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**TÍTULO:** El desarrollo de pequeñas empresas en el moderno sistema político y social de la Federación Rusa, región de Volgogrado.

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**RESUMEN:** En el artículo se analizan los problemas del desarrollo de pequeñas empresas en la región de Volgogrado y la Federación Rusa durante el último período histórico en el contexto del desarrollo moderno de los procesos empresariales. Se justifica la necesidad de desarrollar el espíritu empresarial en las condiciones de baja actividad empresarial de la población, así como las posibles formas de estimularlo en la región de Volgogrado de la Federación Rusa. Se llevó a cabo el cálculo de la eficiencia de las pequeñas empresas mediante el coeficiente de la actividad. Basándose en este estudio, los autores proponen un conjunto de medidas para estimular la economía.

**PALABRAS CLAVES:** pequeñas empresas, eficiencia económica, desarrollo sostenible, economía de la Federación de Rusia, sistema político y social de la Federación Rusa.

**TITLE:** Small business development in the modern political and social system of the Russian Federation, Volgograd region.

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**ABSTRACT:** The article deals with the problems of small business development in the Volgograd region and the Russian Federation during the last historical period from the perspective of modern business processes development. The necessity of entrepreneurship development in conditions of low entrepreneurial activity of the population, as well as possible ways to stimulate it in the Volgograd region of the Russian Federation is substantiated. The calculation of small business effectiveness using the activity coefficient is done. Based on the study, the authors propose a set of measures to stimulate this sector of the economy.

**KEY WORDS:** small business, economic efficiency, sustainable development, economy of the Russian Federation, the political and social system of the Russian Federation.

**INTRODUCTION.**

Small business performs a number of important socio-economic functions: disclosure of creative and investment and innovation potential of a large category of the population, stimulation of demand and supply in the market of goods and services, creation of new jobs, growth of tax revenues, creation of a more comfortable living environment, formation of a competitive environment, mitigation of social inequality, which is especially important in Russia.

Many works of domestic and foreign authors are devoted to the problem of developing a system of indicators of entrepreneurial performance. In the works of Russian scientists (G.S. Savitskaya, A.D. Sheremet), the analysis of business success is identified with an assessment of its economic efficiency and is limited to calculating the corresponding financial and economic indicators (Savitskaya, G.V. 2017), (Sheremet, A.D 2017).

The systems of indicators of the effectiveness of entrepreneurial activity developed by foreign scientists, due to insufficient adaptation in Russian conditions, reflect an incomplete picture of the ongoing processes. Today, one of the most popular foreign concepts of business performance analysis is the concept of a balanced scorecard (Kaplan, R.S. Norton, D.P. 1996), (Kaplan, R.S. Norton, D.P. 2002), (Ittner, C. D. Larcker, D. F. 2003).

The study allows not only to identify some reasons for the destruction of small businesses at the regional and national levels, but also reveals the effectiveness of the functioning of small businesses, gives specific recommendations for optimizing the development of this sector of the economy.

## **DEVELOPMENT.**

### **Objective.**

The purpose of the research is to study the economic processes taking place in small businesses in the whole country and in the Volgograd region in particular.

### **Methods.**

When studying economic processes in small business, the method of analysis and synthesis is used, which involves the study of socio-economic phenomena in the economy of both the Volgograd region and the Russian Federation as a whole. Thanks to the combination of statistical analysis and synthesis, the study provides a systematic integrated approach to complex multi-element research objects. Historical and logical methods are also used in the research.

Socio-economic processes in their historical sequence simultaneously with logical associations were studied in detail, which made it possible to evaluate the processes in question as a whole and draw conclusions on the necessity to stimulate small business in the region under consideration and in the country as a whole.

**Results and discussion.**

It should be noted that the organization's affiliation to small business in the Russian Federation is determined by the values of two main indicators: the number of employees and the revenue position. In accordance with Article 4 of the Federal Law "On the Development of Small and Medium-Sized Enterprises in the Russian Federation", adopted on July 24, 2007, consumer cooperatives and commercial organizations included in the unified state register of legal entities are considered as small business entities (Federal Law, 2007).

