

## SECTION 3

### ENTREPRENEURSHIP, MANAGEMENT AND MARKETING

UDC 332.055

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#### CREATING A SUPPORTIVE ENVIRONMENT FOR THE DEVELOPMENT OF SMALL AND MEDIUM BUSINESS AT THE SUBJECT OF THE RUSSIAN FEDERATION

**Statement of the problem.** In modern Russia, the small business has a short history. His development as a sector of the economy began in the late 80s the twentieth century. Moreover, the rapid growth in the number of small businesses has fallen to the period when virtually absent legislative regulation in this area.

**Analysis of the latest study publications.** The development of small and medium-sized businesses and economists have paid attention to the countries of the Commonwealth of Independent States, such as: V. Afanasiev, Abalkin, A. Gagarin, A. Gagarin, A. Blinov, E. Zadorozhnyuk, B. Ichitovkin, V. Krupnoe, S. Melnikov, I. Razumnova, and others. In his works, they point to the fact that business - it is ultimately the whole mass production of goods and services for the population, have the satisfaction of the whole range of individual and social needs.

Small and medium business and its role in the global economy through increased foreign economic relations between the two countries are the subject of a number of foreign authors such as Daniel Bell, P. Drucker, K. Kern, D. Odretch, D. Storey and others, and also in the works of many local scholars. Here you can highlight the work of authors such as AG Aganbegian, A. Bragin, H. H. Bokareva, A.P. Bunic, V.Y. Burov, O.V. Butorina, M. Vasiliev, I. Vlasov, V. Glinsky, V.M. Diyarhanov, A. M. Ermoshin, A. A. Jyk, O. Zaslavsky, R. J. Ivasjuk, O. A. Kolesnikov, J.A. Lobzenko, S.P. Peregoudov, Yevgeny Primakov, V.N. Sal'nikova, P.P. Sydoruchuk, A.N. Spartacus, I.V. Rozhkov, A. A. Stukalo, A. Chepurenko, A.J. Yudanov, A. M. Shestoporov, N. Shmelev, R.V. Yakutkin and others.

The current stage of development of the world economy demanded a fresh look at the role and position of small and medium-sized businesses in the innovation economy and the national economic security. In particular, the experience of the opportunities for small and medium-sized enterprises in high-tech sectors FEA treated in the works Yevgeny Primakov, D.A. Spitsin, S.A. Sitaryan, M.A. Tolstobrov, G.G. Fetisov, L. I. Jacobson and others.

However, under-developed at present is scope to create favorable conditions for the development of small and medium-sized businesses. This area is dedicated to a limited number of studies, in particular the work of authors such as St. Paraskeva [1], N.A. Kiry-

anova draws attention to the development and support of small and medium-sized businesses is a priority for the state. In spite of this, in the small and medium business there are a number of outstanding issues definitively. The article revealed what problems at the municipal level, hinder the development of small and medium-sized enterprises [2]. However, the work is not sufficiently addressed issues related to the creation of a favorable environment for the development of small and medium-sized businesses at the level of the Russian Federation.

**Goal setting.** The aim of this work is to conduct a study to determine the role of small business in the economy of the region and to identify factors that are favorable to the creation of a favorable environment for the functioning and development. To achieve this goal were subsequently resolved following interrelated tasks: attention paid to the transformation of the studied segment of the economy, studied the history of the issue reflected the formation of the legal and regulatory framework for the regulation of small business, is considered infrastructure to support small business. To achieve the objectives applied the methods of economic statistics, which enable the analysis of small business development in the region of the Russian Federation. Including built dynamic range, reflecting the dynamics of the number of small businesses, the calculations of the relative performance of the structure and intensity, are built on the basis of the table.

**The main material of the study.** Important for the development of business in Russia was the adoption and entry into force of the Law "On enterprises and entrepreneurship" and the decision of the Government of the Russian Federation of July 18, 1991 № 406 "On measures to support small businesses in the Russian Federation", which was first clearly formulated law, set out the business, given guarantees to them by the public authorities, the criteria for inclusion to small businesses by limiting the number of employees (in individual sectors of the economy). The first time was provided for the use of small business tax breaks, the formation of funds for financial support from the budget, the introduction of the accelerated depreciation of fixed assets owned small businesses.

