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Daviti Gogelia

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Term Paper

Economic Ramifications of Global Pandemic for Small and Medium Business

Permitted to defend ____________ Student ____________
(signature) (signature)

Head of the department
Assoc.Prof. Erika Vaiginienė Academic advisor: Assoc. Prof. Aurelija Ulbinaitė

____
(signature)

Submission date ___________

Registration No. ______

Grade ________________________________
(Date, grade, signature of the Chair of the Committee)

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Introduction

This paper will discuss the economic impact of the pandemic on small and medium-sized businesses. We all realize that the Coronavirus pandemic is a very serious challenge and it may make it even worse. It affects each of us. I would like to start by talking about what we know and what we do not know about this virus and what the international community can do to respond to this crisis effectively and in a coordinated manner. We know that the virus spreads at high speeds. The member states of the International Monetary Fund are already facing an epidemic. This is a global problem and the answer needs a similar global one. We know that sooner or later the epidemic will stop, but we do not know when it will happen. It can be said that the economic shock that accompanies Coronavirus is quite strange, and it has a negative impact on both supply and demand. Jean-Baptiste Say "supply creates its own demand." On the supply side, we see negative risks in the high cost of doing business. Restrictions on the free movement of workers, failures in the supply chain, as well as a declining trend in terms of issuing new loans may be a factor in supply disruptions; Demand will also decrease, which is associated with increased uncertainty, as well as tighter security measures and restrictions on free movement. As a result, the ability of consumers to spend their own money will be reduced. These effects are not limited to borders and they will act globally. Experience has shown that one-third of economic losses will be caused by direct losses: job cuts, quarantine, and more. The rest of the economic loss will be indirect - a decrease in consumer confidence, a change in the behavior of business entities, as well as a tightening of access to credit resources. We can say that the global financial market is now more stable than it was before the 2008 crisis, but the main challenge in the current situation is still to manage uncertainty. It is difficult to predict exactly how much global economic growth will decline, and it is difficult to predict how long this deterioration will last. The economic impact will be particularly severe for countries with relatively weak health care systems. In this regard, it is important to have an effective coordination mechanism to restore the demand-supply reduction in the short term.

Object: Small and medium business

The aim of the paperwork: Reviewing scientific literature analysis and conducting research for the global pandemic in favor of small and medium business ("New Road Ltd." example). To identify the factors affecting companies. Providing proposals for reduce the losses. The following **objectives** have been set to achieve the goal:

- To overview entrepreneurial sector small and medium enterprises
- To determine impact of the external factors for small and medium business
- To evaluate danger coming from Covid-19
- To research economic effects of the pandemic
- To overview different authors articles which forecast economic ramifications
- To provide the suggestions for avoiding huge losses during this crisis period

Research Method: Research methods: Scientific literature analysis; a questionnaire-based survey as a qualitative data collection method; questionnaire answers analysis.

1. STRATEGY FOR SMALL AND MEDIUM ENTERPRISE SUCCESS

1.1. Objective guidelines for the formation of small and medium enterprises.

One of the main goals of the country's economic policy is to develop entrepreneurship, which in itself is the basis for stable economic growth. It will create jobs in the country, employ the able-bodied population, and create a "middle class" guarantor of stable development (Heather Boushey and Adam S. Hersh May 2012). Unemployment and poverty remain the worst problems in the most countries today. To create an entrepreneurial environment and conditions, the protection of the interests of entrepreneurs should be accounted by the economic policy of the state, which, together with organizational and financial support, means taking appropriate entrepreneurial policies and measures to increase the competitiveness of domestic production (A. Roy Thurik, Martin A. Carree, 2001). The entrepreneurial sector, especially small and medium enterprises, plays an important role in the development of the economy and makes a significant contribution to ensuring sustainable and inclusive economic growth. Small and medium enterprises, with the potential to increase employment and job creation, as well as contribute to the development and growth of the economy, can be considered a cornerstone of any country's economy (Bracker, J. & J. Pearson. 1986). The strong and well-developed small and medium enterprises sector significantly contributes to exports, innovations, the creation of a modern entrepreneurial culture, and at the same time, plays a special role in raising the level of prosperity of the country (Campbell, Regi. 1991). In developed countries (including EU countries), small and medium enterprises account for a large share of existing enterprises, generating more than 50% of the total turnover of the entrepreneurial sector and two out of every three jobs in the private sector. In the countries of the Organization for Economic Co-operation and Development (OECD), more than 99% of companies are small and medium-sized enterprises and, on average, account for 2/3 of GDP. In developing and transition economies, small and medium-sized enterprises account for more than 90% of the total number of enterprises, although their share in GDP is generally quite low - often less than 20% (Chaganti, R. & R. Chaganti 1983). The definition of small and medium enterprises is based on the turnover of enterprises and the number of employees and is used to prepare official statistics on business. Medium-sized enterprises include all organizational and legal forms of enterprise, in which the average annual number of employees ranges from 50 to 250 people, and the average annual turnover - from 12 million to 50 million euro. Small enterprises include all organizational and legal forms of enterprises, in which the average annual number of employees does not exceed 50 employees and the average annual turnover does not exceed 5 million euro.

Emphasis on entrepreneurship is due to the growth of the national economy in terms of the importance of small and medium enterprises and the employment of labor. In order to achieve growth in the small and medium entrepreneurship sector, entrepreneurs need to run a business and show their abilities. In economic science, the definition of small and medium enterprises is predominantly based on various qualitative and quantitative criteria. Qualitative criteria include economic and legal independence, unity of management and ownership, and limited ability to receive capital. Quantitative criteria include the amount of cash flow, the balance sheet and the amount with the employee (2009 J. Hasid, a. Komsellis). The experience of foreign countries shows that small business is one of the most promising areas of the market economy and the driving force of the economy, driven by the innovative process of creating new types of products, often in small businesses. The creation of an entrepreneurial environment and conditions, the protection of the interests of small entrepreneurs should be facilitated by the economic policy of the state, which, together with organizational and financial support, means taking appropriate entrepreneurial policies and measures to increase the competitiveness of domestic production (Evans, Joh H III and Frank C Evans 1986). State support for the development of small entrepreneurship includes: tax benefits, subsidies, preferential bank loans, development and implementation of small business development programs, as well as the adoption of legislation and its protection. Small business development policies can include a variety of goals: risk reduction; Tax benefits; financial assistance to new firms; Increase in entrepreneurial potential; competition; export support and more (2009 J. Hasid, a. Komsellis).

The economic policy of entrepreneurship development should be aimed at stimulating entrepreneurial thinking, mood and the delivery of ideas in this direction. This means raising entrepreneurial thinking in the economy, increasing the number of individuals at risk in the future. Developed countries have increased joint ventures by raising entrepreneurial thinking. Therefore, this direction of policy is important for economic growth (Gadenne, D. 1998). Recent economic reforms are aimed at ensuring economic growth based on liberalization and private sector development. Often business and entrepreneurship are used as synonyms, although they are not identical commandments. Entrepreneurship is an innovative and creative activity aimed at substantially improving and realizing the production or sale of new goods and services, while business is a broader commandment and includes all activities. By simple definition, a business is the production (distribution, exchange, consumption) of goods and services in order to make a profit (Gilgeous V. 1995). The subject of business research is the relationship between the participants in the activity, the profit made for profit. The purpose of the business is to help those interested in mastering the technology of doing business or theoretical and practical knowledge. Its main tasks are:

- Understanding the essence and history of business;
- Analysis of internal and external changing business environment;
- Defining the basics of business as a place and role of educational discipline in the system of economic sciences;
- Development of relevant theoretical and practical skills for successful business management;
- Formulation of a business idea. Its development in the concept and development of a business plan for realization;
- Develop business ethics and social responsibility;

- Develop the acquired knowledge-experience and the ability to work with team principles.

The characteristic features of entrepreneurship are:

- Activities must be lawful and not contrary to the norms of law in force in the country;
- Entrepreneurship must be systematic many times;
- Entrepreneurship is carried out in order to make a profit;
- Entrepreneurship business should be free and independent. The entrepreneur must decide for himself what, how and for whom to produce;
- Entrepreneurial activities must be carried out in an organized manner.
  (Samadashvili U. 2002)

1.2 Criteria and strategic functions for determining small and medium enterprises.

The economic policy of entrepreneurship development should be aimed at stimulating entrepreneurial thinking, mood and the delivery of ideas in this direction. This means raising entrepreneurial thinking in the economy, increasing the number of individuals at risk in the future. Developed countries have increased joint ventures by raising entrepreneurial thinking. Therefore, this direction of policy is important for economic growth. Recent economic reforms are aimed at ensuring economic growth based on liberalization and private sector development. Due to the current trends in the world, the attention of foreign investors is mainly attracted by the government's correct economic policy. Significant importance is attached to the stability of the country, the establishment of open and competitive markets. Against the background of general economic reforms, it should be a priority to promote investment in the country and create a favorable environment for this (Glancey K, Greig M. & Pettigrew, M. 1998). First of all, let's start by discussing the socio-political function, which is one of the strategic functions of small and medium enterprises. The decentralization of power and the perception of the "spaces" of personal freedom are, to a large extent, attributed to an independent entrepreneur. It all stems from the fact that he is not only personally but also economically responsible for others, takes some of the power and creates opportunities for his own development. In economic life, the arena of freedom was created by the freedom of contract, which in turn is manifested in the independence of entrepreneurship. It is important that as many citizens as possible perceive freedom of economic action and thus contribute to the decentralization of power. The economic and social system must be created by such people, but it is possible to import economic activity from any country or region from external sources, when the population must lead the economic development of their country or region and have an active influence on it (Gupta, M., Cawthon, G. 1996). The freedom of every subject in the market to decide for themselves independent entrepreneurship depends greatly on the ability to compete, because a free market economy often tends to degrade, so the entrepreneur must rely on the political framework of the system. Contradictory recommendations for degradation trends include measures ranging from the disintegration of any power concentration and ending with oligopoly as a "ideal" form of market.

