreneurs the registration process is much simpler than for legal entities; 2) The costs of registration, licenses and permits tend to be less costly for individual entrepreneurs; 3) Tax control and inspection. Individual business owners are checked to reduce poverty by regional and local offices, according to businessmen, as there's no list of individual business owners registered at the ministry's headquarters and offices. The legal bodies have to register at headquarter of ministries and departments. Government departments therefore check this regularly; 4) Simplify the procedure for completing entrepreneurial activity.

In Azerbaijan, a lack of business education and the execution of the schooling model is causing students to drop out of college because of the changing job environment. The gap results in the absence of competent personnel with the professional attributes of the regional labor market and workforce, as well as disruption of labor in the local and national markets. Moreover, a significant

transformation in the national economy has resulted in increased demand for professional reconstruction.

Verification is the third important legal barrier. There can be serious hurdles to entrepreneurs and entrepreneurship, regarding the importance of research. Discourages in the legislation governing inspections are serious problems for entrepreneurs. In spite of new improvements in central verification and the legal framework supported by the IFC for getting permits as well as licenses, inspections and also permits are ineffective as anticipated. Increase the transparency and certainty is necessary. Government has to adhere to all methods and targets set by the law that are accessible, transparent, and objective to all enterprises.

### **2.3. Evaluation of the effectiveness of small and medium-sized businesses in the republic in modern conditions**

SWOT analysis of business owners in Azerbaijan is among the key methods to establish the actual status of entrepreneurs of the nation since this particular analysis can help generate conditions that are favorable for the further advancement of entrepreneurial activity.

Strengthes:

- As a result of this, the e-commerce environment (e.g., single shops, e government) would benefit greatly from current changes as well as business registration in the areas of e government (credit bureau, mortgage registration, RIA);
- First and foremost, there are some decent services and facilities available (data on power, water related BEEPS);
- Encouragement for small businesses by the authorities;
- Unlike to bordering nations, the country's energy consumption is rather low.

Weaknesses:

- A lack of effective oversight and a cohesive strategy characterizes the country's small business policy;

- Lack of consultations between private sectors and the public in a little business as well as the absence of an institution tasked for coordinating government initiatives;

- Absence of defined elements that go further appropriate collaboration; restricted participation of a small business;

- The banking industry maintains 95% of total assets, limiting access to bank finance (high protection, poor access, alternative sources, and BEEPS), especially consumer loans;

- Difficulty of determining the impact of public aid programs for enterprises because of the monitoring and analysis system's weaknesses;

- The typical worker's competence is below the global rate;

- Bribery is still a problem for industry because of the perception that it exists;

- Poor foreign trading practices and threats to local and worldwide marketplaces.

Opportunities:

- A brand-new exporting scheme focusing on non-oil commodities;

- Involvement of small businesses in governmental procurement and construction projects;

- Potential for WTO membership may help boost international commerce;

- Non-oil sector, for instance, production and agriculture;

- Potential access of manpower.

Threats:

- Pressure on Azerbaijan's banking sector from external economic forces as a result of the depreciation of the manat;

- Drop in the banks' capital;

- Country's small firms' ability to compete globally;

- The vulnerability of natural resources to financial market fluctuations;

- Absence of autonomous executive entities in important sectors like entrepreneurial activities and innovative thinking;

- Trade in non-oil export products is delayed because of the lack of international



quality certification of non-oil exports' technical norms and requirements.

Compared to previous periods, latest changes in the country have created a far more favorable environment for small and micro enterprises. There are a number of regulatory measures in place in Azerbaijan that are designed to help small and medium-sized businesses grow and incorporate a legal and economic framework. Among them are the laws on entrepreneurship, public funding for SMEs, government registrations, and so forth. Simultaneously, Azerbaijan has made a few steps to strengthen the legislative, functional, and organizational environment for small and medium-sized enterprises, notably via the development of e-government and business formation services. The creation of the Department of Entrepreneurial Development Policy within the Ministry of Industry and Economy has also generated administrative assistance for small and medium-sized enterprises (SMEs). The Department of Entrepreneurial Development Policy of the Ministry of Economy and industry is accountable for progress and execution of SME program in country.

Additionally, the Baku Business Training Center, the National Fund for Entrepreneurship Support, and AZPROMO are all under the Ministry of Economy and have been tasked with helping small and medium-sized businesses. Regrettably, there isn't a formal collaboration framework for developing and implementing SME regulations among these businesses, business owners, and agencies. It is possible to strengthen the usefulness of SME policy making by integrating local authorities, ministries, and enterprises on that specific stage.

Till 2016, the Azerbaijani government lacked a formal small and medium-sized enterprise (SME) policy. That's not to say there wasn't a "Strategic Guide for Production of Consumer Products at Small and Medium-Sized Enterprises in Azerbaijan," which was officially approved on December 6, 2016, by President Ilham Aliyev. This guide is part of a broader national effort to ensure the economic environment of the country is sustainable, inclusive, and competitive. The Poverty Reduction Program (2008-2015), Food Security Program (2008-2015), and Program

on Social Economic Development of Regions (2014-2018 Azerbaijan and 2020 Development Concept) have all been kept in place to help foster entrepreneurialism and the variables that go along with it, while at the identical moment working to improve the business climate and safeguard the valid privileges and dignity of businessmen. In many cases, the growth of such a sort of detailed plan may decrease regulatory dispersion and improve synchronization within non-governmental and governmental bodies.

Several tasks are performed at the identical time, including the suspension of entrepreneurial audits for more than two years, a reduction in the number of approvals and licencing required for business activity, a reduction in fees, and a simplification of the permit-issuing task. In addition, work on a digital platform for this zone is proceeding, as is the creation of an Appeal Council.

Government agencies such as the Ministry of Azerbaijan Republic, the Ministry of Taxes, and others have frequent collective talks with entrepreneurs in Baku and across the country's provinces, as well as "Open door" occasions and similar events for the citizens. No structured information is obtainable on the discussions or their results, regardless all best attempts.

On the basis of "Starting a Business" signals from the World Bank's 2017 Doing Business report, Azerbaijan's registration procedure for new businesses has recently been improved. (2017) Start-up expenses for men are 1.3% of per person earnings, according to data gathered by doing Business; for females it needs 2.0 processes, charges 3.0 days, and consumes 1.3% of per person revenue. Businesses must register three times in order to be able to register for free for particular company owners. The State Agency for Public Service and Social Innovation's one-stop-shop for public service (ASAN Service Centres) (CESD, 2017) allow business owners to register their enterprises. Also, if they need information regarding licenses and permits, the government has set up a website named [www.icazeler.gov.az](http://www.icazeler.gov.az) for that purpose.