The Organization for Economic Cooperation and Development identifies the following categories of enterprises depending on the number of employees: 1-9 employees; 10-19 employed; 20-49 employees; 50-249 employed. This approach becomes a brake on the growth of enterprises, since the transition to the next category is accompanied by a sharp increase in various kinds of costs.

Recently, self-employed citizens have also been referred to small business in the Russian Federation. According to preliminary data of Rosstat and Eurostat, in Russia the share of self-employed among all employed in the economy is about 4.9% (2017). This is a very low figure for Europe; for example, in Poland this figure reaches 13.8%, in the Czech Republic - 13.5%.

An attempt made in 2018-2019 to bring this business out of the shadow sector of the economy was justified by the government (through the media) as caring for the self-employed in the context of their retirement. Of course, the legalization of this segment of the economy is necessary. However, this process can lead to the mass curtailment of this business, which will aggravate the already difficult situation of a huge number of self-employed and generally reduce the purchasing power of a large part of the population, who are largely buyers of small business services.

In the Volgograd region in 2018, an average of 185 people worked for 100 households that used the services of self-employed. Most often, specialists in hairdressing and cosmetology services were involved (45 households out of 100), less often residents of the region used the services of tutors (31

families). Self-employed, engaged in housing construction, sewing clothes, transportation and the provision of medical services have least of all clients. One family spent about 4.4 thousand rubles a quarter on self-employed services.

The state is looking for new ways to replenish the budget. At the same time, the fact that, according to PwCPayingTaxes, the RF is in the group of states with the highest tax burden - by 7 p.p. higher than the world average. The fiscal burden on payroll in the RF is 2.3 times higher than the world average.

The level of fiscal burden in the Volgograd region and in the Russian Federation does not correspond to the level of labor productivity, which is significantly lower than in developed economies. Such overtaxes suppress the legal small business and do not allow it to grow, stimulate the transition to the shadow sector of the economy. All this leads to the fact that only 3.4% of small companies newly created in the Russian Federation operate for more than three years, which is significantly less than in countries similar to Russia in the number of this type of entrepreneurs: Norway – 6.15%, Finland – 6.65%, Spain – 8.39%, Greece – 12.6%.

It should be recognized that small business in the Volgograd region and in the Russian Federation as a whole is in a state of crisis and is not in a hurry to introduce advanced technologies, despite all their attractiveness.

According to the Federal State Statistics Service, more than 600,000 small enterprises closed their businesses from 1993 to 2018. The number of closed small enterprises is much larger than the number of newly opened over the same period. Accordingly, the trend associated with the opening and closing of sole proprietors is negative. We note, on the example of the Volgograd region, that at the beginning of 2018, the number of legal entities decreased by 9%.

The situation is aggravated by a decrease in the total number of employers in the region. From 2017 to 2018, the reduction amounted to 2.5 units, decreasing to 54.4 thousand units. The total number of employees decreased by 3.5% to a level of 611.6 thousand people. These indicators testify to the departure of entrepreneurs in the shadow sector and bankruptcy, and it is possible that salaries are "in the envelope".

According to data provided by the Social Insurance Fund, employees of 9,300 enterprises receive wages less than the subsistence level. Moreover, the average earnings in the Volgograd region is 30,380 rubles. In January 2019, the average salary was 29,683 rubles. For 6 years, the average salary has nominally increased by almost 8.5 thousand rubles. However, real earnings are far from statistics. According to the regional job search site of the Volgograd region, the salary in 2018 averaged 20,019 rubles. Polls show even smaller amounts – 15-20 thousand rubles (Volgograd region Federal state statistics service).

As Chairman of the Government of the Russian Federation Dmitry Medvedev noted at a speech in the State Duma of the Russian Federation on April 17, 2019, "Today there are almost 19 million people in the Russian Federation who are poor. This means that 19 million people live the way they should not" (the reduction in the number of poor in the country is due to a change in the methodology for calculating this category of citizens) (Government report, 2018). There are estimates that by the end of 2019 – early 2020, about 30% of Russian citizens may become poor.

