

Artículo de investigación

The problems of development of small business: the experience of empirical research (based on the materials of the Republic of Tatarstan)

Los problemas del desarrollo de la pequeña empresa: la experiencia de la investigación empírica (basada en los materiales de la República de Tatarstán)

Os problemas de desenvolvimento de pequenas empresas: a experiência de pesquisa empírica (com base nos materiais da República do Tartaristão)

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Abstract

This article considers the essence and features of the phenomenon of small business in the region based on the results of the author's research, highlights the problems of its functioning, the measures of state support, gives the opinions of the respondents and the expert community on topical issues of improving entrepreneurial practices. In a market economy small business is a support for the development of the middle class, helps reduce differentiation in the welfare of different groups of people, it is a catalyst for scientific progress, innovation, social goods and services, as well as job creation, provides opportunities for self-realization of people with special entrepreneurship. In developed countries, the share of small enterprises exceeds more than half of the number of enterprises in the country on the whole, and the share of employed citizens in the small business sector often amounts to 60-70% or more. In the Russian economy, unfortunately, small business does not play such a prominent role, there is a low level of its innovation. This is facilitated by a number of factors, and above all, the lack of effective mechanisms for interaction between the state and business. Entrepreneurs rate the following barriers among the main ones that bar the

Resumen

Este artículo considera la esencia y las características del fenómeno de las pequeñas empresas en la región basándose en los resultados de la investigación del autor, destaca los problemas de su funcionamiento, las medidas de apoyo estatal, ofrece las opiniones de los encuestados y la comunidad de expertos sobre temas de actualidad. Problemas de mejora de las prácticas empresariales. En una economía de mercado, la pequeña empresa es un apoyo para el desarrollo de la clase media, ayuda a reducir la diferenciación en el bienestar de los diferentes grupos de personas, es un catalizador para el progreso científico, la innovación, los bienes y servicios sociales, así como la creación de empleo. Brinda oportunidades para la autorrealización de personas con emprendimiento especial. En los países desarrollados, la proporción de pequeñas empresas supera a más de la mitad del número de empresas en el país en general, y la proporción de ciudadanos empleados en el sector de pequeñas empresas a menudo asciende a 60-70% o más. En la economía rusa, desafortunadamente, las pequeñas empresas no juegan un papel tan importante, hay un bajo nivel de innovación. Esto se ve facilitado por una serie

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development of small business: bureaucratic obstacles, lack of equality in the distribution of government orders, high rental rates, high taxes, a large number of scheduled and unscheduled inspections. Still relevant is the task of state support of small business, which requires a targeted applied sociological research that identifies the state and problems of small business in the monitoring mode.

Keywords: small business; government support measures; grant-credit system, execution of social benefits and services; middle class; economic activity of the population; bureaucratic pressure; entrepreneurial climate; administrative barriers, innovative economy.

de factores, y sobre todo, la falta de mecanismos efectivos para la interacción entre el estado y las empresas. Los empresarios clasifican las siguientes barreras entre las principales que impiden el desarrollo de pequeñas empresas: obstáculos burocráticos, falta de igualdad en la distribución de los pedidos del gobierno, altas tasas de alquiler, altos impuestos, un gran número de inspecciones programadas y no programadas. Aún es relevante la tarea del apoyo estatal a las pequeñas empresas, que requiere una investigación sociológica aplicada que identifique el estado y los problemas de las pequeñas empresas en el modo de monitoreo.

Palabras claves: Pequeña empresa, medidas de apoyo gubernamental, sistema de concesión de créditos, ejecución de prestaciones y servicios sociales, clase media, actividad económica de la población, presión burocrática, clima empresarial, barreras administrativas, economía innovadora.