The main elements of a mechanism to support small businesses in the country have been formulated in the

Decree of the Government of the Russian Federation «On urgent measures for the development and support of small business in the Russian Federation» dated May 11, 1993 number 446 and other documents of this period. These regulations set forth the most important position, which has relevance to the development of small business, for example, that the state support of small business is considered one of the most important areas of economic reforms that promote competition, filling the supply of consumer goods and services, creating new jobs, the formation of a broad section owners and entrepreneurs.

Intensive development of a new market sector of the Altai Territory was observed in 1988-1989 after the adoption of the Law «On Cooperation in the USSR». In the next two years, the growth rate of the number of organizations decreased by 3,5 times. Prior to the beginning of an ambitious privatization program, the volume of sales of products ( services) market sector has increased by 3,5 times, the number of employees – 8,7 times and the number of enterprises - almost 7 times, and its share by sales volume accounted for about 8%, according to employment - 6, the total amount of payments - 24 %.

In terms of the sectoral structure of the largest share in terms of volume of production in the market sector at that time occupied the building, design and survey organizations (40,4 %), followed by production and technical purposes ( 27%). The organization of trade and public catering gave 15,5% engaged in the production of consumer goods – 12,2%, agricultural production – 2,6%, providing household services – 2,2%. The development of small business and its rapid growth in the early years of the province, as well as in the whole of Russia, were largely due to different «rules of the game» for large and medium-sized state-owned enterprises and small - softer for the latter. Around the large state-owned enterprises have been formed with a plurality of small businesses forms: cooperatives, small government and leasing companies where, because of the liberal pricing, less rigid state control and transfer of funds and resources of state enterprises could generate higher revenues [3, p. 137].

The second «wave of public support» can be dated to the beginning of the 2000, which is directly related to the entry into force of the legislative package of so-called «1st wave of deregulation», largely determined the direction of development. Federal laws have been adopted from 08.08.2001 № 134- FZ «On the Protection of the rights of legal entities and individual entrepreneurs during the state control (supervision)», dated 08.08.2001 № 128- FZ «On Licensing Certain Types of Activities»; of 08.08.2001 № 129- FZ «on state registration of legal entities and individual entrepreneurs». In addition to these laws significantly reduce administrative barriers, an important role in the development of small businesses have played a variation of conditions and the introduction of new special tax regimes in the Tax Code [4, p. 107].

In order to determine the effect of government regulation on businesses, as well as the role of small business in the Altai region in modern conditions the author has analyzed the statistics of the Territorial Department of the Federal State Statistics Service of the Altai Territory, made calculations and generalizations, compared with indicators of regional development in the Siberian Federal District and Russia.

The data presented in Figure 1 show that the highest rate corresponds to 2009 - more than 27.6 million small businesses. In 1999 there was a slight drop in the indicator affected by the crisis in 1998 in subsequent years, the situation in the country began to level off, which affected the growth of the regional test indi-

cator. Note that certain cyclical characteristic of the Siberian Federal District and Russia as a whole.

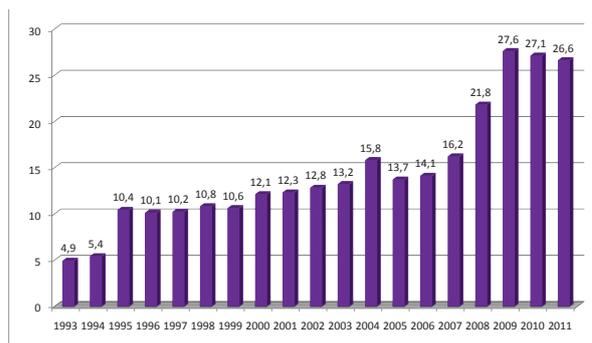


Fig. 1. Changes in the number of small businesses in the Altai region, thousands of units

In 2011, according to the data of Statistics, the number of entities involved in the sector of small and medium enterprises of the Altai Territory is 88162 units (465 medium-sized enterprises, 26600 - small and micro-enterprises, 61,097 individual entrepreneurs). For this indicator, the edge holds the 2nd place among the subjects of the Siberian Federal District and the 15th - among the subjects of Russia. The share of employment in the field of entrepreneurship of the total employment in the economy of the region is 41 %. Share of the small and medium-sized enterprises account for 42% of total turnover of the organization of the region. In 2011, the turnover of small enterprises (excluding micro-enterprises) amounted to 113859,2 mln. rub., or 126,9 % compared to 2010 in Russia as a whole the growth rate of the small enterprises was 123,5 %.

