

VILNIUS GEDIMINAS TECHNICAL UNIVERSITY

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**ASSESSMENT OF FINANCIAL EFFICIENCY AND
RESILIENCE OF SMALL AND MEDIUM-SIZED
ENTERPRISES**

DOCTORAL DISSERTATION

ECONOMIC SCIENCES,
HIGH VALUE-ADDED ECONOMY

Supervisor

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Problem Formulation

Small and Medium Enterprises (SMEs) are the backbone of many economies worldwide, playing a key role in fostering economic growth, the structure and the quality of gross domestic product (GDP), innovation and employment. However, SMEs typically have fewer resources than larger corporations and face unique challenges that can be exacerbated during periods of financial instability. The effects of financial crises are often felt across all sectors of the economy, but SMEs are particularly vulnerable due to their limited access to capital, smaller cash reserves, and reliance on short-term financing. Unlike larger firms, which may have diversified revenue streams and greater access to credit, SMEs often operate with tighter margins and less financial flexibility, making them more susceptible to the adverse effects of economic downturns. (Johnson et al., 2024) (Kaoru et al., 2022)

Generally, economic goal of efficiency is focused on short-term optimization while resilience is focused on ensuring the stability in the long-term. In addition, markets and people tend to underprepare for low-probability or very long-term events. (Werthner et al., 2022) Therefore, when combining the short-term and long-term objectives of a company, it is important to find a model that will help the company to stay efficient, while providing the guarantees of financial resilience in the long term.

Researchers addressing this issue are developing technological models (Luo et al., 2022), examining the factors (Bala & Feng, 2019) that affect SMEs efficiency and resilience and classifying the factors into different groups: technological, organisational, economic, business environment etc. Which factors or groups of factors have the greatest impact on the financial performance of SMEs and protect them from the challenges of the business environment stays is a key topic of debate for both policymakers and business leaders.

Research Object

The object of the research is the modelling of financial efficiency and resilience of small and medium-sized enterprises.

Aim of the Disertation

Develop a framework for assessing the financial efficiency and resilience of SMEs as a tool for decision-makers.

Scientific Novelty of the Disertation

Rapidly changing market conditions, increasing competition, technological advances, customer expectations, legal, economic and other factors affect the vulnerability of SMEs, making it important for small businesses to adapt quickly to change in order to remain efficient.

The novelty of the dissertation is defined by several aspects: the authors look separately at the determinants and influences of financial efficiency and resilience and only fragmentarily analyse their impact on company performance. In addition, there is no model that has been developed to enable firms to achieve maximum efficiency while maintaining financial resilience to a changing environment.

There are no studies that analyse the financial efficiency and resilience of SMEs together, or only a few factors are analysed, usually in the context of either efficiency or resilience. Therefore, the research that focuses on efficiency and resilience synergy will help business managers and policy makers to see, monitor and assess the impact of all internal and external factors in order to make timely decisions, rather than focusing on a single factor that is very important but gives them a limited perspective.

Practical Value of the Research Findings

Developing a framework for assessing the financial efficiency and resilience of SMEs will be a tool for decision-makers (policymakers and SME's leaders).

Defended Statements

It is possible to find a set of qualitative and quantitative indicators that strike a balance that ensures SMEs' financial efficiency and resilience to external factors ensuring economic sustainability.