For example, German economic policy seeks to have a sufficient number of small and medium-sized enterprises in each market. It also opposes the monopolization and concentration of greater powers under the cartel law. The structure of the market is especially important in relation to small and medium enterprises, as the latter is determined by the structure of the size of these enterprises. In the German economic system, small and medium-sized enterprises have the function of preventing a certain number of suppliers and consumers from conquering the market and abusing it. At the same time, small and medium-sized enterprises tend to be as large as possible, caring more and more about the market, the balanced attitude of small and medium enterprises. This requirement is also reflected in the structural policy based on the size of enterprises. The unity of living conditions in the social market economy is achieved through active structural policy, which is a structural-political function of small and medium enterprises. Here are the differences:

- Sectoral structural policy that should facilitate the adaptation of variable requirements and production conditions in individual sectors;
- A regional structural policy that should operate within a balanced distribution of economic activity;
  (E. Owen-Smith 1993)

Structural policies based on enterprise values, which should accelerate adaptation to changing market conditions by stimulating certain sizes of enterprises. Medium and Small Enterprises with Healthy Combination Small and medium enterprises should be able to quickly adapt the structure of enterprises' size to market changes. However, it does not matter whether these changes are from the customer or the supplier. For example with a more enhanced service load or the introduction of new technologies. The ability to adapt can affect both the individual enterprise and the market structure. These processes of conformity are taking place not only throughout the economy but, above all, within individual sectors. For example, strong structural changes in Germany were observed in retail and printing (E. Owen-Smith 1993). These changes were measured in terms of net quantitative development of small and medium enterprises or digital data reflecting their employment. The ability of enterprises to innovate can also be taken as an indicator of appropriate ability, as the latter shows the extent to which enterprises will adapt to market changes. For the overall economic situation of employment, in terms of small and medium enterprises, their stabilizing impact is primarily taken into account. Attempts to explain the different employment policies of small and medium enterprises compared to large enterprises are almost as numerous as their notions. The discussion concerns, first of all, the hypothesis of flexibility and technology. According to the former, small and medium-sized enterprises, based on a more flexible organization, respond to demand changes in a timely manner and feel market signs relatively quickly due to their close proximity to consumers (Gupta, M and Cawthon, G. (1996). The technology hypothesis stems from the fact that demand structures are changing in favor of individually and qualitatively differentiated goods and services, and thus there is a decline in mass production. Such a "movement" should still bring production closer to the conditions of small business. Without a closer look at these problems, it is impossible to assess the positive role of small and medium enterprises for employment in general, to assess the positive role of such medium-sized enterprises in the labor market. Such enterprises have a stabilizing effect on the labor market and create more jobs during crises than large enterprises. For example, in Germany, small and medium-sized enterprises employ two-thirds of the working population. In East Germany, small and medium-sized enterprises have been transformed into a reservoir of labor force exempt from the former state-owned enterprises by creating new jobs. Based on the priorities discussed here, we can formulate specifically what distinguishes small and medium enterprises from large enterprises and what can be taken into account from their experience (E. Owen Smith 1993). Success starts with a clear and ambitious goal was the best. This requires long-term focus, qualified staff and iron will. Markets should be narrowly defined, entrepreneurial activities should be concentrated in one center of gravity, as specialists are often more successful and defeat generally knowledgeable. The best service is an important aspect of proximity to customers. This is one of the defining moments in the strategy of small and medium enterprises. After all, customers need services everywhere, no matter where they are. Enterprises often create new goods and try to maintain this progress with innovation. To do this, the news should always be relevant not only to the product, but also to the consumer, because innovation plays an important role here. The advantages of competing with relatively small market-leading enterprises are based on better quality improvement than price-based advantages. Nevertheless, firms are engaged in a constant competitive battle to defend their leading position. Small and medium enterprises also pay great attention to the requirements of the entrepreneurial culture, but the latter is often not properly evaluated. It will come to the fore and rely on long-term success. In economics, the definition of small and medium enterprises is predominantly based on various qualitative and quantitative criteria.

Qualitative criteria include:

- Legal and economic independence;
- Unity of management and ownership;
- Disability of receiving external capital;

Quantitative criteria are:

- The amount of money flow;
- Balance sum;
- Number of employees.

The function of quantitative criteria is to determine the size of the enterprise. The number of employees and the amount of money flow are most often used for this purpose. The essence of small and medium entrepreneurship, as already mentioned, is determined not only by the size of the enterprise, but also by the freedom of entrepreneurship, its independence. (Samadashvili U. 2002)

1.3 Small and medium production - driving economic growth Power

Small and medium-sized enterprises are the most important element of a market economy, without which it cannot develop effectively. It significantly determines the rate of economic growth, the structure of GDP and the flexibility of the economy. According to world practice, the better the conditions and the entrepreneurial environment created for the development and growth of the state, the faster the country's economy will develop. As we have mentioned in the criteria and strategic functions for small business, one of the main functions of small and medium enterprises is employment and, for example, small businesses employ 50% of the world's population and 72% of EU countries. In this area, 50% of the world's GDP is created in the EU, 65%. The entrepreneurial sector, especially small and medium enterprises, plays an important role in the development of the economy and makes a significant contribution to sustainable and inclusive economic growth. Small and medium enterprises, with the potential to increase employment and job creation, as well as contribute to the development and growth of the economy, can be considered a cornerstone of any country's economy. The strong and well-developed small and medium enterprises sector significantly contributes to exports, innovations, the creation of modern entrepreneurial culture and at the same time plays a special role in raising the level of prosperity of the country.

The main result of the impact of entrepreneurship on the local, regional and national economy is economic growth, and in order to understand and clearly see the close relationship between entrepreneurship and economic growth, we need to analyze the different concepts of entrepreneurial economy. In the theoretical understanding of entrepreneurship, the main thing is to find the difference between "managerial" and "entrepreneurial" economy. In other words, it is a cyclical relationship between economic growth and development. According to modern economic history, countries have experienced growth at various stages (Kauranen, I. 1996). Most well-known of these levels are managerial economics and entrepreneurial economics. However, it was later discovered that the entrepreneurial economy is the result of the development of a managerial economy. In other words, it can be said that managerial and entrepreneurial economies are cyclical towards each other, and the entrepreneurial economy is always accompanied by the development of the managerial economy, although the managerial economy may not always develop in the entrepreneurial economy. Thus, the management economy stage is the preparatory stage for the creation of an entrepreneurial economy. In order to define a managerial economy, we need to look at historical trends and discuss the history of modern economic development. Alfred Chandler, a professor of business history, described the economy that was formed during the industrial era by investing in production, distribution, and management (Hitt, M. & D. Ireland. 2000). Therefore, the goal of managerial economics was to get maximum returns from economies of scale and optimization of distribution networks. The result of the managerial economy was the competition of mass and differentiated manufacturing companies to create an environment of monopolistic competition. In a managerial economy, an entrepreneur tries to differentiate between large firms and focus on relatively small activity, which is characterized by innovation and flexibility. Knowledge and the accompanying uncertainty of this knowledge are the defining elements of the entrepreneurial economy. In the entrepreneurial era, economic experience increased with the use of knowledge and flexibility of small organizational structures. Uncertainty is an important element of the growth process, which in itself carries risks, which is accompanied by profit maximization in the process of investing in resources, and these risks are in most cases based on preliminary calculations. In contrast, the managerial economy focused on economies of scale in terms of low investment risk for profit generation. So the main factors of production in the management economy are capital, unskilled labor and raw materials, and in the entrepreneurial economy - knowledge, skilled labor, technology and flexibility. The main reasons for the transition from a managerial economy to an entrepreneurial economy are the strengthening of global competition, the demand for demographic demand, growing uncertainty and rapid technological development. The key to all of these reasons is the transfer of knowledge that has developed under the influence of digital technologies and the simplification of communications through speed. From all this we can conclude that in Europe the managerial economy and the entrepreneurial economy changed each other and the managerial economy dominated only for certain periods of time, while in the transitional economy it was an integral part of the general economic policy supporting the economic growth stage (Mazzarol, 1999). The second important issue for economic growth through entrepreneurship is to identify the productivity of entrepreneurial activity. William Bowmoel, a member of the American Academy of Sciences, described the situation in which he distinguished between the two types of entrepreneurship. In order to achieve economic growth through entrepreneurship, two preconditions are needed.

- The income of an entrepreneurial firm should be subject to tax payment.
- Entrepreneurial activity should be the main resource for the market.

Productive entrepreneurial activities include innovation, knowledge management, technological excellence and serial production. Non-productive entrepreneurial activity involves the search for rent when the social consequences of the lower limit of entrepreneurial activity are negative, or organized crime. It may also be added to tax evasion or unregistered activity as a result of unproductive entrepreneurial activity and generally a completely hidden (shadow) economy. In modern conditions, such non-productive forms of entrepreneurial activity have been replaced by relatively less violent forms of competitive struggle: litigation, embargoes, and more. In his paper, William Bowmol considered politics to be the main reason for unproductive entrepreneurship (McMahon, R. G. P. (2001). The main argument for this is the extent to which the division of entrepreneurial activity in the world economic system is productive and unproductive by the internal nature of the economic system. If entrepreneurship in the economic system is punished by the state, then the entrepreneur naturally leads his activities in the form of unproductive entrepreneurial activities. So in the extreme case where entrepreneurial activity becomes illegal, a black market arises, entrepreneurial returns have high tax rates, and tax evasion is widely introduced into practice. For economic growth, the economy needs productive entrepreneurship, which ensures continuous economic growth and does not require unproductive entrepreneurship, which focuses on market dominance and property accumulation. All of this must be taken into account when determining an entrepreneurial policy to promote economic growth, as the latter is a kind of clash between innovative entrepreneurship and simple regular income, which brings the first great common public good (Md. Aminul Islam, Ejaz Mian (2008). To summarize, the effects of job creation through innovation and competition on the development of entrepreneurship are compounded by income from economic growth, which is distributed and managed by the state. We must remember that the rules of the game, on the one hand, require the encouragement of productive entrepreneurship and the control of unproductive entrepreneurship, and on the other hand, all economies involve turnover and therefore experience a period of recession.