The National Fund for The ASAN and the entrepreneurship support service, in

contrast to the other applications mentioned above, have recently partnered to jointly deal with problems such as the limitation of credit natural resources of commercial banks, increased interest rates, as well as a lack of knowledgeable and talented personnel in the "ABAD" Support and Center Services. In terms of funding, trained manpower, and facility, the ABAD service has concentrated its attention. In accordance with Hasanov and Orucova (2016) of the Centre for Social and Economic Development, the ABAD Center implements the following activities:

- Setting up a finance to pay for initiatives that support family-owned business groups, medium-sized businesses, and small businesses;

- Find and create challenges for the producing of agricultural goods using modern technical production machinery on family farms, medium and small company owners in ABAD programs;

  - Products are sold and transported in a systematic manner;

  - Instruction in the use of production items, as well as technical assistance for those devices, and information on the most cutting-edge technological advancements used in farming;

  - Keeping an eye on and analyzing the program, etc.

  - Trainings on the usage of manufacturing products, supplying technical support for these gear, and info on probably the most innovative technological innovations employed in farming;

  - Monitoring and analysis within the project, etc.

## **CHAPTER III. THE MAIN DIRECTIONS OF IMPROVING THE DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESSES IN A PANDEMIC CONDITIONS**

### **3.1. Global challenges to the development of small and medium-sized businesses in modern conditions**

COVID-19 epidemic has impacted a wide range of employment categories, levels, and sectors, causing significant changes in how we work and how organizations operate. Organizations of all sizes have been impacted, but you'd be excused for assuming that larger companies have it the worst when it comes to strategic planning and the return of their personnel, especially given the media attention they've received throughout the epidemic.

Numerous obstructions stay in the method of little and medium-sized ventures in agricultural countries embracing computerized innovations. SMEs in developing business sectors, then again, have had more examples of overcoming adversity. Most SMEs in developing business sectors and creating economies (EMDEs) face comparative difficulties that restrict them from embracing current advances and advancements that would work on corporate tasks and reengineer techniques. This article takes a gander at how SMEs in developing business sectors are embracing and utilizing state of the art innovation to improve tasks and gain long haul upper hands. FinTech and insightful calculations are two contemporary advances utilized by SMEs in EMDEs to upgrade assembling and administration area tasks and methods, as indicated by the exploration in this Special Issue. Perceived advancements and specialized disclosures that look inventive in EMDEs have long existed in princely economies. Prescient investigation, distributed computing, and "enormous information," which could assist EMDEs with further developing tasks and pursue more essential choices, still can't seem to be taken on by the main part of them. Troublesome registering, information and investigation, and the Internet of Things are

likewise underutilized in the improvement of new plans of action, cost reserve funds, upper hands, and digitization of independent ventures. Because of a scarcity of computerized innovation in EMDEs and its absence of acknowledgment, most EMDEs stayed shut during the SARS-CoV-2 pestilence and the local area closure to contain the COVID-19 pandemic. Involving present day innovation effectively is one of the choices for enduring the 'new typical' laid out by COVID-19 and furious market competition.

People. Controlling of Individuals has been a worry for organizations, everything being equal, for example, dealing with the change to remote working. On account of their lower progressive construction and more noteworthy associations across work levels, SMEs are in a superior situation to recognize individuals managing telecommuting, as per a portion of the remarks with regards to this issue. This permitted organizations to quickly and effectively give extra assistance to their representatives, regardless of where they worked.

The impact of self-teaching and other consideration commitments on their responsibility and working schedules, nonetheless, ended up being a battle. While this might not have been as clear in greater associations, it might impact project progress and business requests when basic representatives in a more modest group need to focus on their kid's turn of events.

Notwithstanding, our review and discussions with key partners in SMEs uncovered an open door in that the compliment hierarchical design frequently seen in more modest organizations permitted the development of better ties among workers. Since there were less representatives, it was less difficult to assemble broad gatherings to clarify new plans or cycles in response for the pestilence, get input from all representatives, and work on existing ties, from top administration to lower or section level specialists. Administrators could likewise see whether representatives were experiencing difficulty telecommuting and in the event that they were enjoying sufficient reprieves from work, regardless of whether they couldn't take official get-

aways.

Whenever we analyze the workplace's capacity in SMEs regarding individuals, having more tight binds with laborers takes into consideration more clear correspondence about who ought to return and when, with an accentuation on the people who might need additional support or adaptability. Moreover, to adjust or rebuild office spaces for new methods of working, they might do so quickly close by their representatives, permitting them to be more deft and touchy to financial changes and requests. As we return to the actual office, SMEs' labor forces can turn out to be more strong, cooperative, and steady of each other in the event that this pattern proceeds.

Cash Flow. Not at all like numerous greater organizations, SMEs depend on consistent income and money. Numerous SMEs were worried about the effect of late installments from different organizations battling because of the pandemic, which reduced interest in the association, workers, and future ventures. Thus, many firms were worried about their drawn out supportability, especially when they worked with other SMEs encountering comparative issues. While government credits were intended to help SMEs in this country, the bigger effect of income constraints on them and their accomplice SMEs has impacted future business pipelines and generally organization practicality.

A confined income would have restricted the amount SMEs could contribute while assessing the work environment's capacity. For instance, to keep staff working during the pandemic, acclimations to the work environment were required, for example, introducing disinfecting stations, space checks, and screens in client confronting regions, all of which required cash that SMEs needed, further affecting work process and efficiency. SMEs might be harmed significantly more with income constraints with regards to getting back to work, since they will be unable to roll out huge improvements to space formats for new techniques for working or office renovations, for instance.

Technology. Given the pandemic's speedy appearance, all associations and businesses have put resources into new advancements to oblige telecommuting and half and half working propensities. Be that as it may, albeit numerous bigger organizations put resources into programming like Zoom or Microsoft Office items, other SMEs coming up short on monetary assets or business need to do as such. Other programming, as Google Meet, was accessible that was more savvy and frequently more tweaked for SMEs. Notwithstanding, later communications with bigger associations uncovered that various IT security limits kept gathering welcomes from being sent from these less-utilized stages. Subsequently, while innovation was acquired to help the firm, it didn't be guaranteed to assist the business with developing.

Given the startling beginning of the pandemic, all associations and enterprises have made interests in new innovations to oblige telecommuting and cross breed working propensities. In any case, albeit numerous bigger organizations put resources into programming like Zoom or Microsoft Office, other SMEs coming up short on monetary assets or business need to do as such. Other programming, as Google Meet, was accessible that was both more savvy and more qualified to SMEs. In any case, following communications with bigger associations uncovered that various IT security impediments kept gathering solicitations from being sent from these less-utilized stages. Subsequently, while innovation was gotten to help the organization, it didn't be guaranteed to assist the organization with developing.

Moreover, innovation was actually used to help representatives with any new working examples both during and after the plague, since they had the specialized devices expected to telecommute or in a cross breed model if important, giving them the certainty to work beneficially any place they were. Long haul investment funds might be acquired by putting decisively in basic advancements that help current and future corporate requests, permitting assets to be devoted to different region of the business, for example, staff improvement and office re-plan. Before long, putting

resources into these areas is thought of as essential for drawing in new ability and expanding organizations.