Resumo

Este artigo considera a essência e as características do fenômeno das pequenas empresas na região com base nos resultados da pesquisa do autor, destaca os problemas de seu funcionamento, as medidas de apoio estatal, dá as opiniões dos entrevistados e da comunidade de especialistas sobre tópicos questões de melhoria das práticas empresariais. Numa economia de mercado, a pequena empresa é um suporte para o desenvolvimento da classe média, ajuda a reduzir a diferenciação no bem-estar de diferentes grupos de pessoas, é um catalisador do progresso científico, inovação, bens e serviços sociais, bem como criação de emprego. oferece oportunidades para a auto-realização de pessoas com empreendedorismo especial. Nos países desenvolvidos, a participação das pequenas empresas excede em mais de metade do número de empresas no país e a percentagem de cidadãos empregados no setor das pequenas empresas é frequentemente de 60 a 70% ou mais. Na economia russa, infelizmente, as pequenas empresas não desempenham um papel tão proeminente, há um baixo nível de inovação. Isso é facilitado por vários fatores e, acima de tudo, pela falta de mecanismos efetivos de interação entre o estado e os negócios. Os empreendedores classificam as seguintes barreiras entre as principais que impedem o desenvolvimento de pequenas empresas: obstáculos burocráticos, falta de igualdade na distribuição de ordens do governo, altas taxas de aluguel, altos impostos, um grande número de inspeções programadas e não programadas. Ainda é relevante a tarefa do apoio estatal às pequenas empresas, que requer uma pesquisa sociológica aplicada direcionada que identifique o estado e os problemas das pequenas empresas no modo de monitoramento.

Palavras-chave: Pequenos negócios, medidas de apoio do governo, sistema de concessão de crédito, execução de benefícios e serviços sociais, classe média, atividade econômica da população, pressão burocrática, clima empreendedor, barreiras administrativas, economia inovadora.

Introduction

In a market economy, small business is the foundation for the emergence and development of the middle class; the working-out and implementation of measures for the even distribution of resources and incomes, reduction of differentiation and reduction of the ever-widening gap in welfare of the least rich and richest groups of the population. It is the sphere

of small business that should become a key resource, which will be the main factor for the growth of the Russian economy and the Tatarstan economy, and for solving social problems for a number of main reasons.

First, there are economic reasons. In modern developed countries, small business is a catalyst

for scientific progress, the introduction of innovations, the execution of social benefits and services, as well as the creation of jobs. In postmodern societies, there has been a transition from mass large-scale production for the mass market to socialized production of the product in limited quantities, since there is an individualization of needs and demands. Under these conditions small firms gain an advantage, inasmuch as they (these organizations) fill in unclaimed niches that are significant in terms of the needs of members of society, which ensures the growth and flexibility of the economy.

Second, small business serves as a kind of “self-expression instrument” of an individual when people’s life strategy does not agree with traditional ideas (for example, linking life with work in the civil service or working in firms for the benefit of third parties). Therefore, besides the economic factor, the social factor also plays its role: the concept of “human relations” in small-scale enterprises develops more successfully (Garcia & Sogorb- Mira, 2014).. Participation in small business also gives opportunities for self-realization of people with special initiative and enterprise, helps to combat negative social phenomena through the reduction of crime, alcoholism and other destructive phenomena (Kim, 2014).

Third, small business facilitates creating the main public support – the middle class, overcoming the economic and social differentiation of the population, which is especially important for modern Russian society on the whole and its regions (Khairullina, 2012). The expansion of this category of the population raise satisfaction with the quality of economic and social life, the level of trust in government, and contributes to reducing social tensions and protest moods (Chen et al, 2013).

Thus, there is a noticeable proportional dependence of the quality of life of the population on the degree of small business development: in developed countries the share of small enterprises exceeds more than half of the number of enterprises of the country on the whole, and the share of employed citizens in the small business sector is often 60-70% and more (Zakharova & Slatvitskaya, 2016).

If we compare the small business of modern Russian society with a similar sphere of developed countries, it can be noted that the

Russian small business is characterized by a low contribution to the gross domestic product; the degree of innovation activity in the country and the sectoral structure indicate that the resource of small business is used inefficiently. The factors determining this state of affairs include a certain unsystematic nature of state support for small enterprises, the absence of well-established mechanisms of interaction between the state and business (Guzeeva, 2008).

Methods

The author’s empirical research applies a synthetic strategy involving the use of questionnaire survey methods, secondary analysis of sociological research data, data from the Federal State Statistics Service, international ratings, concerning the study of small business. The concrete case was studied using the author’s sociological survey “The Trends and Institutional Problems of Small Business Development in the City of Kazan” (n=382, April-May, 2018).

