

**THE ROLE OF TRUST IN SHAPING THE FUTURE OF DIGITAL  
ENTREPRENEURSHIP IN POST-PANDEMIC AZERBAIJAN****Fehruz JABRAYILOV<sup>1</sup>****Abstract**

The COVID-19 pandemic has dramatically reshaped global economies, with Azerbaijan experiencing a significant acceleration in digital transformation. Digital entrepreneurship, an emerging sector in Azerbaijan, has become increasingly dependent on trust—particularly in the post-pandemic context. This article examines the role of trust in shaping the future of digital entrepreneurship in Azerbaijan, focusing on how the pandemic has influenced consumer behavior, investor confidence, and the regulatory landscape. Trust in digital platforms is critical for the success of e-commerce, fintech, and other digital businesses, yet concerns over privacy, security, and transparency persist. The article explores the factors that contribute to the establishment of trust in digital services, such as robust cybersecurity measures, transparency, and user-centric innovation. Additionally, it emphasizes the importance of government regulation in fostering an environment where trust between entrepreneurs, consumers, and investors can thrive. By analyzing recent trends and challenges in the Azerbaijani digital economy, the article highlights the importance of building a trustworthy digital ecosystem to ensure the long-term success of digital startups. Ultimately, trust will remain a foundational element in the growth of digital entrepreneurship in Azerbaijan, requiring continued investment in digital infrastructure, consumer education, and transparent regulatory frameworks.

**Keywords:** Digital entrepreneurship, trust, COVID-19 pandemic, Azerbaijan, consumer behavior

**PANDEMİ SONRASI AZERBAIJAN'DA DİJİTAL GİRİŞİMCİLİĞİN GELECEĞİNİ  
ŞEKİLLENDİRMEDE GÜVENİN ROLÜ****Öz**

COVID-19 pandemisi, küresel ekonomileri dramatik bir şekilde şekillendirmiş ve Azerbaycan'da dijital dönüşümde önemli bir hızlanma yaşanmıştır. Azerbaycan'da ortaya çıkan dijital girişimcilik sektörü, özellikle pandemi sonrası dönemde güvene giderek daha fazla bağımlı hale gelmiştir. Bu makale, pandeminin tüketici davranışları, yatırımcı güveni ve düzenleyici ortam üzerindeki etkilerini vurgulayarak dijital girişimciliğin geleceğini şekillendirmede güvenin rolünü incelemektedir. Dijital platformlara olan güven, e-ticaret, fintech ve diğer dijital işletmelerin başarısı için kritik öneme sahiptir; ancak gizlilik, güvenlik ve şeffaflık gibi konularda endişeler devam etmektedir. Makale, dijital hizmetlerde güven oluşturulmasına katkı sağlayan faktörleri; güçlü siber güvenlik önlemleri, şeffaflık ve kullanıcı odaklı yenilik gibi unsurları araştırmaktadır. Ayrıca, girişimciler, tüketiciler ve yatırımcılar arasındaki güvenin gelişebilmesi için devlet düzenlemelerinin önemine de değinilmektedir. Azerbaycan'daki dijital ekonomi üzerine yapılan güncel eğilimler ve zorluklar analiz edilerek, dijital girişimlerin uzun vadeli başarısı için güvenli bir dijital ekosistem inşa etmenin önemi vurgulanmaktadır. Sonuç olarak, güven Azerbaycan'da dijital girişimciliğin büyümesinde temel bir unsur olmaya devam edecek ve dijital altyapıya, tüketici eğitimine ve şeffaf düzenleyici çerçevelere sürekli yatırım yapılması gerekecektir.

**Anahtar Kelimeler:** Dijital girişimcilik, güven, COVID-19 pandemisi, Azerbaycan, tüketici davranışları

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**Başvuru Tarihi** (Received): 11.03.2025 **Kabul Tarihi** (Accepted): 28.05.2025

## **Introduction**

In recent years, the global economy has witnessed a significant transformation driven by digitalization, prompting the emergence of digital entrepreneurship as a crucial driver of innovation and economic growth. Digital entrepreneurship, characterized by the creation and operation of ventures through digital technologies, has enabled individuals and institutions to access markets, resources, and customers more efficiently than ever before (Nambisan, 2017). COVID-19 pandemic has accelerated the digital transformation globally, impacting economic and social structures profoundly (Dwivedi et al., 2021). In particular, digital entrepreneurship has become more dependent on trust in the post-pandemic period (Petry & Vanhaverbeke, 2022). Economic trust significantly influences investors', customers', and regulators' approaches toward digital platforms (Algan, Cahuc & Sangnier, 2021).