At long last, SMEs have experienced a few extraordinary obstructions because of the scourge, however they may likewise have found additional opportunities that they had the option to exploit during this surprising period. It's basic to grasp how SMEs have been hurt, yet additionally the way that they might return safely and really after the pandemic and thrive.

### **3.2. State policy to support the development of small and medium entrepreneurship of the republic**

Past the lockdowns, there are monetary consequences related with the COVID-19 scourge. As displayed in Table 4, there are momentary repercussions that apply to a wide range of SMEs, as well as medium-and long haul outcomes that fluctuate by business. SMEs, everything being equal, will confront monetary troubles and liquidity challenges in the short term. Stand-alone SMEs, specifically, have seen a sharp drop in demand as well as specific store network issues, leaving them especially dependent on external monetary help. A significant number of them were at that point working on strict spending plans and monetary limits before to the emergency. Because of the emergency, they have weakened, making their end more unavoidable. Information based SMEs and specialty providers have likewise been impacted, allowing large numbers of them to stay uncovered to monetary issues. Moreover, numerous SMEs have needed to make extensive acclimations to their actual activities to follow ceaseless unofficial laws connected with social distance, requiring further monetary use. As shown in Table 4, the pandemic has critical widespread transient effects.

Nonetheless, over the long haul, new snags (and conceivable outcomes) may foster that will be exceptional to various sorts of assembling SMEs. The emergency has featured the need of putting resources into computerized innovation for independent SMEs specifically. These have become basic for SMEs, not simply to



help basic downstream tasks like deals and advertising, yet additionally to support inner proficiency and efficiency (PwC 2018). From an administration point of view, digitalization opens up new possibilities for organizations (Cirillo and Zayas 2019), and the COVID-19 scourge will rush SMEs' capacity to take utilization of them. Be that as it may, because of waiting monetary worries following the emergency and the need to retrain representatives, some SMEs might find it hard to carry out computerized drives. Despite digitalization, the repercussions from the COVID-19 epidemic may offer a boost to other existing enhancements influencing gathering SMEs, such as the move to environmental assistance.

Furthermore, as displayed in this table, this worldwide pandemic is projected to change worldwide worth chains (GVC) (UNCTAD 2020). For quite a long time, they have been characterized by an exceptionally scattered assembling framework in light of low-wage workers and without a moment to spare conveyance (Javorcik, 2020). The pandemic has featured the meaning of GVCs turning out to be stronger by enhancing their creation lines and switching their appearing overdependence on a couple (Asian) providers, bringing down the gamble of conceivable monopsony (Miroudot, 2020). Reshoring, provider variety, stock administration, and embracing vicinity are totally expected to change GVCs, opening up new possibilities for European specific SMEs and modern independent SMEs. Independent companies, specifically, stand to benefit extraordinarily from the conceivable reshoring of specific modern exercises to Europe. Current worth chain entertainers, then again, have an enormous size of specialization and customisation. New individuals should invest energy, exertion, and cash to arrive at this degree of understanding, as well as work with an assortment of different partners. Because of the great degree of dependence among GVC entertainers, it is hard to supplant one of them (Shih, 2020). Notwithstanding this, GVC reconfiguration is normal because of the COVID-19 scourge.

Thus, a portion of the anticipated changes are probably going to make GVC's significant organizations improve their stock chains, and various exceptionally

concentrated arrangements will be dropped. 'Lead firms' are more presented to outside shocks since they by and large give their own interests to SMEs in GVCs (OECD 2009; Narula 2019). Subsequently, European expert SMEs should be incredibly imaginative to minimize expenses while continuing to cost and quality norms to proceed with their situation in GVCs. Small businesses with related knowledge and interest in cost-cutting methods and restructurings have a characteristic edge, expanding their possibilities of endurance. Likewise, in the post-COVID-19 climate, there will be more computerized shopper associations and mechanized methods, maybe considering much more trustworthy and different stockpile chains (McKinsey 2020). Thus, to be applicable in GVCs, European expert SMEs should not exclusively be very innovative to stay aware of evaluating and quality, yet additionally upgrade their business activities through computerized drives.

In spite of the limitations presented by GVC changes, new business prospects will arise, giving new open doors to development and permitting arising entrepreneurs to benefit from innovative obliteration patterns (Schumpeter, 1911). To be sure, exact information shows that very determined business visionaries might recognize chances in the midst of difficulty and profit by neglected holes and market requests in the result of a catastrophe (George Giotopoulos, Louise van der Weyden, Hikari Osaki and so on, 2017). For instance, because of the anticipated interest for ICT hardware driven by teleworking, birth proportions in ICT creation, which were very low past to the pandemic (European Commission 2017), may develop. Researchers, then again, propose that business is exceptionally reliant upon the monetary environment and is especially helpless against outer catastrophes (Klapper and Love 2011). Following the 2008 monetary emergency, for instance, observational information highlighted decreased degrees of business venture (OECD 2009). A few new businessmen might put their arrangements on hold on until additional unmistakable implications of the plague are uncovered, as innovative pursuits are eventually connected to vulnerability and monetary dangers. In general, European specialists will assume a significant part in

deciding if current SMEs can get by and in the event that business venture can flourish.

**Table 4: Short-term and longer-term effects of the COVID-19 crisis on manufacturing SMEs**

	<b>Stand-alone SMEs (consumer and industrial)</b>	<b>Specialist-supplier SMEs</b>	<b>Knowledge-based SMEs</b>
Short-term	<ul style="list-style-type: none"> <li>- Most SMEs face liquidity issues and fixed monetary requirements, following the disturbed tasks during the lockdowns.</li> <li>- There is an expanded dependence on administrative sponsorships and numerous SMEs apply for their neighbourhood, legislative help plans; contingent upon qualification</li> <li>- The primary spotlight is on resolving prompt functional issues, 'fixing' specific interruptions on the interest and the inventory side</li> <li>- New ideas and changes are set up to guarantee further administrative limitations are being followed; for instance, guaranteeing social removing measures</li> </ul>		
Medium- /long-term	<ul style="list-style-type: none"> <li>- Large numbers of these SMEs should update their advanced framework, empowering on the web deal stations, teleworking and so on.</li> <li>- Representatives should be re-prepared as needs be</li> <li>- Long haul speculations will be expected to update creation cycles to reduce expenses and increment efficiency</li> <li>- New open doors will emerge for modern SMEs to enter new stockpile chains or extend their inclusion in existing ones; some may likewise re-sort out their own inventory chains</li> </ul>	<ul style="list-style-type: none"> <li>- GVCs will be redesigned; developing patterns towards different obtaining, stock administration; re-shoring, embracing geological nearness</li> <li>- Provider SMEs will see changes on the two sides:               <ul style="list-style-type: none"> <li>- They will re-put together their own stockpile chains and will see their key clients redesign</li> <li>- Remaining in existing arrangements and entering new ones will rely upon their capacity to minimize expenses and match costs; without compromising quality</li> <li>- Long haul and expanded interests in computerized advances will be expected to empower mechanization</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- New utilizations of their advancements can emerge in a post-COVID-19 world; for instance, in regions like clinical examination and hardware</li> <li>- Some might adjust their incipient advancements towards tracking down answers for and handling the issues having emerged during and through the pandemic</li> <li>- Effective SMEs can profit from additional administrative examination awards</li> <li>- New companies might arise to catch areas of development through 'inventive annihilation'</li> </ul>

Source: <https://link.springer.com/article/10.1186/s11782-020-00095-1>

Supporting SMEs was basic intending to the financial emergency made by the

pestilence, as European authorities immediately understood. As opposed to the 2008 monetary emergency, when most European states focused their initial arrangement accentuation on helping banks and significant development endeavors, this time SMEs have been the focal point of strategy consideration from the beginning.

