



International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournal.com>

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Volume 15 • Number 16 • 2017

Development of Favorable Conditions for the Entrepreneurial Activity in the Russian Federation

Elena V. Volkodavova¹, Alexander P. Zhabin², Gennady I. Yakovlev³ and Anatoly N. Evdokimov¹

¹Samara State University of Economics, Department of Management, Samara State University of Economics, 141 Sovetskoi Armii Str., Samara, 443090, Russia. Email: ver.sseu@gmail.com

²Samara State University of Economics, Department of Management, 141 Sovetskoi Armii Str., Samara, 443090, Russia. Email: zhabin@sseu.ru

³Samara State University of Economics, Department of World Economy, 141 Sovetskoi Armii Str., Samara, 443090, Russia. Email: dmms7@rambler.ru

⁴Samara State University of Economics, Department of Management, 141 Sovetskoi Armii Str., Samara, 443090, Russia. Email: evdokimovan60@mail.ru

ABSTRACT

The urgency of the issue under research is caused by the need to search for new sources of economic growth that can strengthen the basis of the well-being of modern Russian society. The purpose of the article is to develop ways and means of activating the entrepreneurial activity of Russian citizens, which determine the trends in the reduction of the shadow economy. The leading method applied to the study of this issue is a comparative analysis of entrepreneurship supporting forms and technologies used in Russia and abroad, which makes it possible to identify key characteristics of improving activities in the implementation of private entrepreneurial initiatives. The main result of the article is to determine directions for improving conditions and the environment for activities of the national sector of small and medium-sized businesses, the specifics of applying advanced world practices in the development of business infrastructure, and the sequence of the formation of a healthy business climate.

JEL Classification Codes: M1, M2, O17.

Keywords: Business support infrastructure, business conditions, entrepreneurship, external environment, economic growth.

1. INTRODUCTION

Establishing a Context

The outstanding thinkers from the ancient times, from the moment of the birth of the first organized forms of human existence and the formation of civilizations, were engaged in the development of special human qualities forming the productive forces of society, which was reflected even in the Old Testament. Since then, it has become clear that those societies and nations achieve prosperity, in which entrepreneurship, innovation and technology are encouraged. All new products and services offered to the market by innovative entrepreneurs (in the modern interpretation), which begin in small companies with a promising idea, are highly valued by society. Therefore, it is no coincidence that small and medium-sized enterprises (SMEs) are seen as a necessary component of the market-organized economy of modern states, which largely contribute to maintaining the competitive advantages of countries in the world economy, creating a reliable natural social support for society, forming the backbone of the new social stratum-the middle class.

It is important for society to have a developed SMEs sector primarily due to the opportunities for the rapid creation of new jobs, self-employment of the population, and increased tax revenues (especially at the local level). A lot of small firms are able to make accurate accounting and satisfaction of buyers' specific requirements, the full involvement in the production of regional factors and material resources, attracting investments and competencies. Many enterprises traditionally take on important social functions of the state for their employees, especially in the functioning conditions of societies with strong collectivist traditions (Russia, China).

Reviewing the Literature

K. Marks and Engels (1957) revealed the emergence mechanism of the surplus value as a result of the productive combination of three economic factors by the entrepreneur-capitalist: fixed capital, variable capital, labor.

Schumpeter (1982) singled out the creative activity of the entrepreneur as one of important reasons for the economic development capable to realize new commercial ideas and effective economic solutions in the implementation of new business combinations, including: the production of new goods and services, the introduction of new methods of organizing production, promotion to new markets, diversification of the industry structure (creation or undermining of monopoly), etc. J. M. Keynes (2007) was for the state regulation of the market economy and considered the only economic activity of the man - a desire for moral improvement of the world. In the modern interpretation, the authors, for example, John T. Scott & Troy J. Scott (2016), Adriana Bujor & Silvia Avasilcai (2016) emphasized the important social role of entrepreneurship, its creative component for successful business combinations.