We note that in January-March 2019, real incomes of Russian citizens decreased again – this time by 2.3% compared to the same period in 2018. More than half of the citizens of the Russian Federation (including residents of the Volgograd region) reduced their expenses last year, as noted in a study of the famous global metering company Nielsen FMCG, which provides economic data and marketing information on the dynamics of the market for consumer goods.

Thus, the tightening of the tax burden and weak state support for small businesses worsen the economic situation in the Volgograd region and in the country as a whole. Instead of the expected growth in income from a 2% increase in value added tax in the small business segment, a prolonged negative result is possible. We note another reason small business fail. It can be attributed to the frequently low preparedness of entrepreneurs in the field of financial and legal literacy.

If we talk about the Russian Federation as a whole, we should not deceive ourselves: in 2018 despite the seemingly good results in the number of new legal entities, more companies closed than opened. In total, 673 thousand legal entities ceased operations in the Russian Federation. That is, for every open company there are almost 1.8 closed ones. Most small businesses ceased to operate on their own. According to the Russian Federal State Statistics Service, for about 30% the reason for the closure was bankruptcy, due to the economic conditions in the country and the inability to fulfill its obligations to creditors and state tax authorities.

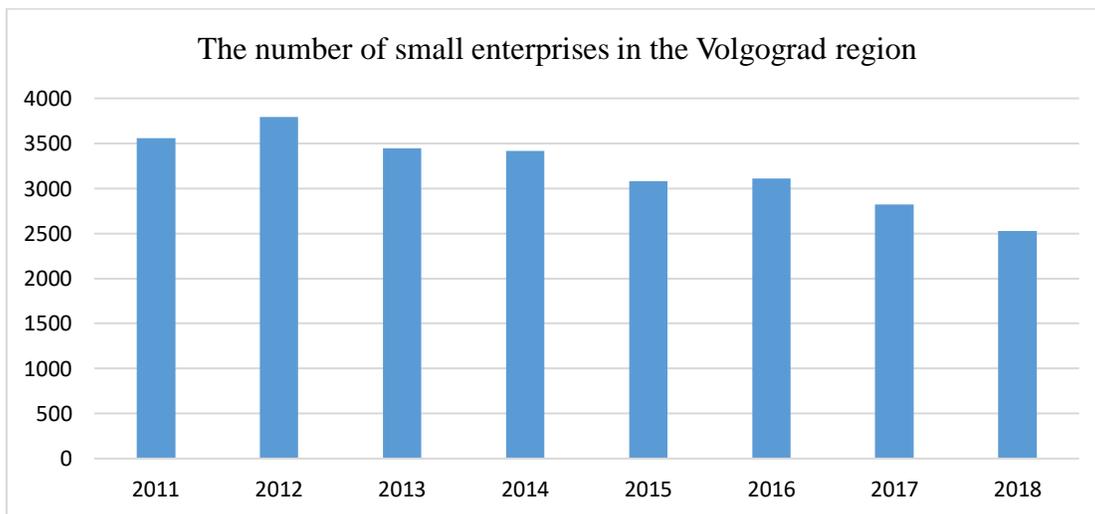
We note that in 2018, despite official statistics declaring the economy to grow by 2.3%, an economic recession is obvious for the population, as purchasing power is decreasing. Small business goods and services are no longer in demand. The share of small business entities, which account for about 20% of GDP, is declining. From this we can conclude, that the trend associated with the opening and closing of sole proprietorships is negative. In figures, this trend looks like this: according to the Federal Tax Service of the Russian Federation, the growth was recorded only in the number of entrepreneurs in the category of microenterprises in mid-2018: their number increased by 111.9 thousand units, about 80% were newly formed.