Perceiving that SMEs are especially helpless during such a significant monetary shock, the underlying arrangement center toward the beginning of the pandemic was to resolve the issues that SMEs face during the endurance stage. This has implied different types of monetary help with request to stay away from liquidity emergencies and employment misfortunes. As limitation measures are facilitated, strategies should go to additional underlying arrangements designated at supporting development, internationalization, and systems administration as approaches zeroed in on the reestablishment and development stage for those SMEs that get by. The degree of these two times of strategy intercession, as well as the key approach instruments sent in each stage, are summed up in Table 5.

**Table 5: Policy approaches to support manufacturing SMEs during the COVID-19 crisis**

	<b>Phase of endurance</b>	<b>Phase of rejuvenation and expansion</b>
Primary concentration	Monetary help to forestall liquidity emergencies and keep up with business	Underlying measures to encourage development, internationalization and systems administration
Time skyline	Short-term	Medium-/Long- term
Target gatherings	One-size-fits-all methodology	Differentiated procedure by area and by kind of SME
Strategy blend	<ul style="list-style-type: none"> <li>- Decrease of working hours and brief joblessness</li> <li>- Deferral of expense, federal retirement aide installments, obligation installments, and lease and utility installments</li> <li>- Credit ensures</li> <li>- Direct loaning to SMEs</li> <li>- Awards and endowments</li> </ul>	<ul style="list-style-type: none"> <li>- Support for internationalization</li> <li>- Advancement support plans</li> <li>- Preparing and abilities improvement</li> <li>- Teleworking and digitalization</li> <li>- Bunch advancement and systems administration drives</li> <li>- Business venture and begin up help</li> </ul>

Source: <https://link.springer.com/article/10.1186/s11782-020-00095-1>

Most recent OECD study gives an astounding scaffold survey of SME administrative arrangements all through the endurance period (OECD 2020). The way

that larger part of European nations moved quickly to protect SMEs' staff through pay support programs for impermanent joblessness, decreased responsibility, and wiped out leave is an imperative revelation. Quite numerous European specialists additionally executed strategies that permitted Small entrepreneurs to concede installments and made new credits to shield SMEs' dissolvability. Credit arrangements to urge private banks to stretch out generally advancing cash to SMEs, alongside state financing to SMEs through extra capital framed by organizations or public banks, are instances of the last option. Beside credits, various European government specialists gave direct financial guide to SMEs as awards and endowments. Depending of the sort of SME, the strategy way to deal with guarantee their endurance during the beginning phases of the emergency continued as before. Be that as it may, such arrangements were more significant for specific provider SMEs, which experienced the most GVC interruptions, than for some autonomous Microfinance organizations with cross country exercises, strikingly in certain areas like agribusiness or clinical gadgets fabricating, which might have even acquired from the pandemic. During the revamping and thriving stage, the arrangement approach ought to move to additional fundamental strategies centered at reinforcing SMEs' drawn out strength and supporting their proceeded with development. Here, the accentuation is on empowering advancement, dissimilar to the endurance stage, different sorts of SMEs might require unmistakable administrative activities in this present circumstance. To be sure, at this level, more key and centered approach estimates will be required, considering the potential outcomes and issues looked by different businesses, as well as the remarkable attributes of different sorts of SMEs among these fields. Independent SMEs, for example, will acquire significantly more from government motivating forces to enter "Blue Ocean", all in all worldwide business sectors, though the smartest idea approach for specific provider SMEs might be to cement nearby organizations and groups, empowering their expected buyers (for the most part transnational partnerships) to turn out to a be more inserted in the area. Solid

development help projects will help a wide range of SMEs, albeit the center required may contrast. Globalization, and systems administration. Item and advertising advancements are particularly significant for independent SMEs, both those that separate themselves (or work in specialties) and the individuals who don't (because of the idea of their area). Promoting developments might be particularly gainful to the last option bunch as far as holding existing clients and drawing in new ones. Particular providers should focus their endeavors on process and hierarchical changes to contend on cost and quality. In the in the interim, expanded funding in enterprising endeavors and begin up supports will be fundamental to the development of information based SMEs. In spite of multipurpose attitude that described the endurance stage, the best suitable arrangement blend would likewise depend on the interesting attributes of every industry and region, requiring more purposeful approach reactions. The change from an endurance mentality to one of recovery and development is troublesome, and it needs cautious arrangement sequencing. While the endurance time frame is basic, it is additionally extremely costly and can't continue endlessly because of its critical effect upon financial shortfalls and public obligation. Eliminating the relating early approach steps ought to be painstakingly made due, with general monetary help measures, especially grants, being transitioned away from as the economy balances out, while new help strategies it are acquainted with help advancement and development.

As a matter of urgency, regulators need to undertake a more aggressive role in creating new contemporary attempts for integrating domestic restrictions with GVC aspects. The COVID-19 crisis, as we have already said, may also serve as a catalyst for digitization and management improvements, while reviving interest in emerging health breakthroughs like biotechnology and hereditary traits. Against the backdrop of China's expanding influence on globalization, authorities should devise new incentives for European enterprises to benefit from these open doors (Petricevic and Teece 2019). This necessitates a new era of interest-based progress tactics, for instance,

crucial public funding for the creation and engagement in eco-friendly electricity, transportation infrastructure, and technology innovative thinking.

For the last several years, that technique has been shaping European, public, and subnational plans. It targets a change to "exceptional" contemporary and growth arrangements, pointing at determining the direction of progress rather than just tending to broadcast failures (Schot and Steinmueller 2018). In any case, following the sharp financial impacts of the underlying flood of public consumption in the "endurance stage", numerous European nations will miss the mark on ability to forcefully seek after this sort of essential "reestablishment and development" plans. In order to assist European assembly SMEs, EU program involvement will become essential, incorporating new areas of inquiry and progression subsidies from the European Commission as well as dedicated ventures and finance from the European Investment Bank.