In the Altai region in one thousand of the population accounts for 11 entities and 25 individual entrepreneurs. In the whole of the Russian Federation on the one thousand of the population, there are 12 small and medium-sized enterprises and 20 individual entrepreneurs, according to the SFO in one thousand of the population accounts for 11 small and medium-sized enterprises and 22 individual entrepreneurs. According to this indicator, the edge is on 26-th and 29-th place among the regions of the Russian Federation.

During the years 1992-2011 the number of people registered as entrepreneurs has increased by more than 6 times. The maximum value of the index (in 2004) was 116,1 thousand individual entrepreneurs (including the heads of the peasant (farm)). The main reason for the fall of the indicator in 2005 and a slowdown in the number of registered businesses in the following years was the revival of big business and the banking sector, which attract a large number of economically active population of the province.

It should be noted a significant difference between the entrepreneurs of the early 90's and modern. The previous owners - it's only the self-employed, rendering a variety of household and intermediary services. Today's entrepreneurs are commercial and industrial activity involving employees.

The activities of small businesses Altai region since the early 90's has been concentrated in three areas: trade and catering (every other small business), industry (one in six), construction (one in nine). The combined share of small enterprises operating in these sectors in 1992 was 81,8 %. These sectors received 91,1 % of the proceeds from the sale of products, services, 98,2 % of book profits and spent 97,6 % of capital investments of small enterprises of the Altai Territory.

Recently, the structure of small business in Russia is changing. The share of organizations working in the

areas of industrial activity and contributing to scientific and technical progress. This process is still slow, but its acceleration is not only depends on public support, but also on the policies of major corporations. In the sectoral focus of small businesses Altai significant changes were observed.

Table 1  
Changing the industry sector of small enterprises  
Altai region, %

Index	1992 year	2000 year	2008 year	2011 year
Manufacturing industry	18,2	16,6	12,7	18,4
Construction	12,9	10,8	8,3	5,9
Agriculture	3,5	4,8	6,2	14,5
Transport and communications	2,0	2,1	3,8	5,8
Wholesale and retail trade	50,7	54,3	48,8	35,1
Financial activities	0,2	0,5	1,1	1,0
Utilities	0,3	0,3	1,8	0,9
Others	12,2	10,6	17,3	18,4

As can be seen from Table 1, the most economically attractive for small businesses in the province, as well as in the whole of Russia, are activities that do not require significant capital investment. In particular, in the sphere of trade works almost every other company and employs one third of the number of employees in small enterprises. Priority sectors of industrial character and innovation in small business Altai region are poorly developed.

For a variety of products entrepreneurs occupy a significant position in the province-wide issue, they account for about 80% of the production of steel mesh, wood window units - more than 40%, cabinets, chairs and sofas - more than 40 commodity fish, meat, including offal first category - more than 30%.

The growth of household incomes, improved market conditions and the conditions of the state support of business had a positive impact on the growth of the small enterprises, increase their revenues. Key Financial Ratios business edge by statistics agencies suggest the positive dynamics in the sector.

Turnover microenterprises in all kinds of economic activities was in 2011, 102,7 billion rubles. Shipped goods production, works and services on their own in the amount of 32 billion rubles.

Over the past two years, the share of sales of agricultural enterprises and enterprises engaged in manufacturing, 7%. So, if in 2009 the share of turnover of micro-manufacturing industries accounted for 9%, by the end of 2011 - is 14,6%. The share of sales of agricultural micro-enterprises increased over the 2-year by 1,4 p.p. [5].

Investment in fixed assets of small businesses in the Region, January - December 2011 amounted to 5 billion 930 million rubles., or 150% compared to 2010. This is one of the highest rates among the subjects of the Siberian Federal District. The average investment growth of small businesses in the SFO in the current year reached 105%, according to Ross's in general - 105,7%. According to preliminary estimates, the amount of taxes paid to the consolidated budget of the

Table 2  
Summary measure of development of small and medium-sized business (SMSP) in the Altai region

Index	2009 year	2010 year	2011 year
The share of employment in SMSP in total employment in the economy, %	39,5	40,0	41,0
The share of products produced in the SMSP total GRP, %	22,3	22,5	23,0
The amount of taxes received from the SMSP in the consolidated budget of the region, mln. rub.	5928,2	6923,8	7616
The average monthly salary of an employee of a small business, rub.	7410	10295	11000
Investment in fixed assets of small businesses, mln.rub	2595,4	3953,8	5930
Sales of own-produced goods, works and services for small businesses, mln.rub.	33741,7	42848,1	49300
Revenue from sale of goods (works, services) of small enterprises, mln. rub.	79043	90599,5	104200

Altai region of small and medium-sized businesses, is at the end of 2011 7,616 mln. rub., or 110% compared to 2010.