Small businesses declined by 346 units per year, reaching 20078 enterprises. For small companies the reduction was 2355 units, reaching 264 593 enterprises. The number of jobs decreased by 331,367 units, reaching 7,058,062 units. 2019 was the sixth year of a fall in real income for most citizens of the Russian Federation. According to the Russian Federal State Statistics Service, the indicator fell

by 0.2. Due to falling incomes, the population saves more primarily on goods and services offered by small businesses. A research conducted by BrandHeatIndex showed that at the end of 2018 the level of concern increased to 30% after falling to 26-28% in the autumn. With the GDP growth rate remaining at 1.2-2.3% and tax policy tightening and ongoing administrative pressure on business, revenue growth in 2019 is virtually impossible, while prices continue to rise. With this in mind, the squeeze on small businesses will intensify and consumer concerns are likely to grow.

Small business is an integral and very significant element of both the national and regional economies. The degree of its development, financial condition, and the results of its activities have a great influence on the competitiveness and potential of the region's socio-economic system. As studies show, it is small business today that makes a significant contribution to the growth of the economy of many countries of the world. The development of small and medium-sized enterprises in the Volgograd region is a strategic factor determining the sustainable development of the region. The number of small enterprises is one of the most obvious indicators of small business functioning. Graphically, the change in the number of small businesses in the Volgograd region in 2011-2018 is presented in the figure, compiled on the basis of statistical data of Volgograd State Statistics Service.

Figure 1. The number of small enterprises in the Volgograd region in 2011-2018.



As of January 1, 2019, 43.4 thousand organizations and 62.4 thousand individual entrepreneurs are registered in the Statistical Register of Economic Entities in the Volgograd Region. The total number of organizations compared to the beginning of 2017 decreased by 7858 units (by 15.3%). The number of individual entrepreneurs increased by 1733 units (2.9%) (Table 1).

Table 1. Dynamics of key performance indicators of small enterprises in the Russian Federation in 2016-2018 (at the end of the year).

№ p/p	Indicator name	2016	2017	2018	Change for the period	
					absolute	growth rate, %
1	Number of small enterprises*	3113	2820	2526	-587	81,1
2	Small enterprises share in the total number of enterprises, %	6,08	6,05	5,83	-0,25	95,9
3	The number of small enterprises per 1000 people	1,22	1,12	1,01	-0,21	82,8
4	Small enterprises turnover, million rubles	200868,8	211283,0	178525,5	-22343,3	88,9
5	The share of small enterprises in GRP, %	27,0	27,4	23,14	-3,86	85,7
6	The average number of small enterprises employees, thousand people	84,8	71,3	62,8	-22	74,1
7	The share of small enterprises employees in the total number of people employed in the economy, %	7,4	6,0	4,9	-2,5	66,2
8	Investments in fixed assets, million rubles	183642,1	190770,4	184465,2	823,1	100,5

\* Small enterprises. Source: calculated by the authors according to statistics (Federal Service for State Statistics).

At the same time, the share of small enterprises in the total number of registered organizations decreased by 4.1% and the number of small businesses per 1000 inhabitants decreased by 17.2%.

The turnover of small enterprises also shows negative trends. For 3 years, it decreased by 11.1%, which indicates a decrease in commercial activity of small businesses. At the same time, the share of small enterprises in GRP decreased by 14.3% during the study period. That is, there is a significant decrease in the contribution of small businesses to the production of gross regional product.

The average number of small enterprises employees decreased by 22 thousand people for 3 years and amounted to 62.8 thousand people at the end of 2018. At the same time, the share of small enterprises employees in the total number of employed in the economy also decreased and amounted to 4.9%.

A positive aspect is the increase in the costs of small businesses for the reproduction of fixed assets (repair, modernization, construction, etc.), as evidenced by the increased investment in fixed assets by 823.1 million rubles. for 3 years. During the period under review, the number of small business organizations decreased by 29%. This trend is typical for all types of small enterprises operating in the Volgograd region. The current structure of activities in which small business organizations operate in the Volgograd region remains stable for a fairly long period of time.

The share of organizations engaged in wholesale and retail trade, repair of motor vehicles and motorcycles accounts for 22.8% of the total; construction – 13.3%; real estate operations and professional, scientific and technical activities– 13.8%; manufacturing – 14.3%; provision of other services and other activities – 6.3%; transportation and storage – 5.3; health care – 2.3% of the total number of economic entities.