Because of the importance of integrating SMEs to the European economic sector, authorities must carefully reassess their strategy mix in light of the emergency's progress. An aggressive underlying arrangement approach in light of advancing the recharging and development of European assembling SMEs — through advancement, internationalization and systems administration — is of central significance to manage the difficulties ahead.

### **3.3. Organizational and economic mechanism for supporting small businesses during a pandemic**

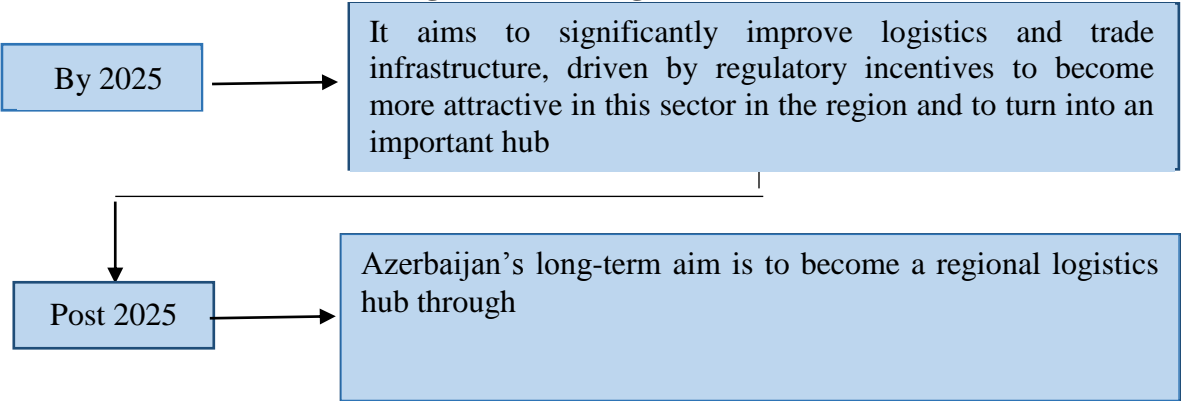
Falling oil prices (2015-2020) are a major problem for all oil-dependent countries. Sticking to the 2014 oil price crash, a few nations introduced Value Added Taxes along with other changes to improve their economies. As oil price war started between Russia and Saudi Arabia, which resulted falling price in oil and made the hydrocarbon-dependent Gulf countries to diversify their economy in order to survive and prosper. This wasn't the first time the economic system of the Gulf Cooperation

Council (GCC) have faced oil price problems, but this will come at a time many are attempting to overcome their dependency on oil by increasing other sectors as tourism, innovation and education (Omnia al-Desouki, 2020). Oil-exporting countries agreed to lower oil production in 3 phases from May 2020 to April 2022. Azerbaijan is a member of the OPEC consultation group and doesn't exclude a further decrease in its production (produced in 2016 to have interaction with OPEC countries). As reported by Azerbaijan's Energy Minister Azerbaijan is likely to help an additional decrease in oil production by OPEC and its allies in case this move is essential to balance issues about oil demand because of corona virus in China. The mechanism for balancing the oil sector with production actions is backed worldwide, and this assistance will contribute to stabilization of the oil sector (Trend, 2020). In spite of its dependency on oil exports, Azerbaijan has a steady economic situation. However, falling oil prices in 2020 demonstrates the need for more serious financial reforms. Rising gas exports will have a major impact on economic prospects. Economists regard risk taking as an important driver of the economy, but an economy works only if risks are largely known. In contrast, unknown risks or uncertainties could have a bigger, more paralyzing effect (Andres Vinelli 2020). Due to rising oil prices, Azerbaijan went through an explosion in its development in the early 2000's. Growth translates into development as poverty dropped and median incomes increased, which makes it the most prosperous economies in the CIS region. In 2014, when oil prices plummeted, the economy was exposed by over-reliance on oil production. As a result of its oil dependence, Azerbaijan is expected to closely keep track of the situation regarding world oil prices. According to the World Bank (World Bank, 2019), real GDP increased by 1.4 percent in 2018, underpinned by stable oil output and a slight acceleration in domestic demand. Due to rising oil production, the sector grew by 1.1% in the first four months of 2003, although oil output has since plateaued. Nonetheless, the Azerbaijani economy's non-energy sector grew by 1.8 percent, demonstrating more vitality in most economic sectors. Reforms are required to



enhance the private sector and address challenges of competitiveness. Reforming the public investment management process in Azerbaijan requires further efforts. The diversification economy: What effect will increased uncertainty over oil prices have on global growth and employment? The low prices sap petroleum revenues that support the governments of these countries and their economic projects in non-oil segments. If the price war breaks out, it would delay the diversification plan. Without a boost, oil Export earnings would fall by more than a third and that would put pressure on governments spending for essential services such as health care and education. Azerbaijan invested in the mid-2000s to upgrade its pipeline, transportation infrastructure, manufacturing base, and agricultural in order to become a prominent regional economic actor and worldwide transit centre. The recent decades 'high oil price and windfall, and generous funding from international financial institutions have made it easier for the implementation of this objective significantly. The strategic plan for Azerbaijan in logistics and trade aims at generating additional value for local transit freight (figure 12).

**Figure 12: Strategic future aims**



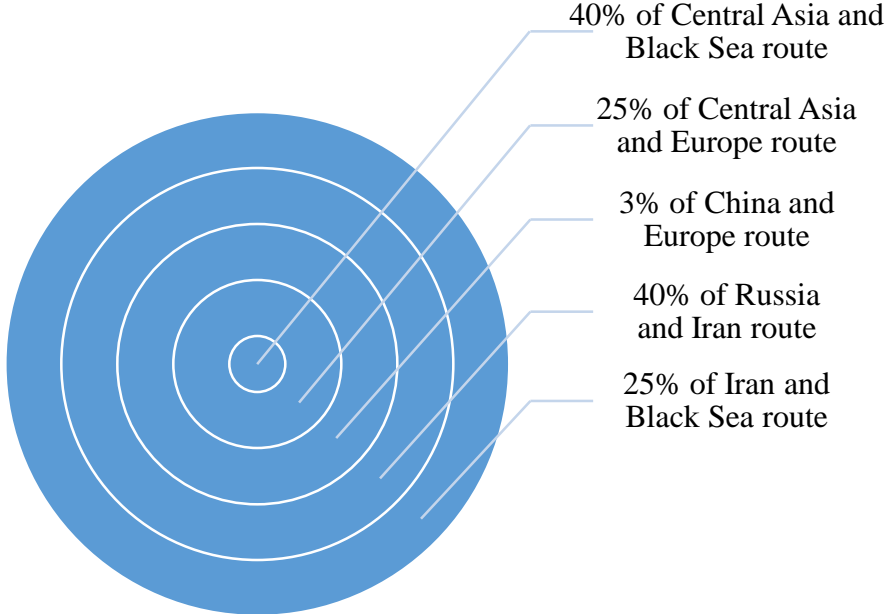
**Source:** <https://eu4business.eu/news/strategic-roadmap-for-development-of-logistics-and-trade-in-azerbaijan/>

The EU assists Azerbaijan in bringing variety to its economy away from oil, with a focus on SMEs and trade. EU4business collaborates with the government, associations, and SMEs to build a more business-friendly policies that will help to the

socio-economic growth from long-term perspective (eu4busines, 2017).