1.4. Pandemic and its' Effects (forecasting)

While expectations are different, mainly economic impact on countries will develop according to the following logic: the main economic shocks will be the countries with the highest COVID-19 prevalence, followed by the countries whose economies are most dependent on tourism, oil and others. The export of goods, and then the negative impact on the economies of their partner countries, will spill over. Based on this logic, in order to analyze the potential impact of COVID-19 on the Georgian economy, I decided to look at the country's economic structure, partners and potential risks. I focused on the main sectors that are characterized by high economic viability, ie the main channels of wealth transfer from one economy to another, respectively, sectors such as tourism, foreign direct investment, remittances and foreign trade. In the analysis, I focused on the countries with the highest number of COVID-19 cases. companies are now facing an unforeseen problem. Business development models and system and management techniques have in large part originated in big, private-sector businesses and aren't necessarily applicable to SMEs. It isn't always considered suitable for researchers to postulate that the planning and change tactics of huge companies may be carried out to SMEs in a much less formal way or on a smaller scale.

The concept and content material of the forces driving change in SMEs have been investigated in terms of a larger mission on organizational trade. These categories are included inside the tool to help SME owner/managers to don't forget present and emerging issues so one can have an effect on their operations. (Banham, H.C. 2005) In fact, those forces also related to the external opportunities and threats inside the broad commercial enterprise environment that are typically taken into consideration as part of the SWOT analysis often forming a preliminary step within the strategic planning process. Table 1 provides a summary of the modifications described inside the literature and by way of SMEs and how they fit in the broad classes of technological advances, client expectations, supplier requirements, regulatory adjustments and increasing competition with detailed motives following.

Table 1 SME Change Drivers

External Opportunities and Threats:	
Technological Advances	• Availability of New Technology • Affordability of New Technology
Customer Expectations	• Customer Expectations for Price • Customer Expectations for Quality • Changing Products or Services
Supplier Requirements	• Major Supplier Requirement
Regulatory Changes	• North American Free Trade Agreement (NAFTA) • Exchange Rate Fluctuations • Change in Government Regulation
Increasing Competition	• Erosion of Profits • Increased Competition in marketplace • Export Market Opportunity • Desire to compete globally

Source: Banham, 2005.

Covid-19, or coronavirus, is a respiratory disease. It has spread around the world from the Chinese province of Wuhan. Covid-19 belongs to the coronavirus family and is a hitherto unknown virus. Like other coronaviruses, it first spread to animals. For the first time, most of those infected worked or were often placed in the Wuhan, Huanan seafood market.

About 5,360,933 people have been infected with the virus worldwide so far. About 2,187,422 of them recovered and more than 341,830 died. The coronavirus COVID-19 is affecting 213 countries and territories around the world. 728 cases of coronavirus have been confirmed in Georgia. The cause of all accidents is related to travel to high-risk countries (Iran, Italy, South Korea and China). In the case of Georgia, it is Iran and Italy. According to the Georgian government, there are nine death cases and 509 recovered people.

According to the US Centers for Disease Control, if you are ill, you have the flu or other respiratory illness:

- Stay home
- In case of falling or cracking, cover the face with a towel and then throw it away
- Clean and disinfect items and surfaces that you touch frequently

(WHO, 2020)

The recent history of the world does not remember such a difficult case. Of course, all this is hitting the economy hard. External factors seem to have a huge impact on small and medium-sized businesses. In addition to globalization, technology development, increased customer demands And increased competition putting great pressure on small and medium-sized businesses, in China, we've seen severe lock-downs. This has caused a decrease in consumption, and interruptions to production. Overall, the functioning of global supply chains has been disrupted, affecting agencies throughout the globe. Millions of humans may lose their jobs over the coming months. In addition, each day we hear worrying information approximately more groups shutting down operations, revising estimates, or announcing layoffs. Consumers have also changed their intake patterns, resulting in shortages of many goods in supermarkets across the world. Global financial markets have registered sharp falls, and volatility is at degrees similar, or above, the monetary disaster of 2008/9.

Figure 1 Number of employees in construction business sector in Georgia, '000 persons

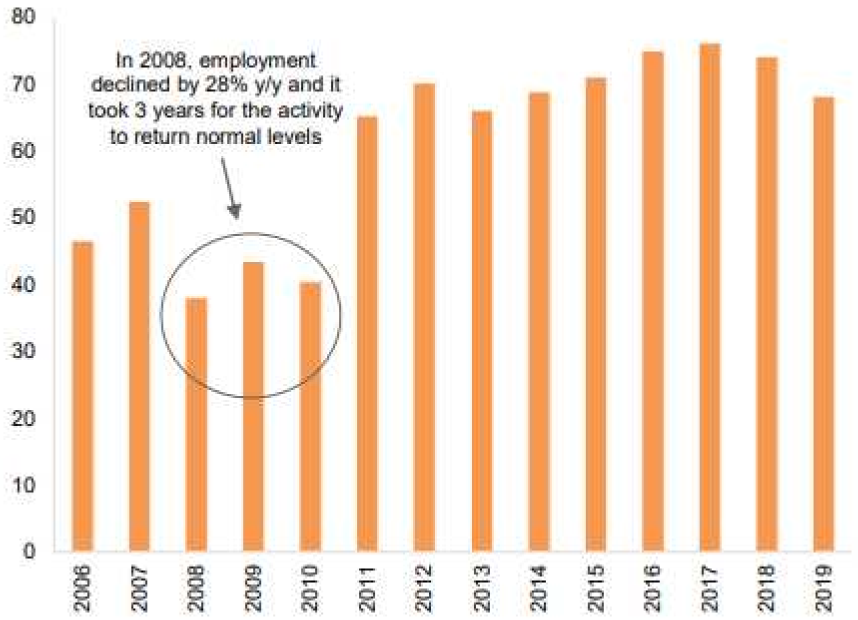
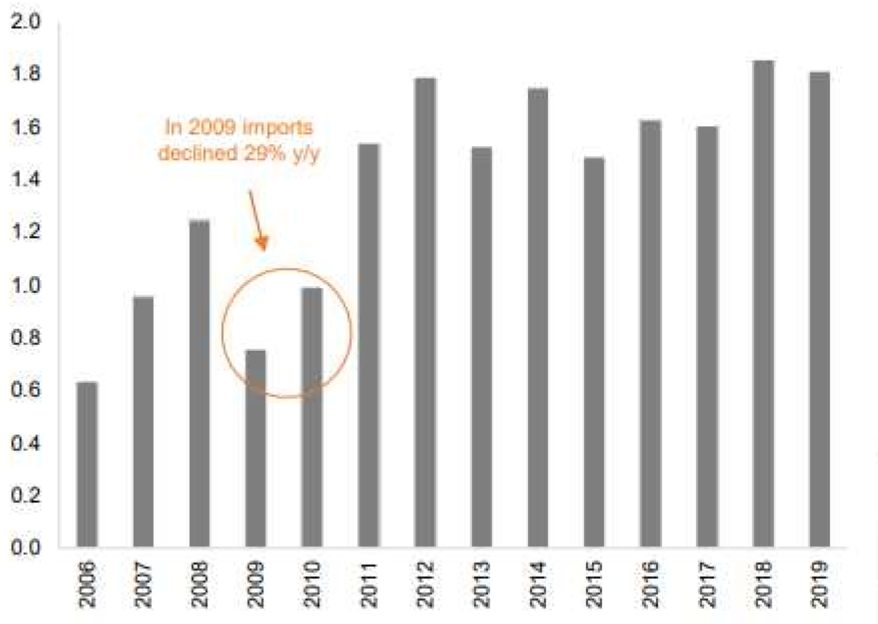


Figure 2 Construction materials imports in Georgia, US$ bn (Geostat)



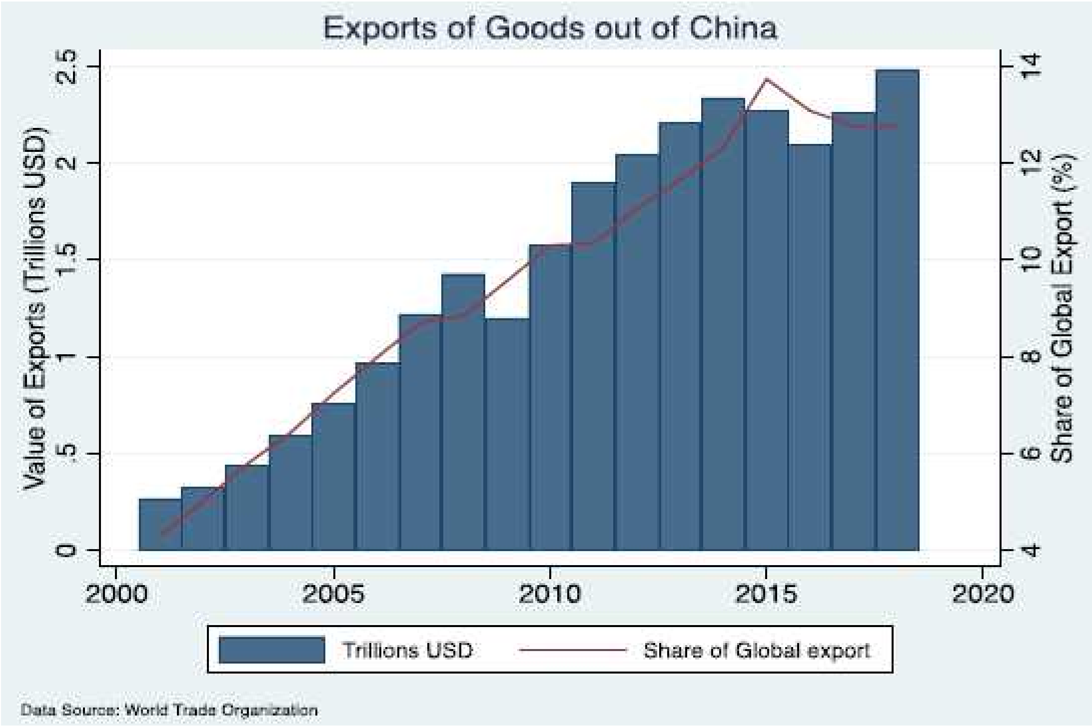
In this figures it is illustrated 2008-2009 years crisis impact for Georgian construction companies. (Source: Geostat)