The analysis revealed a positive trend in the development of small business in the Altai region, confirm the strengthening of its significance in terms of socio-economic development.

Mastering new perspective for the Altai region activities: recreation and tourism, innovation and so on. However, enterprises introducing innovations into practice in Russia and in our region is not enough. The main reason - the high costs and long payback period.

It should be noted that the structural changes in the development of micro promotes government support priority in the development of small and medium-sized businesses. They are addressed primarily to business entities operating in the real sector of the economy, and social significance, and started a business [6].

Currently, in the Altai region formed a complete system, the creation of which was started in the mid 90's. Infrastructure - a mandatory component of any integrated economic system. With regard to small business infrastructure - a collection of legal forms that define the business relationship, linking them in a variety of different subject and one.

It becomes obvious that no system of government support, combined with elements of market regulation, the business sector is stable and cannot develop independently. The province plans to introduce foster care administrations of territories and personally heads for the investment projects of small businesses. Accordingly, the most promising projects involving the development of priority economic trends in the region, such as manufacturing, processing, construction, development of the tourism industry and the service sector,

will be supported boundary authorities. This format of the relationship between business and government has allowed to achieve growth of entrepreneurship in the economy and the social sphere edges, define the scope of mutual cooperation [7].

One of the key challenges in the implementation of the priorities of complex socio- economic development of the Altai region, as well as at the federal level, is the improvement of the business and the business climate.

As noted above, in the Altai region system of institutions and infrastructure for small business support avnery complexity (Figure 2). It should be noted the positive developments of quantitative growth and qualitative improvement of the work of these institutions.

A boundary-value infrastructure is designed to do two objectives: first, to encourage the growth of small businesses and self-development and, second, to direct their activity mainly in the spheres of economic activity, which in the long term best meet the needs of socio- economic development of the region's economy.

On their own initiative and under the patronage of the Governor of the Altai Territory Alexander Karlin implemented the Governor's program of professional training for the sphere of small and medium-sized enterprises of the Altai Territory in 2009-2012. Over the years successfully trained 300 representatives (heads) of the sphere of small and medium-sized businesses.

At present, the province has a long- targeted program «State support and development of small and medium-sized enterprises in 2011-2013».

The program for 2011-2013 and provides new forms of financial support: subsidizing part of the costs associated with new product development, patenting, purchase of equipment and new technologies, as well as reimbursement of businessmen associated with the implementation of measures to improve energy efficiency and the production of innovative small companies, give the Russian and international certificates, including certificates of quality management system implementation and security.

Today, system solutions are needed to create an enabling environment for running your own business, and in each territory of the region. The size of local

taxes, transparency of procedures lease, acquisition of municipal property, land, access to credit - this is the real components of the local investment climate, which is necessary to optimize requests by the business community. It should replicate the best practices in the municipal area, including the experience of other regions, as well as drawing on the work of the business community, and based on their expert opinion [8].

Total funding for the program activities for 2011-2013 out of the regional and federal budgets of more than 550 million rubles. If we draw a comparison, it would be significant compared with the decade-old program in which all the events stood out more than 25,7 million rubles. Thus, there was an increase in funding to more than 21,4 times. All of this positive effect on the quantity and quality of functioning of small and medium-sized businesses.

The implementation of the program activities will by the end of 2013 to increase the quantity and improve the quality performance of the business entities, namely, the number of small and medium-sized enterprises should reach 110 thousand units, the proportion of the average number of employees in small and medium-sized enterprises in the average number of employees of all businesses and organizations Altai region - 29 %, the share of employment in small businesses in total employment in the economy - 43 %. Investment in fixed capital by small and medium-sized enterprises can achieve the figure 9,3 billion rubles., and the amount of tax revenue from small-and medium-sized businesses in the consolidated budget of the region - 12,965 million rubles.