Azerbaijan seeks to enhance its share of transit commerce in the area by creating a number of logistics centers across the nation, in order to meet the following goals (figure 13):

**Figure 13: Azerbaijan’s transit commerce shares**



**Source:** <https://eu4business.eu/news/strategic-roadmap-for-development-of-logistics-and-trade-in-azerbaijan/>

Turning this particular possibility into reality is going to require considerable advancement in the region's physical infrastructure systems. Azerbaijan joined the CAREC Program (Central Asia Regional Economic Cooperation) in 2003 plus key investments are produced within a worldwide transport corridor linking Asia to Europe. Through CAREC, Azerbaijan is trying to create the region right into a centre of industry and logistic as worldwide markets increasingly integrate. For efficient utilization of the geopolitical opportunity of the Azerbaijan economic climate it's required of produce a swap and transportation logistics system, integrated into a worldwide logistics supply chain which can provide quality products at value added. Energy-rich countries that have been successful in diversifying the economies of

theirs during the last 2 years has minimum harmful impacts, while people who began the economic diversification procedure within the last ten years will have to check out and also improve the implementation of the economies (Omnia al Desouki, 2020). Most diversification projects are long term and won't produce additional jobs or cash in the first stage of implementation. But could be hard to maintain in light of the present crisis. This causes it to be difficult or perhaps impossible to evaluate the consequences on supply chain and businesses disruptions described above.

In order to consist of the spread of COVID 19, the authorities have created a special quarantine program (until May four, 2020). It closes the borders, quarantines returned residents, prohibits large gatherings, restricts travel within the country, closes restaurants and other public facilities, airports and transportation hubs, creates cultural distance and disinfects public places as a result of all of the above measures. The COVID-19 Operational Headquarters was developed under the Cabinet of Ministers, plus working groups under the leadership of the Minister of Economy, Minister of Finance, Minister of Social Protection and Labor of the Chairman and Population of Central Bank of Azerbaijan are tasked with creating particular methods to be able to decrease the destructive effect of the pandemic on the country's business environment.

Employment-related measures. To be able to decrease the public insurance burden, it's suggested changing the prices of necessary social insurance contributions for people deriving income from non-employment activities:

For insured persons deriving income from non-employment activities

1) Calculation of necessary state social insurance premium from April one, 2020 to January One, 2021, by the quantity of the minimum monthly income for entrepreneurial activity (taking into consideration the use of differential interest rates by region):

- 25% in trade and construction,
- 15% in some other areas.

2) Calculation of necessary state public insurance contributions from January

one, 2021 to January one, 2026 in the quantity of minimum monthly salary (taking into consideration the use of differential coefficients by regions):

- 50% in the area of construction,
- 25% in some other areas.

Agriculture industry. Mandatory state public insurance contributions for every household member of people making use of farming lands owned by them, based on the part of land calculated by the quantity of the minimum monthly wage (250 AZN):

- Up to five hectares - in the quantity of 2%;
- From five to ten hectares - in the quantity of 6%;
- Over ten hectares - in the quantity of 10%.

It's additionally intended to change the submission of social insurance accounts by landowners having a fixed receipt.

Attorneys, auditors and freelance accountant.

- It is envisaged to establish the public insurance load of this particular group of people within the quantity of 10% after deduction of expenses.

- In addition to the above, payments associated with a short-term allowance to 600,000 people that are unemployed began in Payments and April continues through May 2020. Additionally, public assistance to help the economic problem of the public, assistance plan over the transaction of energy costs on energy usage for public plus assistance program on the payment of tuition fee of pupils that are members of households belonging to some socially susceptible population were also used as societal benefit packages.

- The government has additionally instructed the Ministry of Social Protection and Labor to work with employers and also provide daily supervision to stay away from unjustified job and layoffs cuts.

Economic stimulus measures.

1) 2.5 billion AZN (approximately 1.471 billion USD), that is the same as three % of GDP, has been issued from the State budget on the Cabinet of Ministers for

financing the steps on decreasing the destructive influence brought on by COVID 19 and the following variations in the worldwide stock and energy markets on the economic system, macroeconomic stability, work problems and companies in the nation.

2) Ninety seven million AZN (approximately fifty seven million USD) is issued towards the State Agency for Compulsory Medical Insurance from the reserve fund of the President of the Republic of Azerbaijan for the availability of other medical means and necessary medical equipment to stop the spread of the coronavirus pandemic and also reinforce the fight against it.

3) The President of the Republic of Azerbaijan created a Fund to aid Fight against Coronavirus (Fund), to that it's transferred twenty million AZN (around twelve million USD), with extra contributions from the private and public sectors. As of April twenty two, 2020, based on the Fund's site, the donations transferred Funding amounted to 112, 898,697 AZN (around sixty seven million USD).

4) Azerbaijan's government has supplied five dollars million towards the COVID-19 Fund together with the Who is Strategic Response and Preparedness Plan.

5) The authorities have extended the blanket deposit guarantee until December four, 2020. The guarantee covers all AZN (foreign currency) deposits within a ten (2.5) % interest rate cap.

6) On March nineteen, 2020, the Central Bank of Azerbaijan left the refinancing rate unchanged at 7.25 %, but improved the floor on the interest rate corridor (within a de facto floor system) by 125 bps to 6.75 %.

7) The Central bank of Azerbaijan, with the involvement of the State Oil Fund, has conducted scheduled plus remarkable international exchange auctions, and also has happy many needs for international currency on the announced 1.7 AZN/US1dolar1 rate.

Payment of a component of the income of financial support and employees to individual (micro) entrepreneurs in activity areas impacted by the pandemic. The

following steps are among the actions implemented to be able to help for economic development and also entrepreneurship during Coronavirus (COVID 19) pandemic:

- Financial assistance plan in the quantity of 215 million AZN (126.5 million USD) because of the transaction of wages to 300,000 wage earners in the spheres influenced as an outcome of pandemic (aimed at stopping job cuts);

- Financial assistance plan in the quantity of eighty million AZN (forty seven million USD) for 300,000 individual (micro) entrepreneurs operating in the sectors negatively influenced as an outcome of pandemic (aimed at safeguarding employment). The system was put on on the taxpayers that made tax, compulsory state social insurance and unemployment insurance payments in 2019.

- It must be in addition mentioned that, above mentioned financial assistance shows have been targeted at redressing damage to business owners and also the transaction of wages in the sectors of the Azerbaijani economy (twenty aspects of activity) influenced by Coronavirus (COVID 19) pandemic.