Many research papers have emerged regarding the negative effects of COVID-19 pandemic on the economy. There have been many policies set forth to mitigate these negative effects. A huge chunk of these policy proposals can be found in Baldwin and (Weder di Mauro 2020). Fernando and Wolf study suggests a standard new Keynesian representative agent and view the pandemic as an obstacle to economic growth and productivity. Native technological development and stagnation traps are also considered in this study. Due to the worldwide spread and the growing threat of the COVID 19 virus we see more and more papers written on this topic. They speak of epidemiological SIR or SIER models of contagion, and their effects on the economy. A 2020 Atkinson paper reviews different models of the spread of COVID 19 and their implications. (Berger, Herkenhoff and Mongey 2020) an extensive models that takes into account complex factors such as the number of people developing immunity and the introduction of random testing. (Eichenbaum, Rebelo and Trabandt 2020) remember a real one-zone dynamic version evaluation and look at the impact of the pandemic contemplating greatest rational responses by personal agents. They then remember top-rated Pigouvian policy for the internalization of externalities. (Alvarez et al. 2020) examine the optimal dynamic shutdown coverage within a canonical SIR version. None of those papers cognizance on demand shortages or function multiple sectors. The worldwide spread of COVID 19 took the global community by surprise; however there are historical precedents for global pandemics. (Jorda et al. 2020) study attempts to gather some data from these past pandemics where casualty rates were quite large. They found some evidence that pandemics of such magnitude serve to reduce real rate of interest. However it is unclear if it is related to the events of the shutdowns in response to the pandemic since it primarily deals with long term death rates.

China

In china due to lock downs imposed by the government the country has seen a sharp decrease in consumption of goods and services. In addition to the drop in consumption, the global supply chain has also been disrupted. As a result millions of people could lose their job in the coming months worldwide. Reporting shutdown of companies is becoming more and more common as they started to lose income due to decrease in demand. Global market volatility is similar or possibly worse than it was during 2008 economic crisis. In its 2020 estimates the international monetary fund expects the Chinese economy to slow down by 0.4 percent in addition to the slowing of the global economy by 0,1 percent. OECD estimate puts the global economic growth rate at 2.4 percent as supposed to 2.9 percent we saw in 2019. However there is some doubt whether these estimates will come true. The economic impacts of this pandemic will vary country by country. Countries with more service oriented economies will dis-proportionally suffer as a result of this pandemic. (Bloomberg News News 2020, March 16)

Figure 3: China's role in world's exports



The economic consequences of COVID-19 have had a profound effect on the Chinese economy. According to the Chinese Customs Administration, China's foreign trade has fallen by 11% in the last two months (exports fell by 17.2% and imports by only 4%). China's trade with its largest partners also declined sharply: with the European Union (14.2%), the United States (19.6%) and Japan (15.3%). It is noteworthy that in the last two months, China's foreign trade deficit reached $ 7.09 billion (an increase in foreign trade in the same months last year to $ 41.45 billion). (General Bureau of Statistics of China, 2 March 2020)

It is meaningless to compare current situation with previous economic crises, as today's environment is thoroughly unique, mainly due to the global pandemic. Additionally, the following factors can be presumed, to highly affect the crisis state:

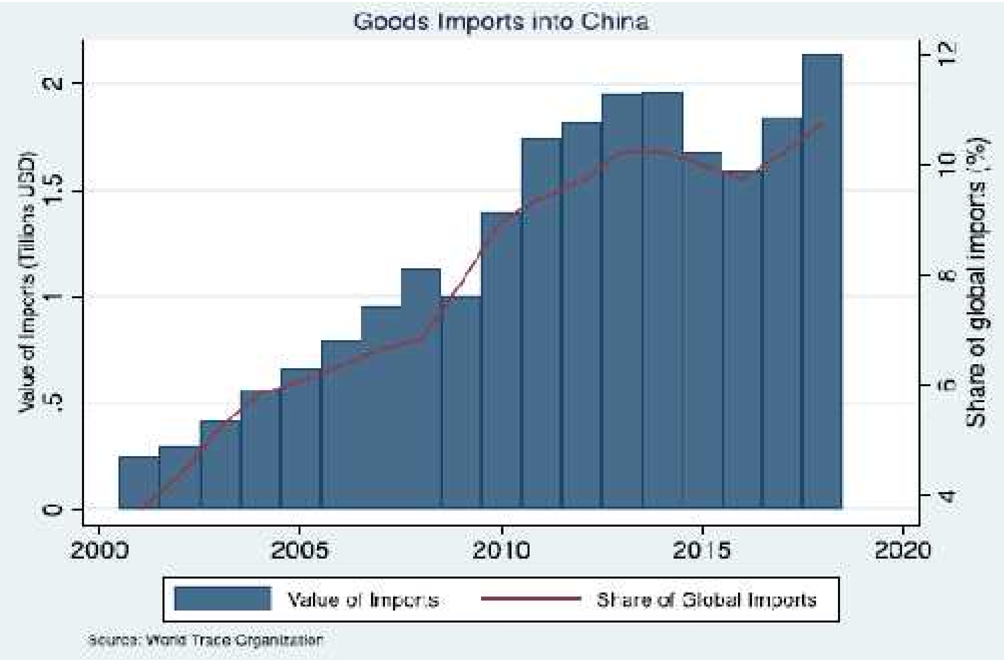
- Crisis greatly affected well-developed, high income countries too;
- The world is undoubtedly more advanced the ever before;
- Interest rates are at historical lows
- This current crisis is generating spillover effects throughout supply chains

- We have simultaneously destruction of demand and supply

According to China's National Statistics Office, China's manufacturing index (PMI) fell 14.3 percent in February to 35.7%, driven by regional downturns, extended holidays and quarantine. According to a study by Kaixin, the Production Index (PMI) fell to a historic low in February and stood at 40.3%. According to the forecast of the Asian Development Bank, the epidemic of COVID-19 will cost the Chinese economy $ 42 billion in the worst case and the GDP growth rate will decrease by 1.74%. More negative results are expected in the report of Rabo Bank, according to which the growth of the Chinese economy will be reduced to 2.4%, assumptions instead of 5.7% growth. (Asian Development Bank 6 March 2020)

Comparison with SARS (severe acute respiratory syndrome), will not necessarily provide the convenient and effective knowledge. SARS had been spread from Guangdong, China in 2002 and was contained in 2003. By the containment more than 8000 had been infected and over 900 dead. According to the World Bank, the epidemic caused China’s growth in 2003; 0.5 to 1 percentage point reduction and it cost $54 billion to global economy.

Figure 4: China’s role in world’s imports



SARS and COVID-19, might share that they both are coronavirus infections, however, according to the public data Covid-19 is more contagious than SARS, on the other, the mortality rate is lower (2-4%), hence comparison will cause uncertainties. Furthermore, the difference is huge from the economic point of view:

- Nowadays China's contribution in world economy is above 16%, therefore any activity highly affects markets around the world, In 2003 it was 3%;

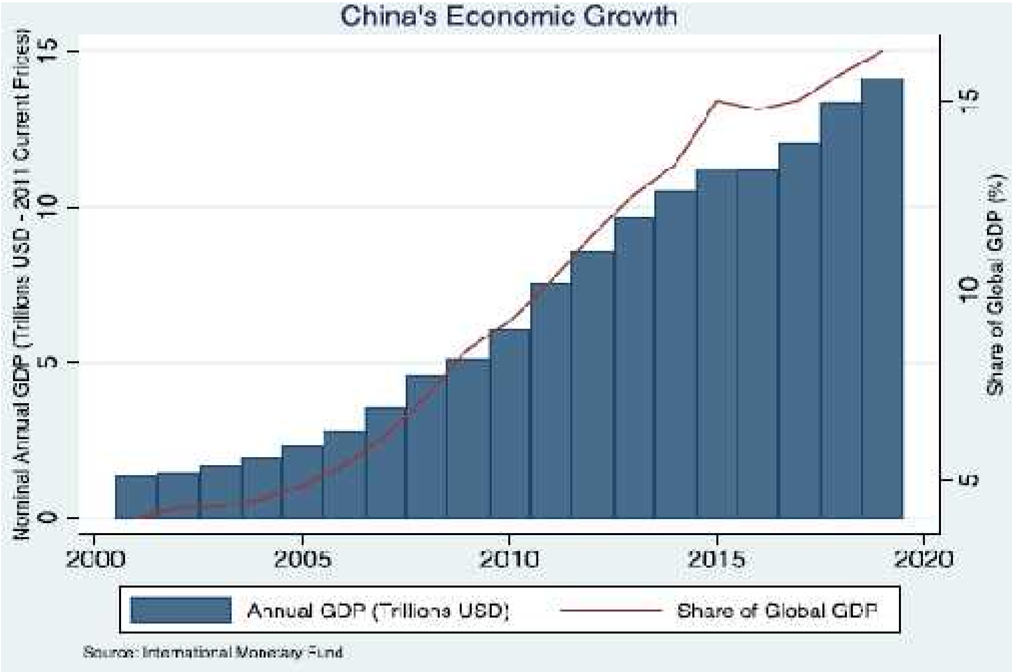
- The largest importer and exporter in the present world is China. Different industries around the world use China as main supplier of parts. Moreover, China is the biggest customer of global goods and services.

- Most of the country's exports of service, since 2014, have been dependent extensively on Chinese customers, as China has been the huge source country of international tourism.

- Economic shock in China probably will have huge effect, as the world economy is highly integrated currently compared to 15 years ago.

