

SMALL AND MEDIUM-SIZED BUSINESS CHALLENGES IN COVID-19 PANDEMIC QUARANTINE

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Анотація:

У статті розглядається вплив чинних карантинних заходів пандемії COVID-19 на малий та середній бізнес. Проаналізовано проблеми, з якими стикаються підприємці та зусилля державної допомоги.

Ключові слова: Малий та середній бізнес, проблеми, карантин, компанії, уряд, пандемія, підприємці, партнери.

Abstract:

The article considers the affect of current COVID-19 pandemic quarantine measures on small and medium-sized businesses . The problems faced by entrepreneurs and the government assistance efforts are analyzed.

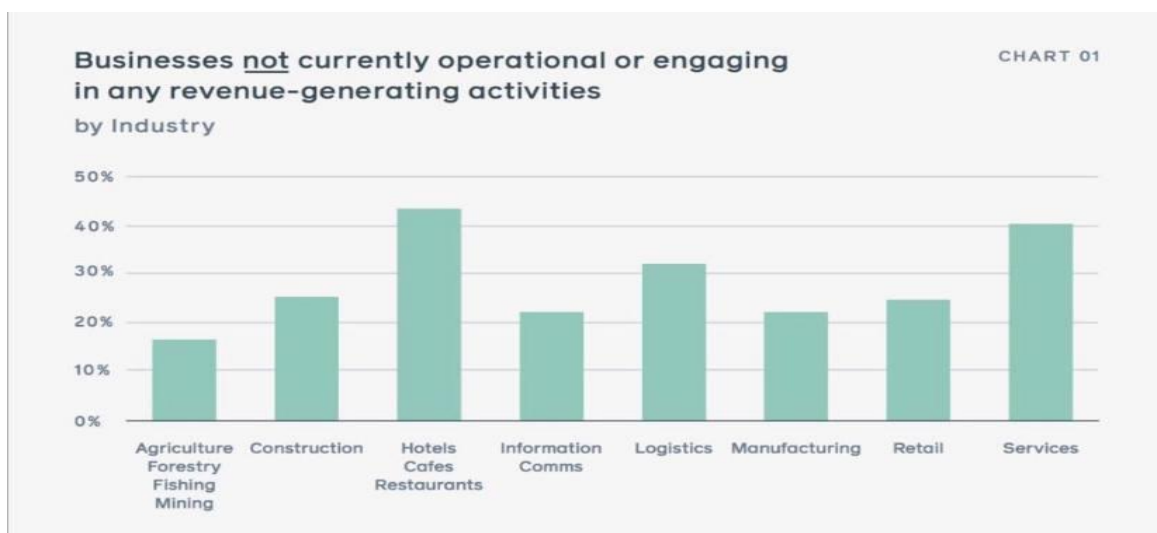
Keywords: small and medium-sized businesses, problems, quarantine, companies, government, pandemic, entrepreneurs, partners.

Introduction

Now it is impossible to imagine our time without serious challenges of current COVID-19 pandemic quarantine measures. The quarantine affected everyone and caused problems for everybody. There is no doubt that the COVID-19 pandemic has posed challenges to small and medium-sized businesses around the world, regardless of size, location or forms of business.

Basics

According to Facebook's survey, 31% of small and medium-sized businesses were shut down in the last three months. But the situation is particularly bad for personal business (52% of which report shutting down), hotels, cafes, and restaurants (43%) and services like wellness, grooming, fitness, or other professional services (41%).



Among the reasons cited by business owners as to what caused them to close, a majority said it was necessary to comply with orders by governments or health authorities, while a smaller share claimed it was due to financial challenges (9%) or a lack of client demand (7%). But even when businesses stay open, they still face significant challenges. There are five main problems faced by small and medium-sized businesses during of current COVID-19 pandemic quarantine measures.

One of challenges is the issues with the payment of rent for premises and equipment. The issue concerns partnership and small businesses that are forced to stand still due the quarantine. These are cafes, restaurants, hotels, gyms, hairdressers, market outlets, shops in rented premises in residential and office buildings. According to the Chamber of Commerce and Industry of Ukraine, this issue concerns 600,000-700,000 business organizations.

The second problem is the failure of terms of delivery of products, raw materials, components. Many companies do not work at full capacity some staff does not go to work because of public transport stops or for other reasons.

The third problem is the financial agreements with banks. At the moment, this issue is not settled for business. This is a particularly acute problem for entrepreneurs, micro and small businesses, whose work is suspended during quarantine. Until January 2020 these organizations units owed banks 6.2 billion UAH.

The fourth problem is delays in exports. They are related to queues at customs in connection with checking the health of people, mostly truck drivers, crossing the border.

The fifth most important problem for business is non-fulfillment of obligations by foreign partners. Over the last month the number of cases when a foreign partner is unable to pay for the products received, has declared himself bankrupt, is delaying the delivery of equipment or raw materials, has risen sharply. The problem arises with the introduction of severe quarantine many countries of the world.

But small and medium-sized businesses were not left without support. The Ukrainian government has made a number of decisions that provide for temporary assistance for businesses during the COVID-19 pandemic quarantine. The main purpose of such measures is to minimize the financial obligations of small businesses to the state, landlords, as well as the abolition of penalties for non-compliance with agreements with partners. That's why it's so important to support small businesses right now and there are plenty of ways to do it — whether it's buying gift cards, shopping online, or tuning into virtual classes.

Conclusion

So, although the Ukrainian government is concerned about the problems of small business, the legislative and financial assistance of state is still quite modest. With the available support and optimism, small businesses in Ukraine have a chance to overcome the crisis, albeit with significant losses. We need to realize that the problems of small businesses are not a temporary phenomenon and will not disappear with the end of the crisis.

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