State loan and assurance in the assistance of the overall economy and businesses. Credit-guarantee assistance program for loans in the quantity of 0.5 billion AZN (294.1 million USD) being given to businesses (including little and medium enterprises) operating in areas negatively impacted by the pandemic envisaging the implementation of the following measures:

- State guarantee for sixty % for new loans within the quantity of 500 million AZN (294.1 million USD);

- Subsidizing fifty % of the interest on loans that are guaranteed from the state budget; - Establishment of a mechanism for delivering unsecured microloans within the farming industry by the Agrarian Credit and Development Agency. In this particular course thirty million AZN (twelve million USD) are allocated.

Additionally, allocation of extra money to the Entrepreneurship Development Fund in the quantity of fifty million AZN (29.4 million USD) is designed in April May 2020.

The system will even help support entrepreneurs with the current mortgage portfolios that are working in the coronavirus affected sectors. The government is going to subsidize ten % of the curiosity expenses of these loans for a single season and for this job one billion AZN (588 million USD) have been allocated.

Supportive actions suggested by the Central Bank of Azerbaijan. Measures covers broader directions, like things associated with the restructuring of business loans issued via assets of the state money, the restructuring of mortgage loans given to people through the country 's Mortgage and Credit Guarantee Fund and through assistance of individuals of the insurance and capital markets.(Trend, 2020)

Assistance of people and business entities. Private business entities, which includes people interested in entrepreneurship is supplied with the chance to restructure loans (of satisfactory quality, and also with interests subsidized by the state) issued to them till March one, 2020, without deteriorating the quality of theirs.

Additionally, it is envisioned creating opportunity for restructuring business loans given together with the way of state money and also getting satisfactory quality as of March one, 2020. along with the restructuring of mortgage loans issued with the way of Azerbaijan's Mortgage and Credit Guarantee Fund to be able to help people (not interested in entrepreneurial activity).

Furthermore, credit organizations are encouraged not to impose fines, additional payments, or penalties on borrowers who fall behind on business or consumer loans (interest-bearing debt) or principle payments until September 30, 2020 if the delays are partial or complete. Lowering the regulatory burden on banks, boosting lending options and also keep financial sustainability.

To activate non cash payment services and minimize costs, because of the drop in economic activity and earnings of households and businesses, in addition to the detrimental influence on signs of the usage of fee services till September thirty, 2020:

- Decrease of service fees charged by banks in interbank payment methods up to fifty % till September three, 2020,

- In a similar fashion, lessening of tariffs for payment services offered to clients by banks,

- Reduction of acquiring fee of up to fifty % till September three, 2020 to minimize price of acceptance of payments with cards by business entities.



## **CONCLUSIONS AND RECOMMENDATIONS**

A small and medium-sized organization (SME) is an element with income, assets, or staff that fall under a specific doorstep. They are significantly more than large organizations by a significant degree in amount, utilize an enormous labor force, and are for the most part pioneering in nature. SMEs are dynamic, exceptionally versatile, and adaptable - they assume a basic part in the worldwide economy. The Covid pandemic influences the economy on both the market interest sides, influencing both huge and small organizations. The European Commission lays out the models for ordering organizations through an aide: number of staff, turnover, and yearly accounting report.

Organizations, particularly small and medium-sized undertakings (SMEs), will confront the weight of a decrease in worldwide interest for their labor and products. Certain SMEs are especially defenseless against disturbances in business organizations and supply chains. On account of their restricted assets and existing boundaries to fund access, SMEs make some lesser memories to recuperate from a shock than greater organizations.

Further advancement of small organizations in Azerbaijan is fundamental for broadening, work, homegrown utilization of homegrown product interest, reliance on imports, and supported monetary turn of events. The oil and gas industry is a capital industry, so it littly affects the working of the work environment. Nonetheless, the non-oil area has direct liability regarding setting out work open doors and adds to net business and the general reinforcing of the economy.

Azerbaijan has carried out a determination of official activities intended to direct the improvement of little and medium endeavors. Changes have delivered much more profitable issues to have the option to make small-scale and individual business, as opposed to earlier seasons. Azerbaijan has gone to a couple of lengths to support the administrative, functional and institutional setting for SMEs, especially through improving on processes related with creating e-government and company enlistment

administrations.

The COVID-19 pandemic has affected a wide scope of business classes, levels, and areas, causing massive changes by the way we work. Most SMEs in creating business areas (EMDEs) face near troubles that limit them from embracing advances and progressions that would chip away at corporate assignments and reengineer methods. This article looks at how SMEs are embracing and using best in class development to further develop assignments and gain long stretch high grounds.

Research also tries to point out and answer main questions in SMEs in Covid and post-Covid situation. In order to show that survey has been conducted. Survey was addressed to people who work in small and medium enterprises or whom are related with these type of organizations. In survey percentage of respondents who is male or female is 52.2% and 47.8% in sequence. Most of respondents consist of people that around 21-25 age (Most: 23 with 14.1%). 84.9% of participants is related or working in SMEs itself. Earnings of questioned individuals was roughly 500-1100 manats. In survey I tried to find out their difficulties in this term and to get a response for making this situation much better. According to survey results, 56.1% faced with layoff in companies during Covid-19 (Figure 15). Above 40% of respondents thinks that this epidemic impacted their income expectations, costs of materials and access to the materials (Figure 14). And most of the people who responded survey believes that government aids and tax discounts is effective somewhat for to make better business environment (Figure 16).

Covid-19 made a lot of changes in a negative way in global economy, especially for SMEs. That's why it's important to have a suitable position or place for this business. Sustainable and high monetary development ought to serve the arrangement of a dynamic and comprehensive society, and each business person ought to feel this improvement in their lives. Entrepreneurs' admittance to financial open doors should be equivalent and fair, no matter what their societal position or spot of home. This need can be effectively accomplished based on the accompanying three objectives:

- ensuring of both employee and employer's benefit in economy;
- motivating innovation in more effective way;
- creating much smoother legal atmosphere for better improvement.

Economic development, yet additionally the social welfare of individuals who are working in SMEs is an unquestionable component for high turn of events. As the economy grows, the abundance and pay of residents, including compensation, should be expanded and a nice level should be guaranteed, and the development of wages should be facilitated with the development of work efficiency.

The required restrictions for SMEs should be more loosen up in order to create better business nature. Giving enough attention to this business owners and workers in this sector post-Covid is important to obtain higher economic growth levels before Corona pandemic.