Parallel to this transformation, the concept of economic trust—defined as the expectation that economic actors such as consumers, governments, and businesses will behave reliably and fairly—has gained attention for its role in facilitating or hindering economic interaction. Trust reduces transaction costs, encourages long-term partnerships, and enhances the legitimacy of digital platforms, particularly in environments where formal regulatory mechanisms are still evolving (Algan & Cahuc, 2014).

In the context of economic and digital entrepreneurship, trust is not a singular construct. Rather, it encompasses several interrelated forms, each contributing uniquely to the functioning of the economy. These include economic trust, investor trust, customer trust, and digital trust. Economic Trust refers to the general level of confidence that individuals and institutions have in the functioning of the economic system, including expectations of fairness, transparency, and rule of law in economic interactions. It underpins both investment decisions and consumption patterns (Knack & Keefer, 2015). Investor Trust is the confidence investors place in a market or country's institutional framework, particularly regarding property rights, regulatory transparency, and economic predictability. It strongly affects foreign direct investment flows and innovation funding (Ben Ali & M'henni, 2020). Customer Trust represents the degree to which consumers believe businesses and platforms will protect their interests, ensure data privacy, and fulfill their promises. It is crucial for digital platforms, especially startups (Tvaronavičienė et al., 2020). Digital Trust refers to users' confidence in the safety, transparency, and accountability of digital systems. It includes trust in digital transactions, cybersecurity standards, and algorithmic integrity (Son & Park, 2022).

The COVID-19 pandemic accelerated digital entrepreneurship globally, with countries adopting various strategies to foster trust in digital ecosystems. For instance, South Korea's rapid deployment of transparent contact tracing applications enhanced citizen trust through data privacy measures (Lee et al., 2021). Similarly, the European Union emphasized regulatory frameworks like GDPR to ensure consumer trust in digital markets (European Commission, 2020). However, contrasts exist; while Scandinavian countries invested heavily in digital literacy to support trust, some developing nations faced challenges related to infrastructure and regulatory gaps (World Bank, 2022). These international experiences offer valuable lessons for Azerbaijan, highlighting commonalities such as the central role of transparency and divergences in policy implementation that can guide national strategies to strengthen post-pandemic digital entrepreneurship and trust.

Several studies have explored the link between trust and traditional entrepreneurship, noting how institutional quality, interpersonal trust, and regulatory transparency affect entrepreneurial intentions and outcomes (Acs et al., 2018). However, the intersection of digital entrepreneurship and economic

trust—especially in transitional economies like Azerbaijan—remains under-researched. This study aims to address this gap by analyzing how youth in Azerbaijan contribute to shaping a trust-based economy through digital entrepreneurship. By focusing on the role of youth, the study highlights a demographic that is both the most adaptable to digital technologies and the most affected by institutional trust issues. The research also sheds light on how trust dynamics influence the motivations, strategies, and success of young digital entrepreneurs. Filling this gap is important not only for academic purposes but also for policy formulation. Understanding how trust facilitates or constrains digital entrepreneurial activities among youth can inform targeted strategies for economic diversification, innovation, and inclusive development in Azerbaijan and similar contexts.

### **Economic Trust and Digital Entrepreneurship**

Digital entrepreneurship refers to the creation and operation of businesses based primarily on digital technologies. In Azerbaijan, this sector has been gaining momentum, especially with the government's increasing support for innovation and the digital economy (Aliyev & Mehdiyev, 2020). However, the success of digital startups hinges on trust—trust not only in the technology itself but also in the entrepreneurs, the market, and the institutions that regulate digital commerce. Trust is a multifaceted concept that includes economic trust, investor trust, customer trust, and digital trust, each with distinct implications in digital entrepreneurship (Algan & Cahuc, 2014). Economic trust relates to confidence in the overall economic system's stability and fairness. Investor trust focuses on the reliability of startups and digital platforms to generate returns. Customer trust emphasizes users' perceptions of privacy, security, and service quality, while digital trust covers broader issues such as transparency and cybersecurity (Petry & Vanhaverbeke, 2022). The pandemic has brought about substantial changes in consumer behavior, business practices, and trust in digital platforms. The adoption of digital tools for work, communication, and shopping surged during the pandemic, fundamentally changing public expectations and behaviors (Hajiyev & Mammadov, 2021). Consequently, trust has become a more significant factor in influencing consumer choices, investment decisions, and even the adoption of new technologies. In this context, trust is essential not just for consumers but also for investors who are crucial in the early stages of digital startups.