The selection of the pilot questionnaire was based on the number of operating small businesses in Kazan. Thus, in accordance with the data provided by the territorial statistical bodies, as of January 1, 2017, 77367 small and medium-sized businesses operated in Kazan. Of these, 45954 enterprises are small and micro enterprises, 189 enterprises are medium-sized, 31224 proprietors are sole. The sampled population was 382 respondents with a total population of 77178 ($N = 77178$), 95% of reliability ($z = 1.96$) and a confidence interval 0,05 ($e = \pm 5\%$). The study used a variety of quota proportional sampling procedures based on an indicator of the scope of the organization’s activities: trade, services (to which, among others, educational services and the services related to real estate are included (e.g., renting out premises), construction, industry, tourism, agriculture. The survey by questionnaire was carried out by means of sending out an electronic version of the questionnaire compiled through the Google Form service, since the social layer (entrepreneurs) under study is rather difficult to access to the survey using the traditional method (“face to face”). The questionnaires were sent through the social network “VKontakte”, through thematic groups (https://vk.com/ipprotiv_kazan; https://vk.com/likebz_kazan and others), as well as through a search in an online environment of the very enterprises.

The author's questionnaire consists of 4 semantic blocks which contain 21 questions. The first block consists of filter questions. The second block of questions reveals the opinion of entrepreneurs on the ongoing government support of small businesses in Kazan. The third block deals with the study of the main difficulties encountered in the implementation of entrepreneurial activities. The fourth block represents the socio-demographic characteristics of the respondents. The processing of empirical information was carried out using Excel and IBM SPSS Statistics 22 programs.

Results and Discussion

Of 2016, the share of small businesses in the Russian economy is about 20%, and according to this indicator, the country is significantly inferior to the leading countries in this area (Official Data of Federal Service of State Statistics, 2018).

As concerns the Republic of Tatarstan, the statistics of the dynamics of the number of small businesses show growth and are similar to the data on the country on the whole: the number of small enterprises in 2016 is 74559 units (see Figure 1), which is 3952 more in comparison with the same indicator for 2015 (Official Data of Federal Service of State Statistics on the Republic of Tatarstan, 2018).

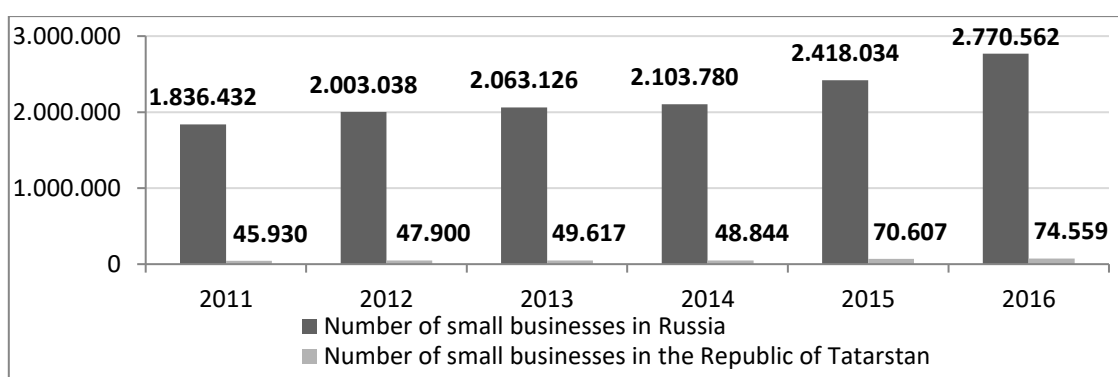
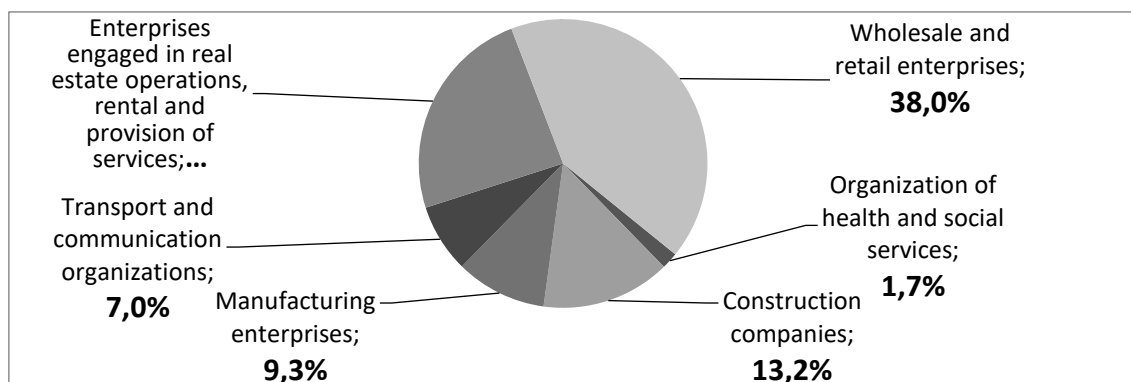


