

## **Proposals for the Establishment or Improvement of the Existing Regional Structures to Support Small and Midsize Business in the Russian Federation**

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**Abstract:** Consolidated measures to support small and midsize business, considered in the present study can lay the basis for regional policy in this area as well as for the development of roadmap. In the Russian Federation the contribution of small and midsize business into GDP is about 20% at the same time for example in the USA this figure amounts to >40% that is there is a huge growth potential which can be encouraged by implementing competent program including the regional program aimed at supporting entrepreneurial activity.

**Key words:** Small and midsize business entities, regional structures, support infrastructure, competitiveness, policy

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### **INTRODUCTION**

In a market economy, regions are integrated independently into the world economy and increasingly forced to compete among themselves in struggle for investments. The territory being just a place for conducting economic actions becomes a seller of goods and services, i.e., a full fledged participant in the market. Thus, the populated locality is “sold” as a commodity which has its value and usefulness. The issue is therefore, about the regions marketing as a part of regional (economic) policy (Alekseev, 2014).

One of the segments where a breakthrough in the economy of the region is possible in terms of effective long-term development is small and midsize business. This can be achieved based on increasing its “cost”, i.e., the productive capacity and usefulness as well as the production of marketable products (Averin and Ryazanov, 2015).

**The objectives of the regional support infrastructure:** Formation of a favorable environment for business activity in the region; improving the competitiveness of small and midsize business through creating favorable conditions for business development; improving awareness of small and midsize business about the activities of state and municipal bodies in the entrepreneurship support sphere; increasing investment attractiveness of the region by encouraging entrepreneurship and the development of priority

entrepreneurial directions; supporting the existing small and midsize business entities of the region through fulfillment of targeted program and other regulatory documents aimed at supporting and developing of small business in the region; increasing the attractiveness of the region in relation to carrying out business activities; increasing the number of small and midsize businesses entities engaged in innovation and production spheres as well as in other priority areas (including youth and social entrepreneurship). Increasing the number of jobs including those at the expense of self-employment.

**The objectives of the regional support infrastructure:** Ensuring access of small and midsize business to financial resources; providing non-residential premises to business entities engaged in priority activities; providing informational, consulting and guidance support of small and midsize business; implementation of specialized educational programs for the entities of entrepreneurial activity in the region; promotion and popularization of entrepreneurial activity in mass media; implementation of interregional cooperation programs in order to increase the competitiveness of regional enterprises and allow them to enter the Russian and foreign markets; formation and modernization of support and development infrastructure for entrepreneurship in the that are adjusted to the goals and objectives of existing support programs (Pozdnyakov, 2015); carrying out the monitoring of the business environment in the region; providing of analytical information to state government body about the

progress in fulfillment of the target program; encouraging and supporting legislative initiatives aimed at the development of entrepreneurship in the region; reducing the impact of administrative barriers preventing the creation of a favorable environment for entrepreneurial activity in the region.

## MATERIALS AND METHODS

**Problem solving mechanisms:** The implementation of activities with regard to the long-term targeted program to support of small and midsize enterprises in the region; involvement in the implementation of federal programs on development of small and midsize enterprises (Davoudi and Allahyari, 2013); the formation of territorial subdivisions in the regional centers and large cities of the region that is aimed at facilitating access of small and midsize enterprises to support programs implemented by an infrastructure; the establishing of specialized structural subdivisions to provide monitoring of the works in the main activity directions as well as centralization of the management system of organization carrying out support; ensuring convenience of using public services and services of the organization including the foundation of multifunctional centers for small and midsize business entities in the region.

### Projects:

- “Bootstrapping strategy” project: the project involves the assistance in starting business from scratch for entrepreneurs who plan to address activities which are the priority for the region
- “Social entrepreneur” platform: the establishing of a regular platform for the business entities which support social entrepreneurship; the foundation of a competence center for social entrepreneurship; the establishing of a social entrepreneurs community and the promotion of social entrepreneurship in the region (Averin and Ryazanov, 2015)

### The proposals on improvement of mechanisms to support small and midsize business entities

**Consulting services:** As part of consulting services, it is necessary to extend the list of issues that will be consulted on through attracting consulting partner companies, employment in the organization of competent personnel in the field of support of small and midsize business entities. The involvement of national entrepreneurial and business associations such as “Delovaya Rossiya”, “Opora” and others. Carrying out advisory seminars for heads of regional businesses on various business issues (Tahmassebpour, 2016; Esfahani *et al.*, 2013).

## RESULTS AND DISCUSSION

### Funding:

- Selection of the projects, start of selected projects financing and bringing them to the stage of project implementation
- Providing assistance in the search for further sources of project financing together with collaborating credit institutions
- Strengthening of the block for preliminary financial review of the projects together with all interested partner organizations to exclude a corruption element

### Co-working:

- Preferential rent of premises for small and midsize business engaged in priority regional areas
- Postal service and legal address provided by a co-working centre for small and midsize business engaged in priority spheres for the region

**Training:** Carrying out a series of training seminars on financial and business activities of entrepreneurs (including sectorial issues) for small and midsize business engaged in priority spheres for the region.

**Support of export potential:** Delivery of the following information about the concerned region to entities of small and midsize business (with the involvement of chambers of commerce and industry representatives of the countries):

- Useful contacts in the region
- Economic statistics
- Educational institutions
- Visa regulations
- The procedure for business registration
- Tax guidelines
- Currency regulations
- Long-term lease/ownership of land

Providing information support to investors interested in investment into small and midsize business projects in the region (embassies, banks, investment companies and funds, large private investors, etc.).

**The establishing of a platform to support socially-oriented small and midsize business:** The formation of support and development infrastructure of social entrepreneurship among the disparate organizations and the development of mechanisms for sustainable interaction between them.

**The “legal clinic” project:** The involvement of organizations, community members of the regional higher education institutions, students, graduates and young teachers in order to provide free legal support to small businesses managers.

**Commercial activity:** The creation and launch of the products commercially demanded by both entrepreneurs and external investors (more deep level of consulting, holding forums and exhibitions, organizing business missions to both other regions of the country and abroad, etc.).

**Network resources:** Development and launching the web portal to promote entrepreneurship including that among youth where it is possible to obtain on-line information about support measures to small and midsize business. Creating blogs and accounts in social networks to involve the youth audience.

### CONCLUSION

The above consolidated measures to support small and midsize business can lay the basis for regional policy in this area as well as for the development of roadmap. The contribution of small and midsize business into GDP in the Russian Federation is about 21%, at the same time for example in the USA this figure amounts about 62% (share of small and midsize business) in other words,

there is a huge growth potential which can be including the regional program aimed at supporting entrepreneurial activity.

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