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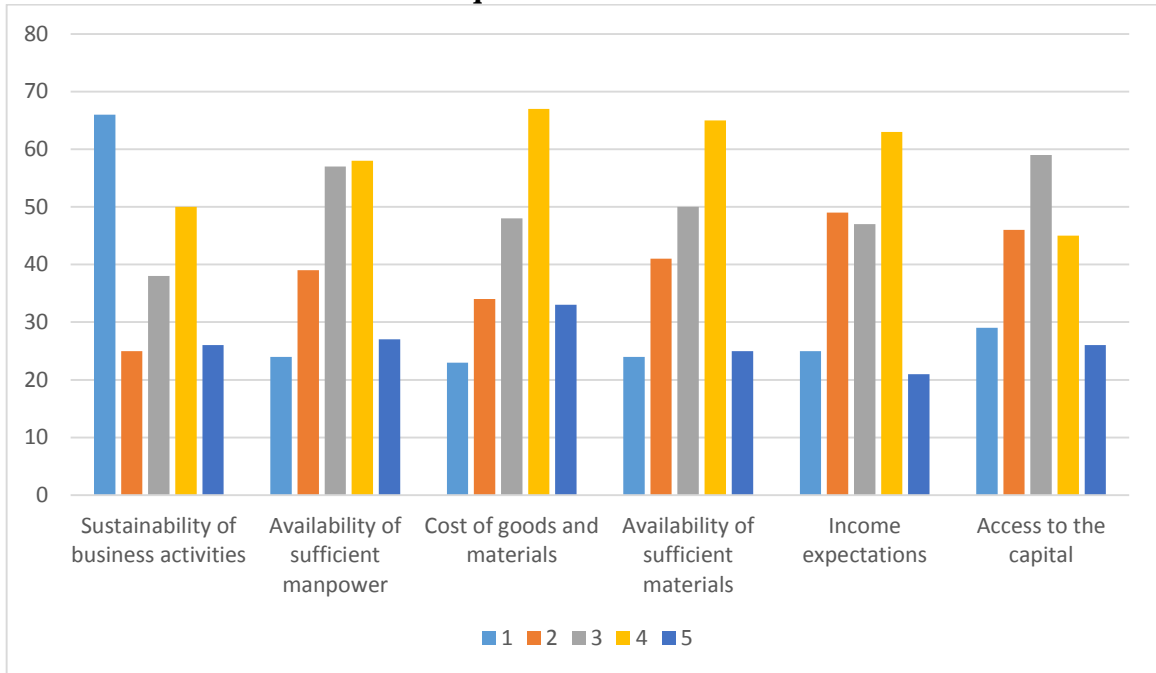
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# APPENDIXES

## Appendix 1.

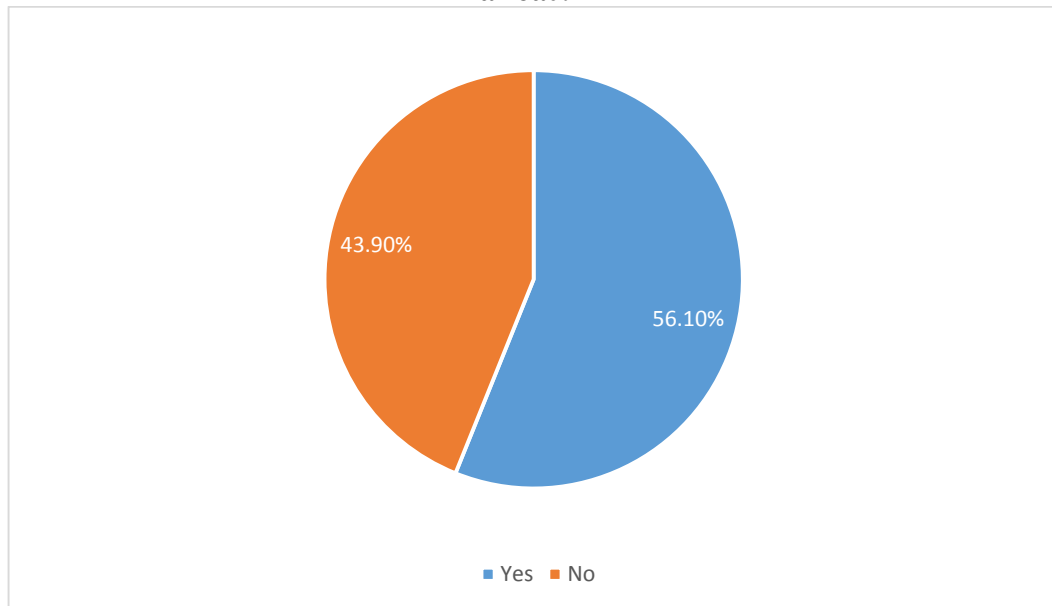
**Figure 14: Results of poll on agreement degree of people about impact power of Covid-19 in questioned areas.**



Source: Questionnaire results

## Appendix 2.

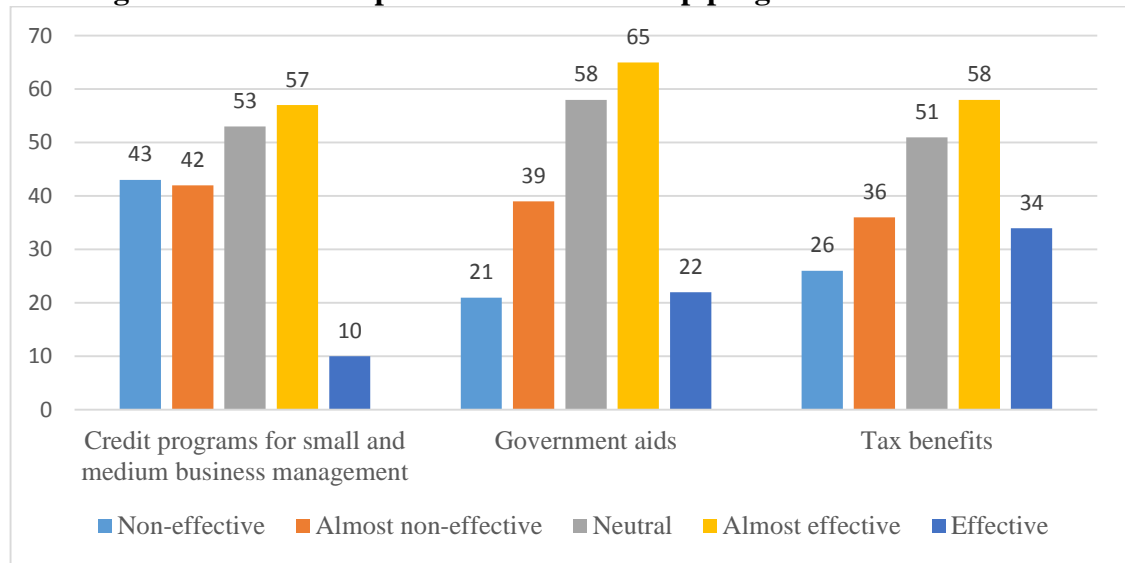
**Figure 15: Results of poll on the question “Have you faced layoffs to keep the company afloat?”**



Source: Questionnaire results



**Figure 16. Results of poll about whether help programs effective or not**



Source: Questionnaire results

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