Fig. 1. Dynamics of the Number of Small Businesses in Russia and the Republic of Tatarstan (2011-2016)

The distribution of small business according to the main sectors of activity also repeats the tendency in Russia on the whole. The most extensive economic activity, which entrepreneurs are engaged in, for example, in the capital of the republic is wholesale and retail trade enterprises (38%), followed by enterprises engaged in real estate operations, etc. (See Fig. 2). This fact demonstrates the existing bias

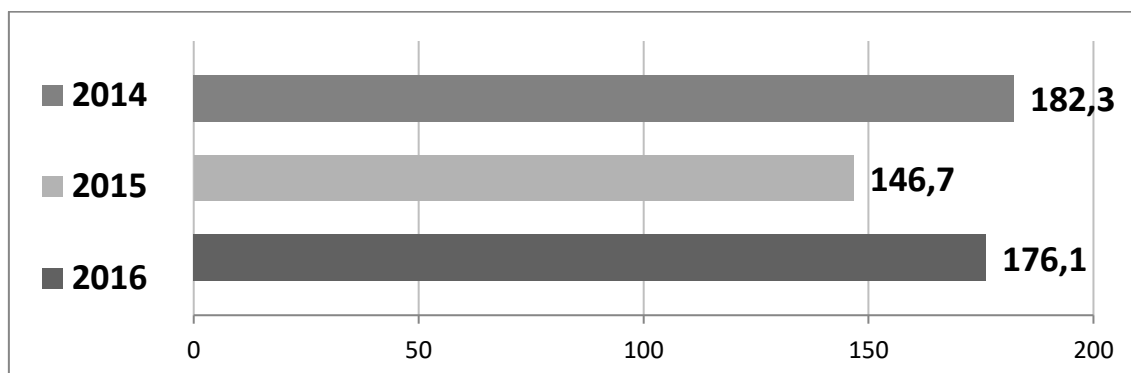
towards separate areas of domestic business activity and, in our opinion, the state should promote diversification of economic sectors. Thus, the market is full of services and wholesale trade, and relatively low rates are observed in the production sector – for example, the share of manufacturing industries in the total number of small enterprises in 2016 fluctuates at 9,3%.



Pic. 2. Distribution of Small Enterprises in Kazan by Type of Economic Activity (January 1, 2017, %)

The most unpopular type of economic activity of small enterprises is a business in the field of health care and the provision of social services. It makes up only 1,7% of the total number of small business in Kazan. As of January 1, 2017, a total of 176,1 thousand people are employed in small

enterprises, which is only 14% of the population of Kazan (See Fig.3). It is noted above that in the developed countries the percentage of people employed in small and micro enterprises can reach up to 60%.



Pic. 3. The Average Number of Employees in Small Enterprises in Kazan, Thousand Pers.

Thus, the task of supporting small business, encouraging entrepreneurial activity of citizens has been relevant as before, which requires targeted applied sociological research that identifies the state and problems of small business, impact factors, and mechanisms of interaction with government and society to ensure its effective organizational support and growth.

Consider the results of sociological survey. The socio-demographic structure of the respondents is as follows: the majority of entrepreneurs are men – 76,7%, women – 23,3%. According to the answers of the respondents, their entrepreneurial experience is less than 1 year for

27,3%; 1-3 years for 34,5%; 3-5 years for 26,9%; more than 5 years for 11,3%.

Along with indicators of business stability, it is necessary to pay attention to the respondents' assessment of the existing development potential. So, in general, 73,0% of entrepreneurs point out that their business has the potential for development, 13,0% of them have their doubts about it, and 9,7% find it difficult to answer.

Regarding the distribution of the respondents according to business, the majority of surveyed entrepreneurs conduct their business in the field of trade – 33,9%; services make up 25,1%; construction – 15,1%, industry – 13,5%; tourism – 7,1%; agriculture – 5,3% (See Fig.4).

