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Investigation of program mechanisms efficiency for the small and medium-sized businesses development in Russia

Abstract. The study examines the improvement trends of small and medium-sized businesses in Russia by the year 2021. Measures of state support aimed at developing the entrepreneurship are outlined. The effective growth of entrepreneurship leads to the satisfaction of products, works, services, and new jobs. Support for small and medium-sized business entities in foreign countries is at a higher level than in Russia. This is due not only to the long period of formation of the market economy but also to the fact that foreign countries' government attaches great importance to small forms of enterprises and supports them by implementing special programs and providing benefits. The study aims to evaluate the program mechanisms' efficiency for developing small and medium-sized entrepreneurship in Russia. The authors substantiated a system of indicators characterizing state support's socio-economic efficiency in consolidated blocks: entrepreneurial, budgetary, and social efficiency. A methodology for assessing state programs' efficiency for developing small and medium-sized businesses, including integral indicators based on the standardization of entrepreneurial efficiency components, has been developed. This methodology makes it possible to identify the relationship between the social aspects of entrepreneurial activity and state support.

Keywords: Entrepreneurship; Small and Medium-Sized Entrepreneurship; Efficiency; Methodology; Government Support; The System of Indicators

JEL Classifications: E10; E23; F12

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Дослідження ефективності програмних механізмів розвитку малого та середнього бізнесу в Росії

Анотація. У дослідженні розглядаються тенденції розвитку малого та середнього бізнесу в Росії до 2021 року. Окреслено заходи державної підтримки, спрямовані на розвиток підприємництва. Ефективне зростання підприємництва веде до задоволення продуктів, робіт, послуг, нових робочих місць. Підтримка суб'єктів малого та середнього бізнесу в зарубіжних країнах знаходиться на вищому рівні, ніж у Росії. Це пов'язано не лише з тривалим періодом становлення ринкової економіки, а й із тим, що уряд зарубіжних країн надає великого значення малим формам підприємств і підтримує їх шляхом реалізації спеціальних програм та надання пільг. Метою дослідження є оцінка ефективності програмних механізмів розвитку малого та середнього підприємництва в Росії. Авторами обґрунтовано систему показників, що характеризують соціально-економічну ефективність державної підтримки в зведених блоках: підприємницька, бюджетна та соціальна ефективність. Розроблено методичку оцінки ефективності державних програм розвитку малого та середнього бізнесу, включаючи інтегральні показники на основі стандартизації складових ефективності підприємництва. Ця методологія дає змогу виявити взаємозв'язок між соціальними аспектами підприємницької діяльності та державною підтримкою.

Ключові слова: підприємництво; мале та середнє підприємництво; ефективність; методологія; державна підтримка; система показників.

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Исследование эффективности программных механизмов развития малого и среднего бизнеса в России

Аннотация. В исследовании рассмотрены тенденции совершенствования малого и среднего бизнеса в России к 2021 году. Намечены меры государственной поддержки, направленные на развитие предпринимательства. Эффективный рост предпринимательства приводит к удовлетворению продуктами, работами, услугами, новыми рабочими местами. Поддержка субъектов малого и среднего бизнеса в зарубежных странах находится на более высоком уровне, чем в России. Это связано не только с длительным периодом становления рыночной экономики, но и с тем, что правительства зарубежных стран придают большое значение малым формам предприятий и поддерживают их, реализуя специальные программы и предоставляя льготы. Целью исследования является оценка эффективности программных механизмов развития малого и среднего предпринимательства в России. Авторами обоснована система показателей, характеризующих социально-экономическую эффективность государственной поддержки по укрупненным блокам: предпринимательская, бюджетная и социальная эффективность. Разработана методика оценки эффективности государственных программ развития малого и среднего предпринимательства, включающая интегральные показатели на основе стандартизации компонентов предпринимательской эффективности. Данная методика позволяет выявить взаимосвязь между социальными аспектами предпринимательской деятельности и государственной поддержкой.

Ключевые слова: предпринимательство; малое и среднее предпринимательство; эффективность; методологія; государственная поддержка; система показателей.