At present, in the conditions of the slowdown in the growth of the world economy, the lack of visible prospects for accelerating material production, specialists such as S. Zhuravlev (2016), A. Kovalenko (2016) began to address specific features of doing business, highlighting the accelerated development of small and medium-sized enterprises. Mass emancipation of the private-entrepreneurial initiative by authorities of different countries is seen as the basis for the long-term economic growth. The same situation is true for Russia, where over the years there has been a lowered rate of the economic growth burdened by sanctions

policies of Western countries, accompanied by clear problems with demography and low asset productivity. Therefore, the actual exhaustion of light sources for the growth holds out a hope of increasing the labor productivity and assets, for which the radical improvement of the business climate, the formation of public confidence, the accelerated development of SMEs - by all methods and measures appropriate in this historical era are necessary.

All over the world small and medium-sized enterprises play a huge role in the economy, in fact they play the role of the driver of structural transformations of national economies. Thanks to enterprising entrepreneurs, many branches of human activity have appeared for the first time in the past few decades or have undergone a profound modernization: network retail, 3-D modeling, additive technologies, broad consumer lending, cellular telephony, genetic engineering, materials science, new poultry farming, pig breeding / meat processing, deepwater marine oil service, private medicine / diagnostics, a whole range of IT businesses - Internet search engines, electronic payments, electronic document management, Internet advertising, social networks, file sharing, etc., radically different from previous formats of the home-grown spontaneous roadside trade. Even in the field of space flights, the entrepreneurial approach established new standards of activity. E. Musk (2015), a private developer of the carrier rocket series and a commercial operator, achieved a tenfold reduction in the cost of space flights from the level of state companies such as NASA and Ros Kosmos. Russian President Vladimir Putin (“Putin considers freedom of doing business in the country as the best response to anti-Russian sanctions”, 2016) points out that it is necessary to ensure the economy’s exit to a sustainable growth, for which the national priority should be the maximum freedom of entrepreneurship.

Establishing a Research Gap

We believe that new points of the outstripping growth, the comprehensive development of territories in the entire vast space of Russia will arise when creating opportunities for self-realization and decent income for citizens involved in small enterprises. To this end, it is necessary to create institutions for effective support of mass social entrepreneurship, to develop mechanisms and programs to accompany their activities, to take into account the world’s best practices of countries that have solved this problem earlier, and the mental characteristics and features of Russians. Due to this, our country should increase its competitiveness in all key parameters of the business environment at the international level. It is necessary to create conditions for the introduction of innovations and the mobility of technological changes in small enterprises. Then, small enterprises will ensure the rapid growth in the sphere of material production and services and employment in response to market demands. A sharp price and non-price competition, leading, on the one hand, to lower prices, and on the other hand to the fact that a consumer receives high quality products and services, the opportunity for the state to receive large financial resources in the form of tax revenues - in many ways is the contribution of small and medium-sized enterprises in the economy of the country.

Stating the Purpose

The authors set the goal of this article - to analyze effective directions, forms and methods of creating favorable conditions for the entrepreneurial activity in the Russian Federation, taking into account the experience of world practices.

2. METHODOLOGICAL FRAMEWORK

The country's policy to accelerate the development of entrepreneurship and remove a significant sector of the economy from the shadow economy objectively faces a number of insufficiently developed issues that are complex in nature. On the one hand, it becomes obvious that there are no other sources of the outpacing economic growth, like the realization of the creative potential of the population, but the state in its desire to fill the budgets of all levels needs universal control over the business activity and tightening of the tax policy. It should be taken into account that methods and models of management, oriented to the intensified exploitation by home-grown capitalists with Soviet-made production assets and sources of hydrocarbon raw materials, have already exhausted their capabilities. The development of entrepreneurship in our country began, in fact, with the Law on Cooperation (The Law of the USSR No. 8998-XI, 1988), which created the legal basis for the legal labor activity in the non-state sector of the economy, and the emergence of private small enterprises (primarily in construction, provision of domestic and transport services, and the shoe industry). However, it took five years to create a mass base for the Russian entrepreneurship, and then another twenty-five years of difficult development, so that the SMEs sector with its role in Russian society would be comparable to global indicators. This was also facilitated by the adoption on 24 July 2007 of the Federal Law "On the Development of Small and Medium-Sized Enterprises in the Russian Federation" No. 209-FZ (The Federal Law "On the Development of Small and Medium-Sized Enterprises in the Russian Federation", 2016).