The average number of employees (without external part-timers) in small enterprises (without microenterprises) in 2018 amounted to 62.8 thousand people, their largest share was in manufacturing, which in 2018 amounted to 20.1%. The average number of external part-time workers amounted to 3.4 thousand people, 18.6% of them in the sphere of trade. Under civil law contracts, 2.5 thousand people worked at enterprises, about 30% of them were enterprises engaged in real estate operations.

In 2018, small enterprises generated a turnover of 178.5 billion rubles. The turnover share of organizations in the field of wholesale and retail trade, repair of motor vehicles and motorcycles amounted to 48.1% in the region as a whole, manufacturing – 15.8, construction – 10.7, agriculture,

forestry, hunting, fishing and fish farming – 8.5 %. Table 2 presents the main indicators of information technology and information and communication networks at enterprises of the Volgograd region.

Table 2. The main indicators of digital technology and information and communication networks at enterprises of the Volgograd region, %.

№ p/p	Name of indicator	2016	2017	2018	Change for the period	
					absolute	growth rate %
1	Internet	74,2	79,3	80,6	6,4	108,63
2	Broadband Internet	70,8	71,3	74,2	3,4	104,80
3	Web site	31,5	39,8	41,6	10,1	132,06
4	Cloud services	14,6	20,3	24,5	9,9	167,81
5	Electronic data interchange	48,1	53,8	64,8	16,7	134,72
6	Subscription to information resources	17,1	17,2	24,9	7,8	145,61
7	Online recruitment	15,3	22,5	34,9	19,6	228,10
8	Online staff training	28,6	33,9	35,1	6,5	122,73

Source: calculated by the authors according to statistics (Federal Service for State Statistics).

As can be seen from the table, the enterprises of the Volgograd region show a positive steady growth in all major indicators of digital technologies and information and communication networks. The highest growth is observed in the indicator "online recruitment" (an increase of 128.1%), which is due to the active development and potential employees and HR services of enterprises use of Internet resources for job search.

The lowest increase is shown by the indicator "Internet" (+8.63%), since most enterprises of the region had access to Internet resources at the beginning of the analyzed period.

The development of the situation in small businesses in the future to a large extent depends on the support of this sector of the economy from the authorities not only at the federal, but also at the regional level. The region small business effectiveness can be assessed with the use of activity coefficient proposed in the methodology of E. V. Romanenko (Romanenko, E.V. 2008: 94).

The following indicators are required to calculate the coefficient:

- The share of small business in gross regional product (D).
- The share of the number of small enterprises in their total number (C).
- The share of tax revenues from total tax revenues of small businesses (B).
- The number of indicators used for calculation (n).

$$K_p = \sqrt[n]{D \cdot C \cdot B}$$

Our calculation of the coefficient on the assessment of 2015-2018 shows its value at the level of 0.14-0.17, i.e. the level of small business development has a fairly modest value in the Volgograd region. According to the calculation method of E.V. Romanenko, the leading regions are those in which this coefficient is higher than 0.6. Thus, the Volgograd region needs to improve the efficiency of regional administrations in the field of small and medium-sized businesses support.

## **CONCLUSIONS.**

This study aims to contribute to the study of small business development processes. The reliability of the results obtained is confirmed by the use of official statistical data and proven methods of calculating economic indicators related to the calculation of the effectiveness of small business in the study region.

The conducted research convincingly showed that the obtained coefficient of small business activity in the Volgograd region makes 0.14-0.17 for the last three years. This indicates insufficient development of small business in the Volgograd region.

Unfortunately, the dynamics of small business shows a significant negative trend, accompanied by a decrease in commercial activity of medium and especially small businesses, the share of such enterprises in the gross regional product is falling. In the modern period of recovery from the economic crisis it is necessary to take urgent measures in various areas of modernization, including the development of small business. This will improve the entire economic system of the regions of the Russian Federation.

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