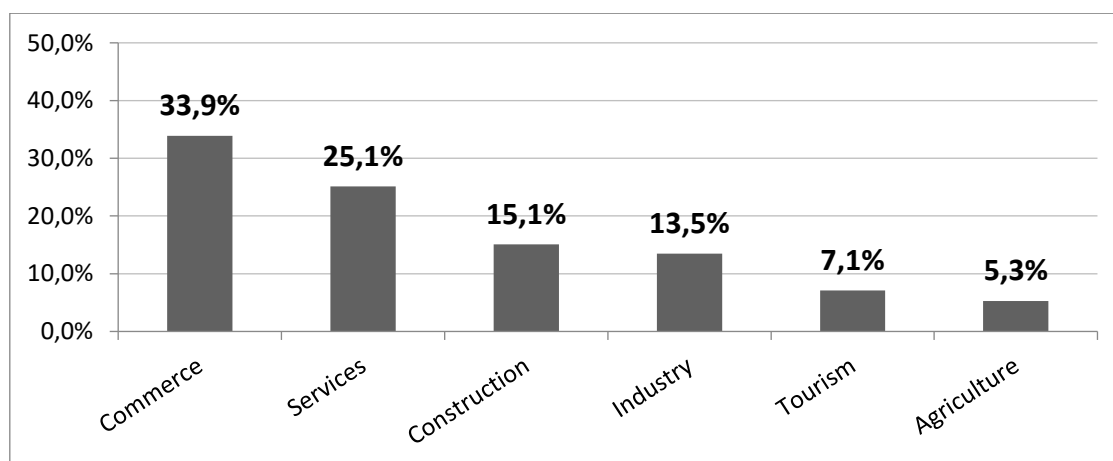


Fig. 4. Distribution of Respondents by Sphere of Business, %

According to the data obtained, the majority of respondents (41,3%) did not apply for state support in the implementation of their activities; 22,1% of the respondents indicated that they had unsuccessful experience seeking help; a quarter of respondents (25%) enjoyed state support.

Of particular interest is the study of the reasons for which entrepreneurs do not apply for state support. The survey results reveal that the majority of respondents do not believe in the

possibility of receiving support (61,1%), many respondents note the lack of information about this (43,7%); there are a lot of those who are scared away from this step by the presence of "too long list of documents" for processing an application to receive it (37,5%).

Concerning the most popular forms of state support, according to the answers, entrepreneurs most urgently need financial and material and technical support – 65,3% and 17,3%, respectively. (See Fig.5).

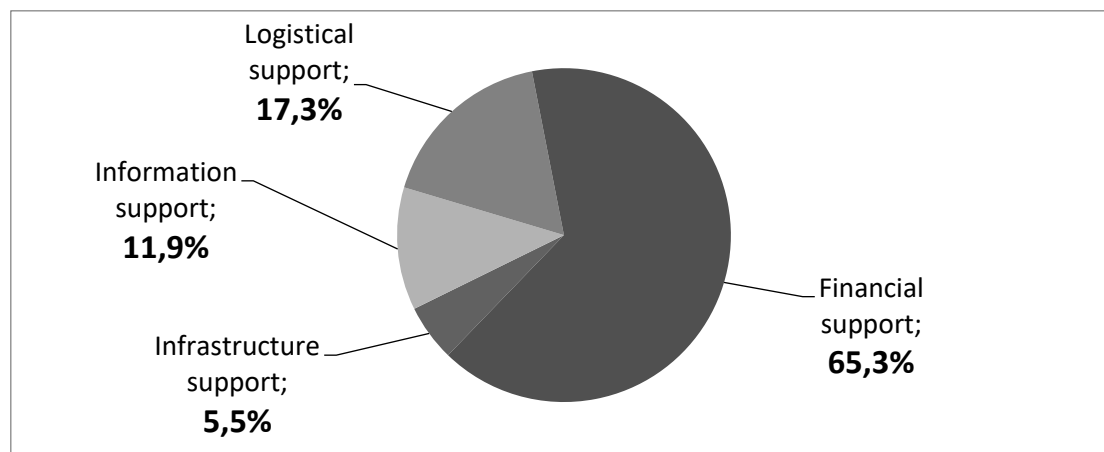


Fig. 5. The Forms of State Support Most Demanded by Businessmen of Kazan, %

The survey results have shown that the most effective measures of state support are the following: preferential rental of premises; elimination of administrative barriers; recovery of costs; tax cuts. In general, the level of existing support for small businesses in Kazan is estimated by respondents by 3,7 out of 5 points. In most cases, entrepreneurs estimate the need for state support as "support would not be odd" – 41,8% of the respondents think so, 23,4% of the participants of the survey believe that running business without support is not enough and 25,3% of entrepreneurs do not need support at

all; 9,5% of the respondents find it difficult to give an answer to this question.