1. Introduction

An increase in economic growth rates, the social welfare gains, competition level, introducing new technologies, and production efficiency in the regions and in the country as a whole depends on the effective growth of small and medium-sized entrepreneurship (SME) (Krotkova et al., 2016; Schmeleva & Bezdelov, 2020).

State aid for small and medium-sized entrepreneurship is the main direction for the strategic socio-economic growth of the Russian Federation (Vlasova et al., 2020; Kaya Keleş, 2017, Vasilyeva & Kurasova, 2022).

After analyzing the fundamental provisions exhibited in the researches of classics and contemporary national and international scientists-economists, regulatory documents of state authorities on assessing the growth of tiny businesses in Russia, we can conclude that evaluating state support's socio-economic effectiveness remains problematic and relevant. Enhancing state provision and regulation of small and medium-sized entrepreneurship in the economy can create a stable economic sector with a high degree of return (Voronkova et al., 2018; Kuhar et al., 2020; Looi, 2021).

The study aims to assess the program mechanisms' efficiency for developing small and average-sized organizations in Russia until the year 2021. To attain that objective, the paper studied the technical foundations of entrepreneurship; features of the state regulation and support system for small and medium-sized entrepreneurship in Russia and abroad; a system of indicators to evaluate the socio-economic effectiveness of state support for entrepreneurship was substantiated; a strategy for measuring the socio-economic performance of state support for entrepreneurship was developed and tested.

The research subject is the assessment of the socio-economic effectiveness of state assistance for medium-sized and small entrepreneurship. The data and foundation of the study have been shaped by the authoritative actions of the Russian Federation, and also monographs, papers, materials of reports by national and international scholars; data of state and municipal statistics.

2. Methods

The study's methodological and theoretical basis was the fundamental provisions granted in the studies of classics and modern domestic and international scientists-economists, regulatory documents of state authorities on the issues of assessing the expansion of small businesses in the Russian Federation. The study used monographic, abstract-logical, economic-statistical, and specialized research methods.

The research's scientific novelty lies in developing and testing a methodology for evaluating the socio-economic effectiveness of program mechanisms for the development of small and medium-sized entrepreneurship in enlarged blocks: entrepreneurial, budgetary, and public efficiency. This methodology makes it possible to identify the relationship between the social aspects of entrepreneurial activity and state support.

Within this study's framework, it seems appropriate to consider the concept of «state regulation of entrepreneurship». There is no consensus among experts in the field of economics about the definition of this concept.

The priority goal of state regulation of entrepreneurial activity is to organize certain conditions that guarantee both the country's sustainable participation and the acquisition of the best benefits from this and the overall effective functioning of the country's economic circumstances.

3. Results and Discussion

Analysis of scientific research and policy documents dedicated to evaluating the efficiency of state regulation and aid for small and medium-sized entrepreneurship development allows us to identify the following groups of approaches (Figure 1).

Evaluation of the entrepreneurship development efficiency includes a group of indicators that meet the following criteria: compliance with the formulated strategic goals, values, interests of various groups; comparability; interpretation of quality characteristics; complete recording of results; the possibilities of obtaining them.

Scientists - economists (Voronkova et al., 2018; Schmeleva & Bezdelov, 2020; Man et al., 2019) in their studies highlight the organizational and economic means of entrepreneurship's state regulation in the Russian Federation (Figure 2).

The directions of state regulation and maintenance of small and medium entrepreneurship can be combined into three groups:

1. Reducing the administrative burden on small and medium-sized business entities.
2. Expansion of access of small and medium-sized business entities to financial resources and property.
3. Popularization of entrepreneurship and involvement of the population in entrepreneurial activities, including providing benefits for the legalization of self-employed citizens.