However, the development of the Russian entrepreneurship, like in many countries of Eastern Europe that survived the collapse of the socialist system, went along a path that was not quite traditional for developed countries, and today it is more oligarchically-clan rather than market-competitive; more shady than legal. Unlike the level of developed countries, where there is also a shadow economy - not more than 5-7%, its size in the Russian Federation is more than 50% of Russia's GDP (Perov, 2015), which is much higher than the size of the shadow economy in the USSR, 3-4% of the GDP (Ofer & Vinokur, 1992). The presence of the shadow economy, especially in such large volumes as in the Russian Federation, seriously distorts the structure of the society's reproductive activity, violates the correctness and integrity of the economic policy, since it becomes impossible to take into account the size of the revenues received, to implement state regulation and social planning, taxation and formation of the Budget, effective development of material and labor resources.

According to the Ease of Doing Business index, in accordance with the Doing Business rating in 2017 (the Ease of Doing Business index), compiled annually by the World Bank, our country was able to rise to the fortieth place (compared to the 120th place occupied in 2012), which is a significant achievement for the leaders of the economic bloc. This success is largely due to the adoption of the "Strategy for the development of small and medium-sized enterprises until 2030" in 2016 ("Strategy for the Development of Small and Medium-Sized Enterprises until 2030", 2016). The goal is the further improvement of the Ease of Doing Business index by adopting various measures to create a mass of new small and medium-sized enterprises and workplaces, subsidizing the production modernization, grants to start-up entrepreneurs, and projects for the creation and development of private industrial parks. It is positive that the time at registration of enterprises has significantly decreased, and conditions for obtaining construction permits have improved. This shows a noticeable progress in the de bureaucratization of permitting procedures for opening and running business achieved over the past five years.

The rating of the Ease of Doing Business index allows assessing the progress in the implementation of institutional reforms to create the enabling business environment in the country. However, the fortieth position of the Russian Federation in the new ranking of Doing business is quite impressive (Zhuravlev, 2016), though - during the reporting year, Russia's place in the world ranking deteriorated by 8 criteria out of 10. Therefore, if in 2018 the government sets an ambitious task - to rise to the 30th position in the world rating, then explicit reserves for this event are concentrated in two positions: "construction permits" (despite the improvement in the current year, we remain at the hundred and fifteenth position out of 190), as well as "international trade", where Russia's economy is the 140th, having lost two more positions since last year. These are two areas in which structural improvements are most urgently needed.

Despite the marked progress, in many countries the development of entrepreneurship is much faster than in Russia (Yakovlev, 2007). In this connection, the actual material of research is the study of effectiveness problems of the environment-friendly environment policy that takes into account the national characteristics of the economic activity, mental values and cultural and historical goals of the Russian society, based on the mutual trust of authorities and the business community. It is necessary to raise the social status, trust in the entrepreneur-employer, the supplier of demanded goods, works, services, in the taxpayer, which should be in targeted state strategies to increase the importance of small and medium-sized enterprises in the country's economy, its regions and cities, and individual settlements.

Theoretical and methodological methods that have been used in this research:

- The principles of the comprehensive analysis, which allowed the authors to cover a wide range of aspects of organizing business in the Russian economy and give them a meaningful economic interpretation;
- The principles of the systematic and structural analysis that allowed analyzing measures taken to withdraw small and medium-sized enterprises from the shadow economy, the interrelationship between economic operators in the "state-society-business" system in addressing the issues of ensuring economic growth and their effectiveness;
- The concept of rational behavior of market entities, allowing the authors to draw conclusions about favorable external conditions of entrepreneurship and the costs of small and medium-sized enterprises in the Russian Federation;
- The methods of international comparisons and comparative analysis, allowing the authors to draw conclusions about the degree of solving the development problem of small and medium-sized enterprises in the Russian economy and draw analogies with foreign experience.