According to Bloomberg, for the three months to March, economic performance will be lower than in the same period last year. The Chinese economy is also expected to decline this quarter: Nomura Holding Inc. by 2.5%, while Australian & New Zeland Banking Group Ltd.: 2% and Standard Charatered Plc.: 1.5%. Bloomberg economists' expectations are the most pessimistic, suggesting a 3% decline this quarter. (Bloomberg, 1 March 2020)

Figure 5: China's contribution to global GDP



The graphs provided below: Figure 1; Figure 2; Figure 3; depict the growth of the Chinas role in the world economy from 2003 to present time. Significance of China has distinctly changed since then and currently takes the crucial place, therefore highly affecting global economy. Hence, comparison of present situation to the previous ones seems to be impractical. Due to the lockdowns china's GDP predictably decreased. China is the second largest economy in the world, making up 16 percent of the global economy. Before the pandemic the economic growth estimate for 2020 in China was 6 percent. We have for some time now been in a global pandemic. Most countries in the world have restriction. Some more strict than others, however most of them have limits on assembly, transport and many countries have imposed strict lockdown to flatten the curve of the virus to ease the strain on the healthcare system. As a result of these severe actions taken by various governments a lot of workers either were sent home with an unpaid vacation or have been outright fired. The second quarter is shaping up to be worse than the first quarter. Unemployment has surpassed 20 percent in America, which is about 14 percent of the population. Such levels of unemployment are historic for the 21st century. It is about three times than the unemployment levels during the 2008 crisis, when the number of unemployed numbered at around 6, 7 million people. Given that the new coronavirus is rapidly spreading to all parts of the world, international and local businesses are facing new challenges. Given the pandemic, epidemic, quarantine, and restrictions that government agencies use to combat the epidemic, it is especially important to regulate the functioning of business entities and labor issues. (General Administration of Customs People's Republic of China, 7 March 2020)

European Union

The EU's initial assessment of COVID-19 risks did not coincide with reality. A report prepared in February still hoped that the virus would stop in China, but as events unfolded, it became necessary to reconsider expectations. The updated analysis, released in March, predicts severe economic effects and losses in the European Union and the eurozone. The report expects the GDP growth rate (1.4%) to decrease by 2.5% in 2020, in other words, it predicts a recession of about -1% by 2020, from which the EU economy will be able to escape only by 2021. However, the report also focuses on the role and ability of each country to reduce the impact of the pandemic on the economy. (European Commission, 13 March 2020) With the right and purposeful actions, economic growth can be improved by about 0%. In anticipation of the European Commission, it will be possible to analyze the real results of the pandemic in May. Similar expectations are reflected in the Eurozone economic review published in March by the Kail Institute. Eurozone 1% recession and rising unemployment are expected. The weather is expected to stabilize with the onset of summer. The European Commission has agreed on a policy of "maximum mobility" to deal with the pandemic, which includes € 38 billion in mobilization and readiness to pursue a flexible policy. The action plan has yet to be approved by the Euro Council and Parliament, which is a long process even in its accelerated format. (Keil Institute, March 2020)

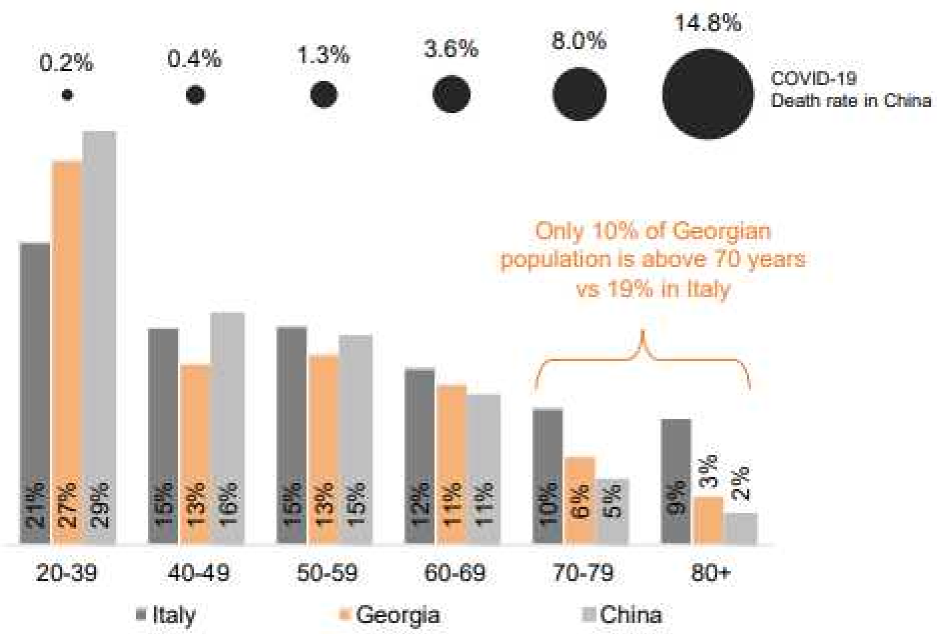


Figure 6 Age distribution of population – Georgia, Italy and China (Source: World Bank, GeoStat, Galt & Taggart, China CDC, Note: Death rate in China, February)

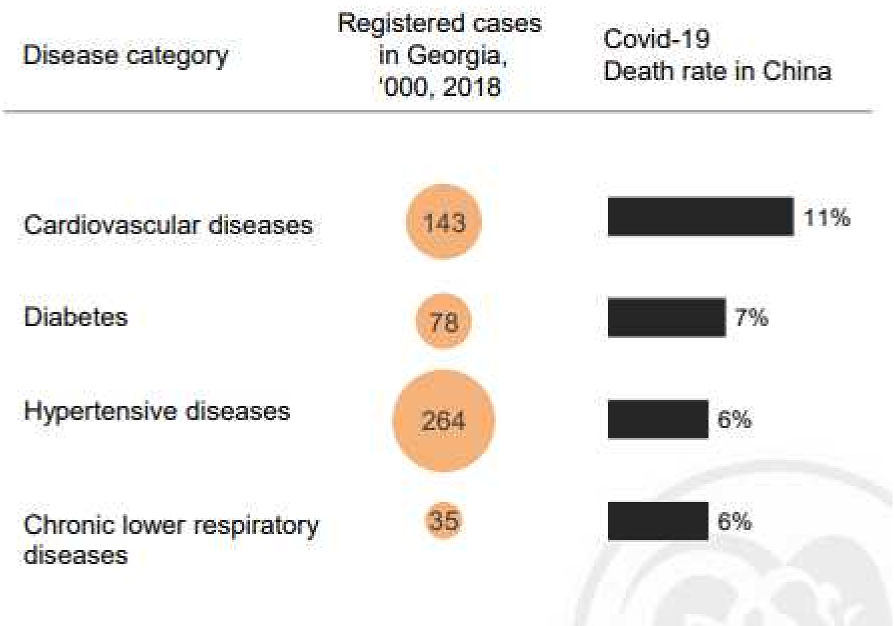


Figure 7 Patients with chronic diseases in Georgia (Source: NCDC, Galt & Taggart, China CDC, Registered cases in 15+ aged population Note: Death rate in China, February)

According to a February 6 review published by the Italian National Statistics Agency, "Italy's economy is declining." 0.4% decrease in GDP was registered in the 4th quarter compared to the previous quarter. In January, compared to December, the number of employees decreased and the number of unemployed increased slightly. In February, the consumer price index also rose across the country, by about 0.4% compared to the previous month. A 2.3% increase in January exports would be compared to the same month last year (+ 3.6%). Imports fell sharply in January (by -0.7% compared to the same month last year + 6.1% growth). According to the OSCE report, the Italian economy will continue to stagnate and grow by 0% this year. This forecast was renewed with the spread of COVID-19, before which there was an expectation that the Italian economy would grow by 0.4%. Much more negative is the expectations of Rabo Bank, which predicts a decline in the Italian economy by -1.6%. The Italian government has allocated $ 28 billion to alleviate the crisis and reduce the negative consequences of the pandemic. $ 3.9 billion from the budget will be spent on subsidizing health services, while $ 11 billion will be spent on helping families and employees. Expenditures to stimulate the economy will inevitably exceed Italy's budget deficit (3% of GDP), which is likely to be the subject of a debate in the European institutions. Germany, like Italy, is one of the leaders in the number of COVID-19 cases in European countries. The Kail Institute's review predicts a recession in the German economy by -0.1%, which is significantly lower than expected in January (+ 1.1%). The German economy will suffer particularly in the first two quarters. (Boysen-Hogrefe Jens, Groll Dominik, Stolzenburg Ulrich 11 March 2020) And from the third quarter, the German economy will return to its previous bed. According to Rabo Bank, the recession of 2020 will be more severe for Germany and the economy will shrink by 0.3%. Although the net income of the family will increase by about 2.3%, the fear of a pandemic will still reduce private consumption. Expectations in the first half of the year will fall by 0.5% in anticipation of the Kail Institute. Negative expectations apply to business investments, which are expected to decrease by 0.9% over the year. For the first time since 2008, the Kail Institute expects a 1% export recession. Although rapid rehabilitation of the export sector is expected, the losses received in the first half of the year will still not be able to be offset by the positive results of the second half. The impact of the pandemic on the German economy is characterized by a forecast of V-shaped rehabilitation, which means that the decline will be strong and painful, although the economy will be rehabilitated and return to its original levels in a short time. According to today's data, severe economic consequences are expected in other EU countries as well. France and Spain set identical rates for the spread of the virus in Germany by March 17, although progress has been delayed by several days. According to a report by Rabo Bank, both France and Spain should expect a significant slowdown in economic growth. (Banque de France, 9 March 2020) The growth rate of the economy in France will decrease by at least 1% compared to the previous year and will be about 0.3% in 2020. Banque de France has similar expectations, predicting a 0.1% growth in the French economy in the first quarter and a slight improvement over the year. The OSCE expects softer results for the French economy, with forecasts that France's economy will grow by 0.9% this year and Spain's economy will grow by 0.7 %23. For both France and Spain, the blows to the tourism sector will be difficult to bear. For France, tourism generates about 8% of the economy, while in Spain it accounts for 12%. Consequently, the world tourism affected by the pandemic will have a negative impact on the French and Spanish economies.