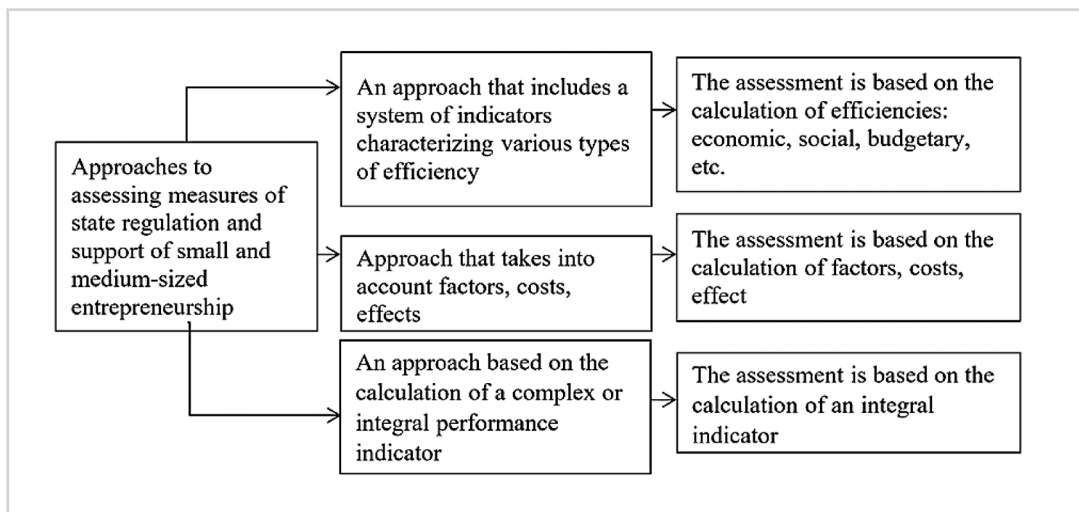


Figure 1:
Approaches to assessing areas of state regulation and provision of small and medium-sized entrepreneurship
Source: Compiled by the authors

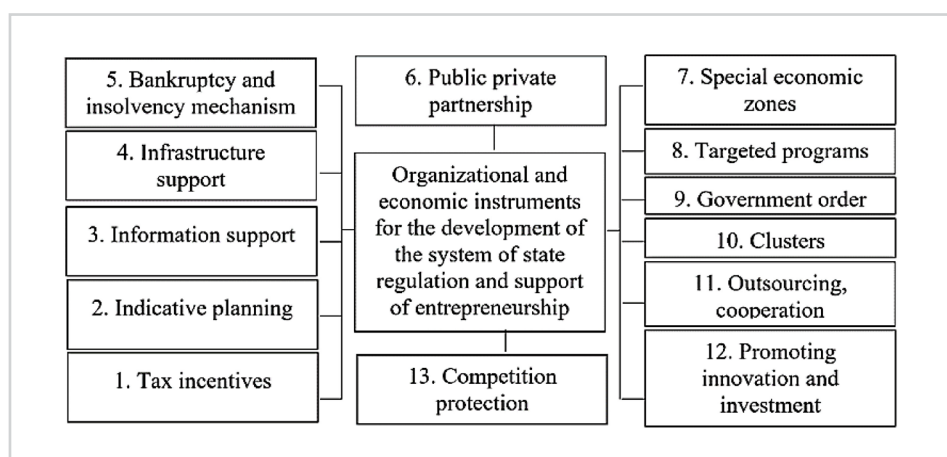


Figure 2:
Organizational and economic instruments of state regulation of entrepreneurship in the Russian Federation
Source: Compiled by the authors

In our opinion, the mechanism of state regulation of entrepreneurial activity, which is implemented on the territory of Russia, can be combined into the following five groups:

1. Innovations (grants, subsidies, cluster development centers).
2. Modernization (equipment leasing, mobile platform leasing, energy efficiency).
3. Export (cost compensation, regional export support centers, etc.).
4. Finances (grants, subsidies).
5. Special infrastructure.

Kuhar et al. (2020) and Looi (2021) identified the following instruments in the Russian Federation (Table 1).

Table 1:
Means of state regulation of small and medium-sized entrepreneurship in the Russian Federation

| Administrative | Legal | Economic | |
|--|---|---|--|
| | | Money-and-credit | Budget |
| Establishment of rules for the operation of enterprises. Establishment of rules for the activities of trade unions. Government agencies etc. | Regulations; Legal regime; Licensing. | Regulation of the discount rate. Determination and adjustment of the minimum reserves' size that the country's financial institutions are required to keep at the central bank. Operations in the securities market of government institutions. | Budget programs; Taxes; Subsidies; Grants; State programs. |

Source: Compiled by the authors

Analysis of the leading indicators reflecting the growth of small and medium-sized entrepreneurship in Russia showed that the average number of people employed in the Russian economy in the period from 2016 to 2020 increased by 0.03%, while there is an increase in the mediocre number of individuals hired in small and medium-sized enterprises (by 15%) and an increase in the proportion of those employed in small and medium-sized enterprises (nearly 13%). The number of medium-sized and small businesses in Russia in 2020 decreased slightly (Figure 3).