### **Trust and Consumer Confidence in Digital Platforms**

Consumer trust in digital platforms is critical for the success of e-commerce, fintech, and other digital businesses. Before the pandemic, many consumers in Azerbaijan showed reluctance to fully engage with online services due to concerns over privacy, security, and reliability (Huseynov, 2019). The pandemic, however, accelerated the shift towards digital services, requiring businesses to address these concerns more effectively. Recent studies indicate that consumers' confidence in the digital economy has increased, but it remains fragile and highly influenced by the transparency and security of digital platforms (Ismayilov & Aliyev, 2020). A key factor in fostering trust among consumers is the ability of digital businesses to ensure the security of personal data. In Azerbaijan, the implementation of robust cybersecurity measures has been a critical part of building this trust (Abdullayev, 2022). However, while cybersecurity is vital, businesses must also focus on user experience, transparency in their business practices, and responsiveness to customer concerns. These factors combined create a trusted environment for consumers to engage with digital services.

### **Investor Trust and the Role of Government Regulation**

Investor trust is another cornerstone of digital entrepreneurship. In Azerbaijan, venture capital investment in digital startups has grown in recent years, with the government introducing various initiatives to support innovation (Hasanova, 2020). However, the pandemic has made investors more

cautious, with a focus on businesses that have demonstrated resilience, adaptability, and strong governance structures. Trust in these areas can be further enhanced by clear and transparent regulations, which have become a priority for the Azerbaijani government.

The role of the government in fostering trust in the digital economy cannot be overstated. In post-pandemic Azerbaijan, government policies aimed at digital innovation and entrepreneurship must be underpinned by regulatory frameworks that enhance investor confidence. These frameworks should include measures to ensure fair competition, data privacy, and intellectual property protection, which in turn will increase the willingness of investors to support digital ventures (Quliyev & Zeynalov, 2021).

### **Building a Trustworthy Digital Ecosystem in Azerbaijan**

For digital entrepreneurship to thrive, a trustworthy ecosystem must be established that includes not only entrepreneurs, consumers, and investors, but also government and regulatory bodies. In Azerbaijan, this means creating a supportive environment where stakeholders have confidence in the fairness, security, and reliability of the digital market. Key steps include strengthening the rule of law, ensuring financial transparency, and providing access to reliable digital infrastructure (Mehdiyev, 2020). The post-pandemic era offers an opportunity to build such an ecosystem. The lessons learned from the pandemic, including the importance of flexibility, responsiveness, and digital engagement, can help shape a more resilient and innovative digital economy in Azerbaijan. Trust, as a foundational element, will remain central to this process, influencing both the pace and success of digital entrepreneurship.

### **The Impact of Digital Trust on Consumer Behavior Post-Pandemic**

#### **Changes in Consumer Preferences and Building Trust Through User-Centric Innovations**

The COVID-19 pandemic has fundamentally altered consumer behavior, accelerating the shift toward digital solutions. In Azerbaijan, many consumers were initially cautious about adopting e-commerce, digital banking, and other online services due to concerns over the security and reliability of digital platforms (Mehdiyev, 2020). However, the forced adoption of these technologies during the pandemic has increased consumers' comfort and familiarity with digital transactions. Recent studies indicate that, post-pandemic, a significant portion of consumers in Azerbaijan have demonstrated a higher level of trust in digital services, primarily due to enhanced cybersecurity measures and the ubiquity of these services (Ismayilov & Aliyev, 2020). Despite this shift, there are still notable barriers to full trust, such as concerns over data privacy, fraud, and transparency of online services. According to a 2021 survey by the Azerbaijan Chamber of Commerce, nearly 40% of digital service users still express reservations about the safety of their personal data online (Hasanova, 2021).

For digital entrepreneurs, understanding these nuances in consumer trust is crucial. E-commerce businesses must prioritize secure payment systems, transparent customer service, and privacy policies to gain and maintain consumer trust. Moreover, social proof—such as customer reviews, endorsements, and word-of-mouth—continues to play a significant role in influencing consumer confidence, particularly in emerging digital sectors (Hajiyev & Mammadov, 2021). The post-pandemic era offers an opportunity to rethink the user experience and incorporate innovations that enhance trust. In Azerbaijan, digital entrepreneurs have begun investing in user-centric platforms that emphasize customer satisfaction, ease of use, and transparent communication. These platforms not only focus on providing seamless service but also ensure that users are educated on how their data is handled and protected.

