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The Curse of Energy on Small and Medium Enterprises in Azerbaijan: Is This an Unavoidable Destiny?

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ABSTRACT

It is an observed fact that Small and Medium Enterprises (SMEs) have a decisive role for the growth of countries. However, although Azerbaijan is growing rapidly since 2006, it should be noted that the main effecting factor of this pattern is not the SMEs but the energy reserves and energy production of the country. This dependence on energy for growth is dangerous because energy is very much dependent on the events occurring in international markets. For example, if the price of energy decreases in the international markets, the economy of the country will be effected negatively from this change immediately. Therefore, in fact for countries like Azerbaijan a diversification in production is necessary and this can be done by SMEs. However, the SME positions analysed for several energy producing countries in this paper show that countries usually rely on their energy reserves and do not consider other alternatives, including SMEs. This situation makes the energy a curse for such countries and if they do not make a behavioural change this can be an unavoidable destiny for them.

KEYWORDS Small and Medium Enterprises (SMEs); Energy Producing Countries; Diversification

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