It is also worth noting that small and medium-sized entrepreneurship develops unevenly in the Russian Federation's territory (Schmeleva & Bezdelov, 2020; Kuhar et al., 2020; Molina, 2021). The delivery of small and medium-sized business entities by areas is described through a relatively significant level of concentration (Table 2).

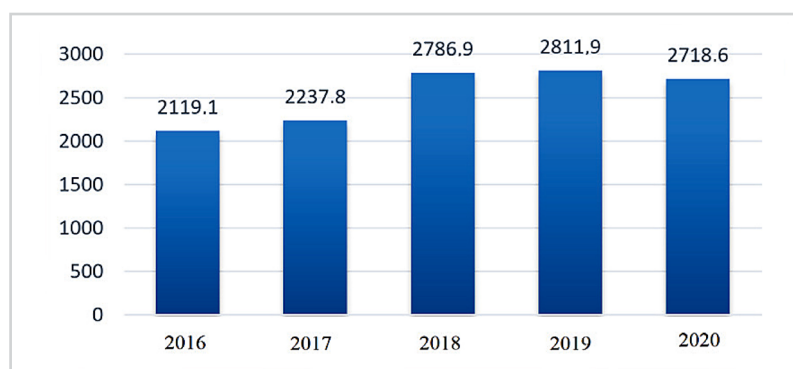


Figure 3:

The number of small and medium-sized enterprises in the Russian Federation, thousand units

Source: Compiled by the authors

Table 2:

Distribution of small and medium-sized business entities by regions of the Russian Federation, thousand units

| Federal districts of Russia | 2016 | 2017 | 2018 | 2019 | 2020 | 2020 to 2016 |
|-----------------------------|-------|-------|-------|-------|-------|--------------|
| Russian Federation | 21191 | 22378 | 27869 | 28119 | 27186 | 12829 |
| Central | 71626 | 77428 | 94755 | 97854 | 84004 | 11728 |
| Northwestern | 26065 | 28644 | 36230 | 37117 | 30448 | 11682 |
| Southern | 16105 | 17679 | 22295 | 22776 | 34798 | 21603 |
| North Caucasian | 2967 | 3580 | 5574 | 6467 | 6796 | 22905 |
| Privolzhsky | 31998 | 37595 | 47377 | 48927 | 50294 | 15718 |
| Ural | 11443 | 12979 | 16721 | 17153 | 20390 | 17819 |
| Siberian | 22886 | 25287 | 33443 | 32618 | 31264 | 13661 |
| Far Eastern | 5510 | 7161 | 11148 | 10685 | 13866 | 25165 |

Source: Compiled by the authors

The most significant quantity of medium-sized and small businesses is concentrated in the Central (30.9%), Volga (18.5%), and Northwestern (11.2%) federal districts. Small and medium-sized business entities are the least of all represented in the North Caucasus Federal District; there are only 2.5% of them.

The key indicator for assessing the state of development of the business sector is the portion of the turnover of small enterprises in the total national output (from now on - GDP), the calculation of which is presented in Table 3 (Kapitonov, 2017; Vlasova et al., 2020). In Russia, the portion of small and average-sized entrepreneurship turnover in the country's GDP has a positive trend and at the end of 2020 amounted to 35.6%, which is 32.8% more than in 2016.