For instance, the fintech sector has seen significant growth, with startups offering digital banking and payment solutions designed to build trust through enhanced user experiences (Abdullayev, 2022). A recent survey found that 65% of users are more likely to engage with a digital banking service that offers clear explanations of its security features and privacy policies (Huseynov, 2019). This trend highlights the importance of building trust through user education, transparency, and visible commitment to data protection.

### **Trust in Digital Platforms and Government Support**

The role of government regulation in fostering trust within digital platforms is particularly crucial in post-pandemic Azerbaijan. As digital entrepreneurship expands, clear and transparent regulations are needed to create a level playing field and ensure consumer protection. In recent years, Azerbaijan has made significant strides in improving its legal framework for digital business, particularly concerning e-commerce and digital banking. However, more work is required to establish comprehensive data privacy laws and to foster trust between consumers and digital entrepreneurs. The Azerbaijani government's role in creating a reliable regulatory environment is indispensable. This includes enacting laws that safeguard data privacy, intellectual property, and consumer rights. Such regulatory frameworks are essential in creating an environment in which both consumers and investors feel confident participating in the digital economy (Quliyev & Zeynalov, 2021). With the support of the government, the digital economy can thrive, as businesses will operate with the assurance that there are legal safeguards in place for all parties involved.

Additionally, the government's involvement in creating digital infrastructure that enables secure transactions and robust online marketplaces is pivotal. Public-private collaborations in infrastructure development have already begun to yield positive results. For example, the partnership between the Innovation and Digital Development Agency and the private sector to improve broadband internet coverage in rural areas has helped increase digital access and engagement, laying the groundwork for a more inclusive and trustworthy digital economy.

### **The Role of Trust in Attracting Investment to Digital Startups**

Investor confidence is integral to the success of digital startups. In Azerbaijan, venture capital and angel investment in the digital sector have seen an uptick, yet investors remain cautious in a post-pandemic world where uncertainties are high. This caution can be attributed to the heightened risk perceived in digital ventures, especially those that rely on novel technologies or unproven business models.

Trust in the entrepreneur is one of the most significant factors influencing investment decisions. Investors are looking for entrepreneurs who demonstrate resilience, transparency, and adaptability, particularly in uncertain economic conditions. The pandemic has underscored the need for businesses to pivot quickly in response to changing circumstances. As a result, digital entrepreneurs must cultivate trust with investors by showcasing their ability to adapt to market demands and manage unforeseen challenges (Aliyev & Mehdiyev, 2020). Azerbaijan has seen a rise in angel investor networks that focus on supporting digital startups. These investors are particularly interested in startups that have a clear focus on trust-building measures, such as transparency in financial reporting, governance, and the ethical handling of customer data. Government-backed venture funds also play a significant role in providing early-stage funding to innovative digital ventures, thereby helping to build trust within the entrepreneurial ecosystem.

## The Long-Term Outlook for Digital Entrepreneurship in Azerbaijan

Looking ahead, trust will continue to be a foundational element in the growth of digital entrepreneurship in Azerbaijan. The lessons learned during the pandemic—particularly regarding the importance of digital trust—should inform future strategies for both entrepreneurs and policymakers. By fostering an environment of transparency, security, and regulatory oversight, Azerbaijan can position itself as a hub for digital innovation in the region. Moreover, the expansion of digital entrepreneurship in Azerbaijan will depend on the continued investment in digital literacy and infrastructure. The government must support initiatives that enhance digital skills across the population, ensuring that consumers and entrepreneurs alike can navigate the digital economy with confidence. For entrepreneurs, focusing on trust as a key value proposition will be essential for attracting both consumers and investors, ultimately ensuring the long-term success of their ventures.

## Conclusion

In conclusion, trust is a critical factor in the development of digital entrepreneurship in Azerbaijan's post-pandemic economy. While the COVID-19 crisis has reshaped how businesses and consumers interact, it has also highlighted the importance of building and maintaining trust in digital platforms. By focusing on consumer confidence, investor trust, and government regulation, Azerbaijan can foster an environment conducive to digital entrepreneurship. Going forward, the government, entrepreneurs, and other stakeholders must continue to prioritize trust-building mechanisms to ensure the sustainable growth of the digital economy.

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