It should be noted that only targeted support for the comprehensive development of small and medium-sized business is not enough. Need to move from quantitative to qualitative development of entrepreneurship. For this it is necessary to facilitate access to the electricity grid and supply lines, eliminating unnecessary customs barriers and the establishment of transparent procedures for the declaration, the simplification of land for construction, lowering prices for the transport of finished products and the development of transport infrastructure, control of natural monopoly tariffs,

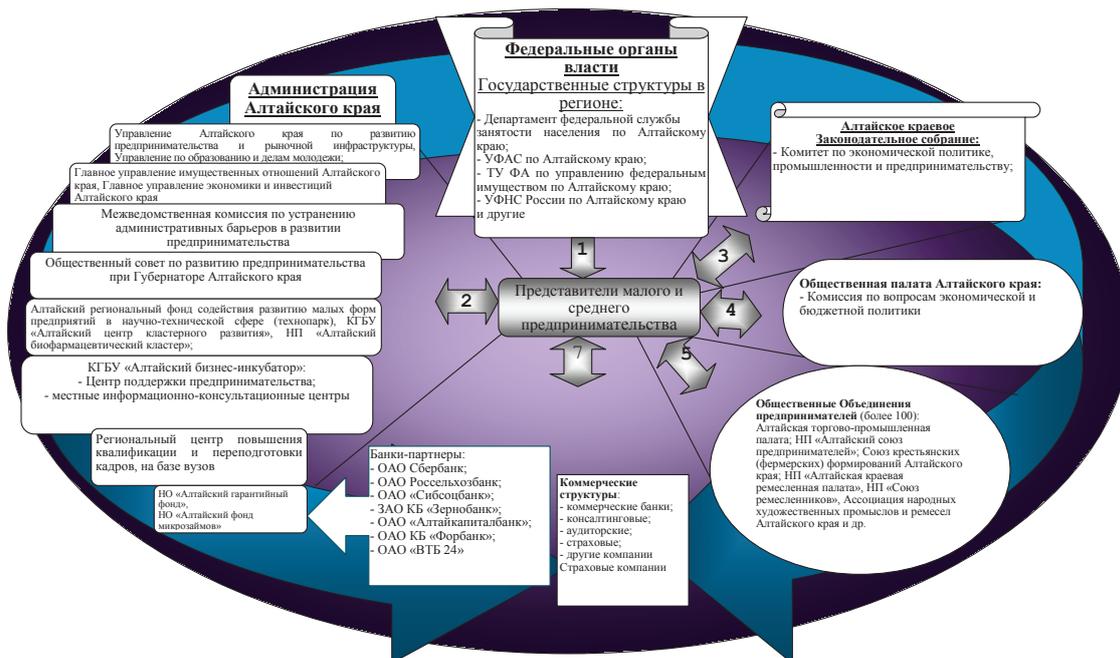


Fig. 2. The field of interaction of institutions to support the development of infrastructure of small and medium-sized businesses in the Altai region.

domestic support companies entering the foreign markets. The region is marked constraints intensive development study segment, taken action to minimize them.

It drew attention to this at a meeting of the advisory board of the Agency for Strategic Initiatives (ASI), which was held on 3 May 2012, Vladimir Putin. The President outlined the first four cards to improve the business climate in the country to facilitate access to the grid, removing administrative barriers at customs and in the construction sector, support for domestic companies entering the foreign market. He noted that the representatives of small and medium-sized businesses need special accompaniment [9].

Small and medium business is by far one of the most important components of the socio-economic development of Russia. Independence, responsibility, stability, the use of innovative technology - a unique combination of parameters characterizing the enterprise, the active development of which should contribute to the solution of the problem of entering Russia in 2020 in the world's top five leading countries.

Creating favorable conditions for development of small and medium-sized businesses in the region of the Russian Federation is an integral part of the economic component of the development of the city, region, county, country. Serves as an indicator of its stability and prosperity. Development of entrepreneurship provides the population with new jobs and a stable income, significantly expands the list of the goods and services, promotes the formation of a competitive environment and the establishment of market equilibrium.

The primary task of the state (municipal) - creation of favorable conditions for development of small and medium-sized enterprises: stimulating the processes of citizen engagement in entrepreneurship, support for beginners and existing entrepreneurs.

**The findings from this study.** The study showed,

in the Altai region are improving the business climate and the operating environment, it is directly reflected in the statistics of the small-scale farming. Positive impact on the analyzed indicators that in the subject of the Russian Federation formed the basic legal framework, to create a complete infrastructure support institutions which interact with a clear line of goal-setting. There is a system of activities that will contribute to the creation of optimal conditions for the development of novice entrepreneurs.

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