United States of America

Back in March, negative impulses in the stock market sent alarming messages to the US economy. For the first time in 10 years, treasury bonds fell to 0.66%. Price reductions are not a panacea, and without coordinated health and fiscal responses, the situation is likely to worsen further. All three major brokerage indices, DJIA (-12.93%), Nasdaq (-12.32%) and S&P 500 (-11.98%) have declined significantly over the past five days. Such negative impulses on the stock market clearly reflect the lack of trust in almost all sectors. UCLA Anderson Forecast expects US GDP growth to fall by 6.5% in the first quarter and 1.9% in the second quarter. (New York Tims, 9 March) Unemployment is also expected to rise from 3.6% to 5.0%, which means a reduction of up to a million jobs from the first quarter of 2020 to the first quarter of 2021. More positive expectations are in the OSCE report, which predicts only a 0.1% decrease compared to the potential growth before the US economic growth pandemic to reduce the expected negative consequences, the US government has received an economic stimulus package, according to which a number of retaliatory actions have been taken. (UCLA Anderson Forecast, March 2020) The Federal Reserve cut interest rates on federal funds from 0% and 0.25% to maintain unemployment levels and price stability. Also, the Federal Reserve will increase reserves of national bonds by $ 500 billion in the coming months and securities secured by collateral by $ 200 billion. (Federal Reserve press release, 15 March 2020)

Russia

Although, if we believe official data, Russia seems to be avoiding a local outbreak of the virus, the negative impact of COVID-19 on the Russian economy is already palpable. In the OSCE report for March, the growth rate of the Russian economy was revised and reduced. If at the beginning of the year the expected economic growth was 1.6%, now it has decreased by four tenths. Accordingly, 1.2% growth of Rustavi's economy is projected for 2020. As a result of the pandemic, a reduction in the volume of Russian expo is expected. At this stage, the main impact on the Russian economy was oil prices. In anticipation of Goldan Sachs, in the second quarter, the price of a barrel of oil will be in the range of $ 20, and the demand will continue to decline in March with a daily 1.1 million barrels. (Blas Javier, Longley Alex 2020) On March 18, the price of American oil (West Texas Intermediate crude) fell by 24% and the price of a barrel fell to $ 20.37, which is the lowest mark since 2002. International crude (Brent crude) fell 14% to $ 24.52 a barrel. Russia is one of the world's leading producers of crude oil and natural gas. In 2019, 29.6% of Russia's total exports were crude oil, 18.3% was recycled oil, and 4.3% was natural gas. In total, the share of these three products exceeds 50% of total exports. In the first quarter of 2020, the impact of COVID-19 was negative and severe. According to Bloomberg, the cost of one dollar is currently 80.9 rubles. The Russian ruble has depreciated sharply since the beginning of the month. In early March, the dollar was worth about 66 rubles. After March 9, along with the fall in oil prices, the value of the ruble also dropped significantly. (CNN Business, 18 March 2020) When the price of oil falls for a long time, the ruble also depreciates by 3% for every 10% of the price of oil. According to Stratfor analysis, if the price of a barrel of oil remains below $ 40 throughout the year, then the recession in the Russian economy is inevitable despite the officially low rate of COVID-19, the expectation that the virus will still intensify and explode in Russia In the international community. (Meduza, 10 March 2020) Well-known media outlets such as Foreign Policy36, Reuters, CBC and The Guardian are actively writing about the hidden cases of infection by the Russian government and the spread of false data. (HIS Markit, 17 March 2020) Like the Russian economy, falling oil prices will have a severe impact on Iran's economy. However, in the case of Iran, economic expectations are even higher. The renewed, weakened U.S. economy in January will do great damage by reducing the oil market. In anticipation of FocusEconomics, Iran's economy will continue to grow in 2020, down 1.3% (FocusEconomics, 10 March 2020)

Georgia

Existing legal status: On March 11, the World Health Organization announced a pandemic. The trial of a pandemic in itself does not involve the enactment of a special legal regime. Under Georgia's public health law, a pandemic is an unusually widespread outbreak (transmitted to several countries, continents, or the world) that affects a significant portion of the population.

State of emergency: On March 21 of this year, the President of Georgia, under the nomination of the Prime Minister, declared a state of emergency throughout Georgia.

According to the Constitution of Georgia, a state of emergency is declared when the state authorities are deprived of the opportunity to exercise their constitutional powers in the event of an epidemic or other special case. A state of emergency has been declared in the whole territory of the country for a period of 1 month, I.e. until April 21, 2020 a special legal regime has been enacted in the whole territory of Georgia and a number of rights defined by the Constitution of Georgia have been restricted, including: freedom of movement, right to property, right to assemble, Ability to provide public services.

During the state of emergency, the President of Georgia issues decrees with the force of organic law on the proposal of the Prime Minister, the decree is submitted to the Parliament for approval, if the Parliament does not approve the decree, it loses its legal force upon voting.

1. Cargo Transportation - The Government of Georgia is authorized to regulate the transportation of passengers on the territory of Georgia and to transport cargo in a different manner from the legislation of Georgia.

2. Travel - International air, land and sea traffic has been suspended, except in exceptional cases provided for by the Government of Georgia.

3. Property Rights - The Government of Georgia has the right, if necessary, to restrict the right to property and to use the property and material assets of legal persons in accordance with the rules established by it for quarantine, isolation and medical purposes.

4. Right to Activities - Subjects of private law provided for by the Government of Georgia shall be prohibited, restricted or obliged to carry out certain activities in accordance with the rules provided for in the same Resolution.

5. The right to do business - the subjects of private law provided for by the resolution of the Government of Georgia will be prohibited, restricted or obliged to carry out certain activities in accordance with the rules provided for in the same resolution.

The Order n14-1 of the Ministry of Environment Protection and World Economy of Georgia of March 17, 2020 is currently in force. Some measures have been taken to prevent the possible spread of the new coronavirus in Georgia, but it should be noted that this order takes the form of recommendations and should be limited to public catering establishments (Including cafes, restaurants, bars, fast food outlets, canteens, ritual halls and more)

In the end the Coronavirus pandemic will have a major impact on the world economy. Still, here it is possible to make it possible to change, at this point; you can define your boundaries. The effects of the Coronavirus pandemic, especially the Third World War, will be decided, and along with the factors that detect the virus, improving the economic situation will become the number one priority in the world. As economists predict, there is a high probability that Coronavirus will recess the world economy before it does. Although coronavirus first spread to China and most studies have studied the effects of the virus on the Chinese economy, the situation in the world is changing daily, and if China has been the focus of researchers for 2.5 months, the world has changed since the end of March. The United States ranks second, followed by the Eurozone countries: Italy and Spain. Consequently, it is difficult to predict which country's economy will suffer the most. As for the sectors of the economy, analysts suggest that the Coronavirus pandemic will affect all sectors of the economy. However, some of them will have more negative effects, while others will have less. According to the data platform statista.com, the two sectors most affected by Coronavirus are the tourism and transportation sectors and the manufacturing sector. In addition to these sectors, the impact of the virus is noticeable in sectors such as the financial sector, retail and entertainment, and leisure.

Empirical research

Aim of the research: To understand current economic circumstances in regards of pandemic and to overview newborn ideas of different companies as well as provide it as an alternative solution for “New Road” Ltd.

- To define specific anti-crisis plan of different companies for avoiding influence of the first wave
- To identify what changes is going to make the companies in terms of external factors in strategic planning
- To find out how do companies plan to return to the starting position after the crisis is over
- To provide new ideas for minimization of the losses taken from different countries and different companies

Research object: New point of view and creative ideas for reduction of economic losses of the “New Road Ltd.” during pandemic.

Research method: Qualitative interview with standardized open-ended questions. This kind of research is “a way of collecting qualitative data’’ ‘focused’ around a particular topic or set of issues" (Wilkinson, 2004, p. 177). ''One of the major reasons for doing qualitative research is to become more experienced with the phenomenon you're interested in''(Trochim, 2006). 5 companies to participate in the survey- based research from different small and medium business were invited to research with the expect to hear different thoughts from clients who are employed as a manager, financial manager in contenders organizations so as to produce more choices and inventive thoughts for minimization of losses. The exploration overview was introduced in Georgian language since the entirety of the participants was Georgian. Research object is organization where I did my temporary internship "New Road" Ltd, and first and foremost I would like to talk about company's activity. To understand the company I decided to use PEST analyses and SWOT analyses as well. Furthermore from my point of view it will be helpful this will help me when compared to other companies.

Interview was highly structured; the author of the internship paper formulated questions. All 5 participants from every company had to answer 10 same questions according to the position of the company. The participants were chosen: personally I was contacting by cell phone, viber and skype asking these questions to the managers and financial managers. I also sent the questionnaire to each participating company by e-mail and the questionnaire itself was in Georgian. I have selected businesses working in different fields and industries for this survey because I think it would be interesting to hear different strategies and a method from different companies how they handle this difficult situation. I selected the positions of the working personnel based on which position was responsible for dealing with external factors, strategic planning, and the company's short-term tactical plans. Because of the pandemic, I found it difficult to conduct surveys with many companies, because most of firms operation was temporary suspended. Nevertheless I conducted a full survey of five companies operating in the small and medium business sector.