According to the survey results, 32,3% of the respondents point to the existence of an extremely high level of administrative barriers, which is a serious obstacle in the conduct of their business. In turn, 39,6% of the respondents admit their existence, but in general they consider them not burdensome for their business; 15,5% of the participants note they have not encountered this. (See Fig.6).

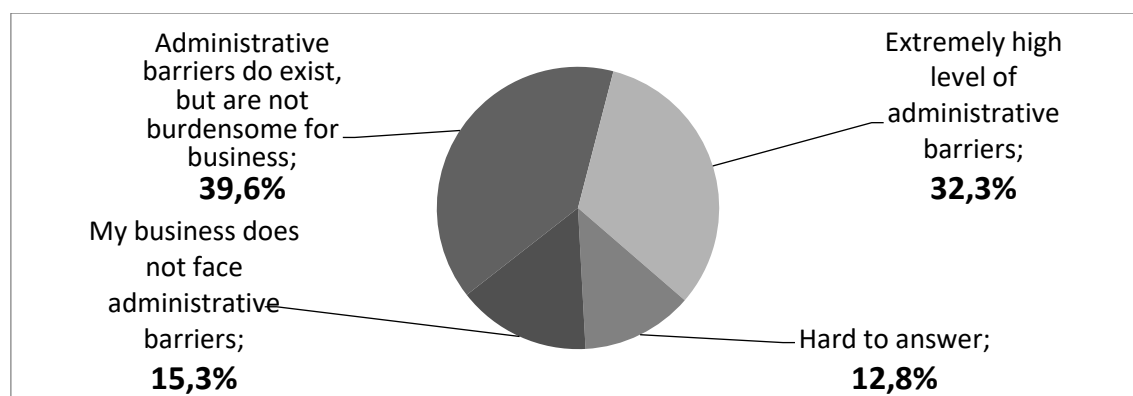


Fig. 6. Entrepreneurs' Assessment of Administrative Barriers in Doing Business, %

Summary

Today, in the Republic of Tatarstan many measures have been implemented for the development of the small business sector: industrial parks are being created and functioning, a number of programs are being implemented, and in general, opportunities have been created for successful activity. In recent years, a specific increase in the number of small enterprises has been observed in the region and the amount of financial support for this sector has significantly raised. At the same time, it cannot be said that small business plays a significant role in the economy of the republic by the main indicators. Thus, research by scientists demonstrate (Andreeva et al, 2012) that the main reasons for the cessation of activities of business entities are as follows: an increase in the fixed amount of the insurance premium – 32,9%; low profitability of an enterprise – 14%; problem with production distribution – 12,1%; high rent – 11,8% and others.

The main problems faced by entrepreneurs in the conduct of their business are: a high level of bureaucratic obstacles in registration and in the question of the business itself; lack of equality in obtaining government orders for public services; high rental rates; the number of scheduled and unscheduled inspections and investigations, etc (Bureaucracy and Unscheduled Inspections, 2018).

The author's study of the activities and general state of entrepreneurs show similar results. On the course of development of this, from the point of view of society, important sphere, a number of unsolved problems remains, among which the most important is the lack of financial resources; high taxes and high levels of bureaucracy hamper the progress of small businesses. The majority of respondents did not apply for state support, despite their need, motivating it by the fact that there are high requirements for obtaining it, a lot of documents are needed. One more obstacle in the process of doing business is administrative barriers, which, as we have found out, are not so acute at the present time, but they are nonetheless present.

Conclusions

So, in conclusion, we note that further inquiry of the state of small business, impact factors, the problems of its functioning in the monitoring

mode on the whole in the republic and in individual municipalities for optimal organizational support is necessary. Based on the importance and relevance of the tasks to achieve social homogeneity, to improve the social well-being of the population and to develop small businesses, we suggest implementing the following theoretical and practical measures:

1. Elaborating a strategy of small business development as a part of an overall strategy for socio-economic development.
2. Formulating consolidated or integrated indicators of small business development in planning strategies for the socio-economic development of municipalities of the republic.
3. Training entrepreneurs in education: training and retraining courses for beginning entrepreneurs (as well as working employees of small and medium-sized businesses in order to increase knowledge); providing information and consulting support.
4. Conducting annual monitoring applied sociological studies of the state and development of small business and the results of state support in order to make a real assessment of the effectiveness of the policies in this area.
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