

Chapter 20

Positive Approaches and Practices for Sustainable SME Development in the COVID–19 Context

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ABSTRACT

The chapter is dedicated to the research and analysis of positive practices implemented by small and medium-sized enterprises (SMEs) in Russia amid the COVID-19 pandemic. From 2016 to 2019, small and medium-sized business has most developed in such spheres as services, trade, construction, industrial production, and agriculture. The introduction of strict quarantine measures had a negative impact on the financial condition of all economic sectors; therefore, the most affected industries of the Russian economy have been identified. The chapter considers the positive practices used by SMEs operating in the affected industries such as tourism and hotel business, food service industry, and fitness industry. When the borders were closed and after the lifting of severe restrictions, domestic tourism saw the fastest development. The research that was carried out showed that amid strict isolation, only food service establishments that managed to adopt a new mode of services—connection to aggregators, organization of meals delivery to clients, take-away orders—were able to continue operating.

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INTRODUCTION

The COVID-19 pandemic affected all counties and areas of activities. Such large-scale social distancing and isolation measures have never been implemented almost simultaneously in all the countries across the world. That is why a study of positive practices which allowed small and medium-sized enterprises (SMEs) to continue financial and operational activities amid aggravating conditions is of interest.

The aim of this chapter is to study and analyze positive practices that contributed to sustainable SME development amid the COVID-19 pandemic. First of all, focus was made on the spheres that were most affected after the introduction of restrictive measures: tourism, food service, hotel, and fitness industry. As we are limited by the volume of the chapter, the impact of the COVID-19 pandemic on other spheres is beyond the scope of this research. To compare the consequences of the COVID-19 pandemic on SME financial and operational activities, the market was analyzed in the prepandemic period and in 2020.

In the course of the research, the data of the Federal State Statistics Service of the Russian Federation, the Ministry of Economic Development of the Russian Federation, the Federal Tax Service of Russia, the World Tourism Organization, the United Nations was used as the source of information.

BACKGROUND

The COVID-19 pandemic had a serious impact on all the aspects of our life in all the countries across the world and became the primary reason for the development of the economic crisis. Small and medium-sized enterprises across the globe have suffered from the COVID-19 pandemic most. In April 2020, the United Nations (UN), the World Health Organization (WHO) developed and published a framework program of humanitarian response to save lives, protect people and rebuild better. The socio-economic response system proposed by the UN includes 5 areas of activity. One of the main areas is to support small and medium-sized enterprises as well as the employees of the informal sector (“A UN Framework for the Immediate Socio-Economic Response to COVID-19”, 2020). The global framework program includes a strategy and a plan of urgent socio-economic measures to respond to the crisis caused by the COVID-19 pandemic. Almost 18 billion dollars were allocated for the program implementation. The program is to be implemented within the next 12-18 months. The UN program calls on all the countries to consolidate efforts to overcome the crisis and enter the sustainable development trajectory.

China became the first country to suffer from the pandemic. Therefore, the research carried out by Jiang et al. (2020, p.7) on the financing of SMEs in China amid the COVID-19 pandemic is relevant. In their research, they analyze the direct and indirect support of SMEs through financial institutions. It was demonstrated that state support of SMEs turned out to be effective and helped avoid a sharp production decline and bankruptcy of companies.

The article by Ashifa (2020, p. 996) is dedicated to the development and economic situation of SMEs in India. It was shown that Indian SMEs contribute to the sustainable economic development of the country and employment creation, especially in agriculture. The analysis of SMEs in machinery manufacturing showed sustainability and competitiveness of enterprises in India.

Abdullah (2020, p. 1) carried out a research on the development of family entrepreneurship and SMEs in Kuwait. One of the factors of SME sustainable development is access to financing. Enterprises can secure funding both in common and Islamic banks. Despite the fact that Kuwait is an Islamic state, the majority of SMEs cooperate with common banks rather than Islamic ones.

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