In interview was included information:

- Explanation of the research purpose
- Format of interview
- Indication of how long the interview usually takes
- Explanation of recording data

Results were transferred to the tables

Participants' selection criteria:

People (between 25-55 years old) who are managers or financial managers of the company

Type of sample:

Convenience sample

The date of the research: May 20th, 2020

Company	1. Ltd „FMG“ Soft	2. Ltd New Road	3. Ltd Lider betoni	4. LTD Global Development Consulting	5 . Ltd GR. Motors
Representative	Davit Labadze	Ekaterine Kalmaxelidze	Nodari Elizbarashvili	Nino Goshteliani	Shalva Bezhiashvili
Phone number	+995598558783	+995599937837	+995599147306	+995599444333	+995595370044
Email address	d.labadze@fmgsoft.ge'	ekalmakhelidze@yahoo.com	nodari1953@gmail.com	goshteliani@gdc.com.ge	shalvabezhiashvili@gmail.com

Table 2 Description of participants

Source: made by the author of the internship paper

Five different profile companies participated in the study, as follows: 1. FMG Ltd. Soft; 2. New Road - "Akhali Gza" Ltd; 3. Lider betoni Ltd; 4. LTD Global Development Consulting; 5. Ltd. GR. Motors.

1. Software FMG Soft - all types of business software. The company focuses on customers, listens and realizes their desires to offer a product that exactly meets the needs and requirements of the interested segment. The team is focused on building long-term customer relationships based on trust and professionalism. The team is working on continuous development, therefore systematic improvement of programs and equalization with international standards.

FMG SOFT is staffed with professional and motivated staff. Each employee takes responsibility for the quality of the services provided by them and plays their part in improving the business as the company moto illustrates „company is a team that we create and build together“.

2. Akhali Gza Ltd (New Road) - The field of activity of the company is the construction and rehabilitation of road infrastructure. One of the goals of the company's business strategy is to integrate Georgia's road infrastructure with European standards and to effectively meet the needs of road users. He is a leader in the production of asphalt and concrete and, of course, a distinguished partner of any foreign company interested in the region of Georgia. The company seeks to be a leader in a particular market, to fully meet the needs of the customer and thus justify the trust placed on it. New Road quality policy is aimed at constantly improving and perfecting construction works, resources and processes in accordance with the customer's requirements, in order to increase the level of customer satisfaction. In accordance with state and international law, it cooperates with all public sectors in order to reduce the harmful effects on the environment. The main principle of the company is the efficient consumption of energy, the correct consumption of natural resources, the reduction of industrial waste, their recycling and reuse to protect the interests of the national economy. This, in turn, implies the integration of technology - economics - ecology. Successfully and as quickly as possible implements all types of construction and infrastructure projects together with the leading companies of the country. New Road has implemented a number of expensive projects. It is staffed with energetic and active highly qualified technical and administrative staff that can easily handle all types and scale construction projects. At the same time, in order to improve the quality of service and "know-how" in the field of activities, it is constantly cooperating with the world's leading companies.

4. LTD Global Development Consulting Auxiliary activities in the field of financial intermediation and insurance, consulting activities in business and other management issues. The goal of the company is to choose the types of insurance that will suit you and will minimize your risks, depending on the specifics and requirements of your business. A company is designated by consumers and therefore protects their interests, unlike an insurance agent who protects the interests of the insurance company. The company is negotiating on behalf of the customers to get the best terms and conditions tailored to their needs. The company is involved during the full insurance period and controls all insurance processes that may arise during the period of validity of the insurance, be it loss, early termination of policy, extension, legal dispute or other. The company also prepares an annual report on the state of the insurance market, which helps the customer and the company to create an overall picture.

5. GR Ltd. Motors-Company services include the diagnosis and repair of light and trucks, and special equipment through special authorized programs. The company serves both the corporate client and the wholesale facility. The company annually takes care of high-tech development with the support of the world's leading brands, sharing Western knowledge, experience and investing in its own activities. The company is constantly focused on quality, which is evidenced by the company's slogan - "It's time to choose quality." In addition to high standards of service, the company is distinguished by a high level of social responsibility, as evidenced by the company's many important social campaigns, in addition to customer care; the company actively cares about its employees and employees.

Table 3 was the operation of the company delayed during the pandemic

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
1	Was the operation of the company delayed during the pandemic?	Not delayed	Without interruption, the software is implemented remotely		The company did not hesitate to strictly follow the recommendations		
		Not significantly delayed		Not significantly delayed, the declared emergency period was conducive to working hours			
		It was partially delayed at some point				After restriction of free movement by car during „Commandant's Hour“ our operation was delayed	It was partially delayed due to restrictions on the movement of vehicles by the government

From the table above, it is clear that: The question is whether the operation of the company was delayed during the pandemic? - 1.3 participants said that they were not delayed because they followed the recommendations issued by the government, according to the information of 2 participants, it was not significantly delayed because the company adapted to work during the commandant's hour. 4.5 states that it has been delayed for some time when the state of emergency recommendations have been tightened. The surveyed companies did not delay the activities of companies that performed work remotely, but „New Road” Ltd. Considers: "The delay was not significant, the declared state of emergency was conducive to working hours" just as he could not do the work, so do the others.

Table 4 what specific anti-crisis plan does the company have to avoid influence of the first wave

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
2	What specific anti-crisis plan does the company have to avoid influence of the first wave?	Reorganization, reduction of staff		If the economic damage is greater than expected then the company will reduce corporate benefits as well as bonuses and allowances.		Unfortunately our company can be pushed to dismiss part of the staff and/or redistribute functions, but also to reduce wages.	
		Reduce costs of the company (minimize it)	Short-term plan is to increase control over the consumption of material supplies, materials and electricity and others		Strict control over the costs incurred on the equipment		
		Provide additional services					Rental of vacated areas and equipment (car park, car wash) for extra output

The question is what anti-crisis plan does the company have to prevent external factors? - 2.4 say they may reorganize the company, reduce staffing or reduce all types of pay, 1.3 will try to reduce all costs, 5 - adapt to provide additional services. „Increase control over supplies, materials, as well as electricity consumption“ "Strict control over equipment costs" "Issuance of vacated areas and equipment (car fleet, car wash)" The anti-crisis plan of these companies, which deals with reducing costs and leasing various assets, looks better, reorganizing the company and reducing the cards in the most hopeless situation is permissible. I believe this experience and these methods can be useful for “New Road” Ltd.

Table 5 Based on this experience, what changes would the company make in terms of external factors in strategic planning

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
3	Based on this experience, what changes would the company make in terms of external factors in strategic planning?	Quick solutions from management	The company quickly adapted to remote control			In a hopeless situation the company may decide to reduce the number of employees	
		Cost control and priority		Reduction of overhead costs, installation of accounting equipment	A GPS navigator has been installed to control the company's heavy equipment costs		
		Focus more and get the information you need in a timely manner					Gather information in a timely manner and disseminate it to the company so that the pandemic does not harm the company

To the question, based on this experience, what changes would the company make in terms of external factors in strategic planning? - 1.4 participants believe that the main thing is for management to make quick decisions on certain issues so that the company can win in time, 2.3 - The company can correctly determine the priorities and control the correct and effective cost, 5 companies will focus on receiving information and disseminating it to employees. Almost every company believes that a change in strategic planning is fast-paced, and management decisions are important in this regard, which is mainly due to the significant reduction of unnecessary expenses. Ltd. New Road believes that "reduction of overhead costs, installation of accounting equipment" makes the right decisions in this regard.

Table 6 who can be a new, good strategic partner for the company during this crisis

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
4	Who can be a new, good strategic partner for the company during this crisis?	Local companies	The partnership with local companies will allow us to deal with the situation together				Relationships with local companies help to overcome the crisis
		International companies		Together, mutual assistance will help companies move forward		The experience and partnership of international companies helps the company	
		Government of the country			The anti-crisis plan presented by the government is helping the company		

The question is who can be a new, good strategic partner for the company during this crisis? - 1 company believes that together with local partners it will be able to overcome the existing difficulties, 2, 4 - think that the help and experience of international companies will help them get out of the current situation, and 3 companies hope the government and think its support will significantly alleviate the current situation. 1,5,3 companies mainly work with local market demands, so they believe that they can easily get out of the crisis by communicating with local partners. 2.4 companies "Joint, mutual assistance of international partners will help companies in further activities" With this answer, international companies are given the advantage to make their experience more useful in the current situation.

Table 7 Are crisis preparedness and management strategies focused on both external and internal communication

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
5	Are crisis preparedness and management strategies focused on both external and internal communication?	Communicate and provide information on crisis management to employees Are crisis preparedness and management strategies focused on both external and internal communication?	It is important to convince employees to maintain the stability of the company so as not to cause confusion			Have good and frequent communication with team members to protect them from the common misconceptions	
		Communicate and provide information on crisis management to the customer			Exchange of information regarding product requirements		We provide information on the social network about our work schedule
		Communicate and provide information on crisis management to partners		We are in constant contact with partners, providing information on the work done			

The question is whether the crisis preparation and management strategy is focused on both external and internal communication. - For 1.4 companies, it is important to establish communication with employees first to manage the crisis in order to protect their stability and protect them from misinformation. 3.5 Communication importance is given to the relationship with customers in order to constantly have information about their needs, 2 - the respondent sees the priority in communication with partners. 1.4 companies prioritize communication with employees - "It's important to convince employees to keep the company stable so as not to confuse them." In order to keep the company in constant contact with them from unverified information, 3.5 companies are thinking of informing consumers - "Exchange of information on product requirements"; "We will provide information about our work schedule on the social network" As long as you don’t lose potential customers for New Road Ltd. It will be useful take a new path to take into account the vision of these companies.

Table 8 what needs to be changed and what new scenarios should you consider in the current situation

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
6	What needs to be changed and what new scenarios should you consider in the current situation?	Adapt to a new need		Plan individual projects along with infrastructure projects			Along with the main activities, a new service face has been added
		Coexistence of market and company activities	Arranging programs for remote delivery		Production has declined due to declining market demand		

		Activity priorities				Implement priority projects related to business insurance from crises	

The question is what needs to be changed and which new scenarios should you consider in the current situation? - 2.5 companies intend to adapt to meet new needs, 1.3 - Companies will reduce the demand for market and company matching and supply products remotely, 4 - Participants intend to activity priorities according to projects. 2.5 The activity of companies to adapt to meet other needs is acceptable to get out of the current situation; - "Planning individual projects in accordance with infrastructure projects" The rest of the company is planning to reduce the demand, the new road Ltd will try to find projects at the expense of individual orders.