Table 3:

The share of small and medium-sized entrepreneurship in the gross domestic product of the Russian Federation

| Indicators | 2016 | 2017 | 2018 | 2019 | 2020 | 2020 to 2016 |
|---|--------|--------|--------|--------|---------|--------------|
| GDP in current prices | 791997 | 830943 | 860142 | 921013 | 1038758 | 13116 |
| Small business turnover | 166929 | 172929 | 187382 | 284592 | 295152 | 17681 |
| Turnover of medium-sized enterprises | 45158 | 47150 | 67614 | 74522 | 74646 | 16530 |
| Turnover of small and medium-sized enterprises | 212087 | 220079 | 254996 | 289114 | 369798 | 1735 |
| Share of turnover of small and medium-sized enterprises in GDP, % | 268 | 265 | 296 | 367 | 356 | 1328 |

Source: Compiled by the authors

The share of small and medium-sized business turnover in GDP ranges from 50% to 60% in most developed countries (Figure 4).

The small and average-sized business sector in Russia's GDP is two times less than in the world's developed countries.

One of the priority instruments of government regulation intended, particularly for small and average-sized entrepreneurship, is government schedules.

Subsidies are provided to co-finance the expenditure obligations of the constituent entities of the Federation in the following areas:

- Providing monetary assistance to small and average-sized business entities and associations that make up the foundation for promoting that kind of entrepreneurship;
- Co-financing of capital investments in regional and (or) municipal proprietary subject matters;
- Support for the development of youth entrepreneurship;
- Organizing the preparation of «one window» services to create, develop and support them.

Funds for resource support of business, microfinance funds, and collateral and guarantee funds are being created at municipalities to support small and medium-sized entrepreneurship in Russia's regions.

On nationwide aims and essential purposes of developing Russia until the year 2024, the following regional project certificates were developed and approved (Kuhar et al., 2020):

1. «Improving the conditions for doing business»;
2. «Increasing access of little and medium-sized business entities to economic sources»;
3. «Speedup of small and medium-sized business entities»;
4. «Making a comfort scheme for farmers and the growth of rural assistance»;
5. «Popularization of entrepreneurship».

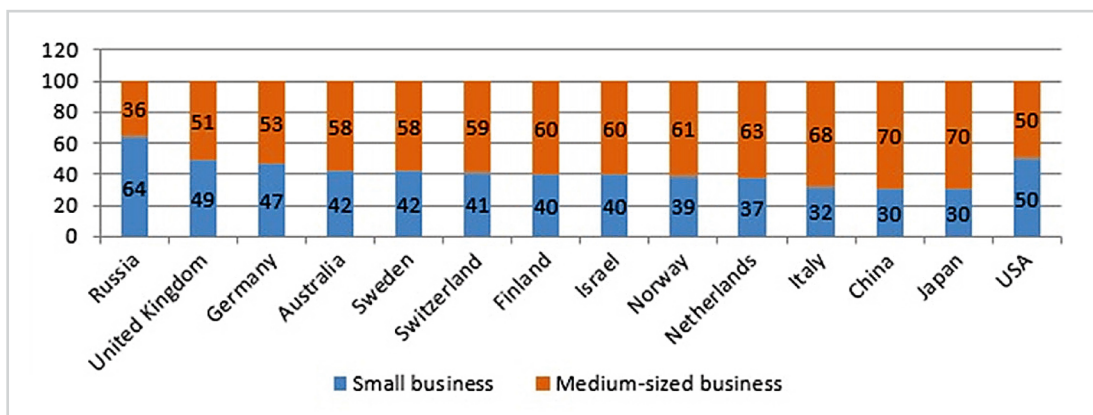


Figure 4:
The share of the small and medium-sized business sector in the GDP of developed countries of the world, %
Source: Compiled by the authors using available public data

4. Conclusion

According to the results of the study devoted to the practice of organizing support for small and medium-sized entrepreneurship, it can be concluded that the main areas of activity and tasks of the state in supporting and developing small businesses shortly should be (Vlasova et al., 2020; Looi, 2021):

- Strengthening financial, credit, and tax support for small and medium-sized entrepreneurship;
- More active work on the elimination of administrative barriers;
- Taking measures to create technology parks and business incubators;
- Continuation of work on attracting small and medium-sized business entities to participate in fulfilling orders for the supply of goods and services;
- Development of information and educational support for small and medium-sized entrepreneurship;
- Strengthening active cooperation between representatives of local governments and small and medium-sized business entities.

Thus, it appears crucial to provide economic, legal, organizational, and other conditions to ensure the normal functioning and expansion of mentioned entrepreneurship.

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