Table 9 how do you plan to return to the starting position after the crisis is over

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
7	How do you plan to return to the starting position after the crisis is over?	Restoring and deepening relations with local and international partners	Schedule meetings with local partners and organize a conference with international Panthers				
		Expand the customer segment				Arrange communication with customers to clarify their needs	Study customer claims and increase divisions

		Increase quality control		Study of quality management system, analysis of consumer expectations	Increase the competitiveness of the products produced		

How do you plan to return to the starting position after the crisis is over? - 1 company intends to schedule meetings and conferences with international and local partners, 4.5 - Companies will expand the customer segment by studying their needs, claims and satisfaction, 2.3 - Companies will try to increase quality control of services and products, analyzing customer expectations and competitiveness. Decisions of 1.4.5 companies "Planning online meetings with Local Partners and Arranging a Conference with International Panthers" "Arranging communication with customers to clarify their needs" "Studying Customer Claims and Increasing Satisfaction" It is not very important for the new road Ltd., its main priority will be to control the quality of work performed - "Study of quality management system, analysis of consumer expectations", Thus increasing competitiveness.

Table 10 How does the company help the country fight the

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
8	How does the company help the country fight the pandemic?	Adherence to restrictions announced by the government	By supporting the various restrictions announced, you are helping the state				
		Informing and protecting employees through various methods		Provide staff with all disinfectants to prevent the spread of infection			Equip employees with the necessary inventory

		Participate in a charity event			Transfer certain funds to a charity account	Enrollment in a government charity account	

The question is how does the company help the country fight the pandemic? - 1 company believes that by following all the recommendations of the government, it helps to prevent the spread of infection, 2.5 - by providing information and their various disinfectants to protect employees to protect their health, 3.4 - The Company participated in a charity announced by the government in action. The health of employees and their family members is important for the New Road Ltd. "Provide staff with all disinfectants to prevent the spread of infection" For 1.5 companies, however, even 3.4 companies provide no less significant assistance to the government - “Transfer of certain funds to a charity account; Enrollment in the government's charity account. "

Table 11 Will you be able to meet the requirements of the regulations, especially the new nes

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
9	Will you be able to meet the requirements of the regulations, especially the new ones?	Requirements will be fully met	Any restrictions can be considered, the company is ready for it				
		We will do it without harming the company			Will try to execute because the penalty for sanctions is not included in the company’s plans		Regulations will be enforced because sanctions will harm the company

		Consider the basic requirements		Both basic and new regulations will be implemented in the current environment		The main requirement is fulfilled in terms of distance protection, and will continue in the future	

The question is will you be able to meet the requirements of the regulations, especially the new ones? 1 company stated that it is ready to comply with any requirements of the regulations to overcome the pandemic, 3.5 - will comply with the recommendations, as non-compliance can harm the company financially, 2.4 - will continue to comply with regulations and continue to operate in the current environment. All companies are ready to comply with the regulations of the World Health and State; in addition, non-compliance can result in a fine and, consequently, damage to the company - "Any restrictions can be considered, the company is ready for it", "It will try to do so because the fines for sanctions are not included in the company's plans."

Table 12 what types of assistance and support can the company receive from the government

№	Question	Sub Categories	1. „FMG“ Soft Ltd	2. “New Road” Ltd	3. Lider Betoni Ltd	4. Ltd Global Development Consulting	5. GR. Motors Ltd
10	What types of assistance and support can the company receive from the government?	Deferment of taxes	Deferment of income tax for six months	Automatic return of VAT excess			Use of tax benefits
		Provide social assistance to employees				Provide social benefits to fired employees	
		Deferment of interest payment on bank loans			Deferment of the loan interest for six months		

To the question of what type of assistance and support can a company receive from the government? 1.2.5 - It is very important for the company to use tax benefits, the state has provided material assistance to the temporarily dismissed employees of 4 companies, 3 companies have considered it significant to defer the payment of bank loan interest. The state has announced an anti-crisis plan, of which 1.5 companies and tax benefits for the New Road Ltd will help the company to function further - "Six months' deferral of income tax"; "Automatic VAT Overpayment" However, deferring the loan and helping employees is also very important - "Six months deferral of loan interest", "Providing social assistance to fired employees"

Conclusions and recommendations

The spread of coronavirus earlier this year was a stark reminder of how necessary it is to be prepared for a sudden crisis and how interconnected the whole world is today. In the first stage of the crisis, of course, the safety of employees, consumers and the public is a priority. All organizations must also be prepared to manage operational or financial risks associated with the impact of the pandemic on supply chains and markets. It is vital to maintain business resilience and continuity, as well as to overcome potential crises.

Practical steps to deal with the situation will be:

• Study possible future scenarios along with the current situation;

• Analyze the wider consequences of the epidemic;

• Develop a new communication strategy.

In the event of a crisis, there is a danger that the company's actions will only be a response to the crisis. Right now is the time for companies to plan for the future and discuss new scenarios. From the research and surveys conducted, we may draw the conclusion that in the current situation, what is called the global pandemic, which is throwing the world into a severe economic crisis, how effectively companies continue to work. Every company considers an individual plan to get out of the crisis, it is important for the company to be able to adapt and provide additional services to use other assets, as well as significantly reduce unnecessary costs and strict control over other costs, and reduce market staff demand. Considering such experiences will help to maintain the reputation of “New Road” (Akhali Gza) Ltd. and return to the market with fewer losses due to close relations with partners.

For the further efficient operation of the company I would recommend further suggestions:

- Understand the economic challenges facing the government. At this stage, the government is responding to current challenges, managing medical threats and humanitarian tasks, and remains a fairly limited resource for assessing the long-term economic impact;
- With limited resources, it is quite difficult to initiate separate economic benefits and incentive packages, impose restrictions, and in all cases it is important to determine the economic cost of these steps. It is also important that the so-called crisis. The offer of benefits does not have the character of, for example, the mechanism of the "preferential period" of the bank, which mechanically escapes in this mode and you have to carry out an activity to leave it and not to get involved in it. Wherever possible, it is important not to restrict citizens' freedom of economic choice;
- The timing of the crisis is important, as well as how the world will be able to deal with it - because Georgia-type countries will be heavily dependent on the scale of international aid they will be able to mobilize;

- Even greater importance is given to accelerating e-government reforms and developing existing platforms and increasing their accessibility;
- Understanding international positive and negative experiences is essential not only for health but also for managing the economic crisis;
- Private initiatives are also important, i.e. how much part of the Georgian business will be able to organize it-self, develop new types of services and products that will meet the existing challenges.

SUMMARY

I started my scientific work by finding different literature on small and medium businesses. First of all, it became interesting for me what criteria are used to evaluate small and medium businesses. Furthermore I wrote about what external factor risks and also what opportunities this business sector has, its position in the market and also driving economic growth power. External factors that play a very big role in the company's activities were read in almost all scientific papers. In today’s reality it is almost impossible to fully predict the story of the future however we can still get useful information if we do forecasting. If a small and medium-sized business is not prepared to meet these changes and do not have a quick response its activities will end in failure. Then I decided to take a look at the cause of the crisis itself. The pandemic has recently spread but there is many articles about it already which I found very interesting and it helped me to write the paper. For the most part, these articles talked about predicting how the economies of different countries as well as businesses in the countries could change during the crisis period. I decided to look specifically at those countries with large economies where most medium and small businesses are. The forecasts are very unfortunate but it seems that developing countries will take a relatively small losses. I also discussed the current situation in Georgia And I decided to do my empirical research on Georgian companies. Because it’s relatively easily accessible to me to contact Georgian companies during this time. Nevertheless it is not easy to contact many companies because most of them stopped operation and they don’t function temporarily. Empirical research has shown that almost all of the research participant companies are shocked and they are taking extreme measures to survive and stay in the market. Starting with the expenses incurred in the current activity ending with

a reduction in staff. Research clearly showed that not all companies were ready for a global crisis and their strategy to deal with external factors turned out to be weak. There were also companies that had interesting ideas that could be used for "New Road" Ltd. It is not a surprise that, larger corporations are attracting more attention than small, even medium-sized firms. Thousands of people are employed in large enterprises and millions of dollars' worth of products is produced. In small enterprises, neither the number of employees nor the volume of products created by them is large, which in many cases can be generalized to medium-sized enterprises. Yet the advancement of the economy of any country depends on the activities of numerous formations of this size. One of the great advantages of small and medium enterprises is the ability to make decisions quickly and therefore the economy, where small and medium enterprises have a crucial share, is characterized by greater dynamism and elasticity towards internal and external factors than large enterprises. Also, in the presence of a national economy of the same size, the greater the number of small and medium-sized enterprises, the greater part of it is regulated by the market and contracts, and the less space remains for various hierarchical constraints and prohibitions. In other words, the more small and medium-sized firms there are, the more entrepreneurs and less-functionaries and bureaucrats in the country. It is also noteworthy that financial enterprises of a similar type are much stronger in maintaining financial discipline. After all, they have a relatively small opportunity to take budget funds from large enterprises in case of certain financial problems. The existence of large and small enterprises in large quantities contributes to the development of strong competition in the national economy. Under such conditions, the recipients of the goods have the opportunity to select the products they need from among many suppliers. However, this does not mean that competition will no longer take place during a large organizational concentration on the farm.

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APPENDIX

№	QUESTIONNAIRE
1	Was the operation of the company delayed during the pandemic?
2	What specific anti-crisis plan does the company have to avoid influence of the first wave?
3	Based on this experience, what changes would the company make in terms of external factors in strategic planning?
4	Who can be a new, good strategic partner for the company during this crisis?
5	Are crisis preparedness and management strategies focused on both external and internal communication?
6	What needs to be changed and what new scenarios should you consider in the current situation?
7	How do you plan to return to the starting position after the crisis is over?
8	How does the company help the country fight the pandemic?
9	Will you be able to meet the requirements of the regulations, especially the new ones?
10	What types of assistance and support can the company receive from the government?