Experimental research base: private Russian enterprises of small and medium-sized business, microenterprises, individual entrepreneurs.

Stages of research: the theoretical substantiation of the need to improve the development policy of entrepreneurship as the basis of the economic growth in the Russian Federation was made in 2000-2016 in the authors' studies (Yakovlev, 2003, 2007, 2016; Zhabin, Kandrashina & Troshina, 2009; Afonon & Zhabin, 2000; Akhmatov & Volkodavova, 2005).

The applied research methods made it possible to assess the significance of the problems facing the Russian economy and the need to develop a state approach to the formation of a new policy for the development of productive forces, based mainly on private capital, the accumulated productive and

organizational potential of SMEs. The activity of the modern Russian entrepreneurship reveals signs of traditions laid down in previous historical periods. So, in the Russian entrepreneurship there are also the features of the “Soviet speculative business”, and the habits of the Russian independent merchant class, the government’s desire to develop state entrepreneurship, trust and openness to a foreign capital, as well as a criminal activity and corruption of officials. The national characteristics of representatives of two hundred different peoples living in Russia, having different mentality and traditions of the business turnover with respect to a risk appetite, initiative, concern for preserving and strengthening property, striving for success, honesty and responsibility in business, methods of maintaining competitiveness, conquering markets and increasing competitive advantages, are also significant.

The development of large-scale civilized entrepreneurship in Russia is still hampered by initial conditions inherited from the centralized management system, including:

- The high level of the public sector in the economy, excessive complexity of bureaucratic procedures for regulating economic activity;
- The desire of the legal private sector of SMEs to divert a real economic turnover into the shadow sphere, to evade taxation;
- The low level of public confidence in the state’s entrepreneurial policy, as well as the neglect of government officials towards private capital;
- The long existence of the non-market economy, which did not provide for the economic initiative of the majority of the population;
- The distorted structure of the national economy with the dominant role of the defense sector at the expense of “civil” sectors of the national economy;
- Low competitiveness of many industries and agriculture, oriented to the production of consumer goods, is especially shown with the formation of the “open market economy”.
The basic conditions for the formation of the market economy in Russia:
- The development of enterprising entrepreneurship based on private property;
- The encouraging self-employment of the population;
- The creation of the competitive environment for all economic entities;
- The effective state that provides reliable protection of property rights and creates conditions for the effective growth;
- The effective system of social protection of the population;
- The open economy that is competitive in the world market.

3. RESULTS

The high level of the public trust allows Russian citizens to start legalizing their business and make a worthy contribution to the country’s economic strength. The scale of the “official” SMEs sector can be seen from the data of Table. 1, built on the reporting materials of the State Statistics Committee of the Russian Federation.

According to the table, it is worth noting the significant scale of the SMEs' activity in general in the national economy of Russia. It is noteworthy that in the sector of small enterprises, the turnover of enterprises annually grows by 10%, while in general in the national economy of the country - there is an increase of no more than 2-3%, which indicates the great potential of the SMEs sector, used to accelerate the GDP, in case of its withdrawal from the shadow economy. It is no accident that in the Strategy for the Development of SMEs in Russia until 2030 (2016) the following indicators are planned: an increase of 2.5 times in the economic turnover of this sector, a twofold increase in the labor productivity, an increase in the share of employed in the national economy to 35%. For these reasons, it is appropriate to assume that SMEs should become the driver of the economic growth, as in developed countries, where its share in the GDP reaches up to 80% relative to our 25%. In addition, in the SMEs sector, the share of employed is only 4.7% of the able-bodied population (more even in the PRC, 15.5%, or India - 6.6%). According to the Unified Register of Small and Medium-Sized Enterprises of Russia, as of 10.10.2016, 5,726,915 entries were made.

The support of entrepreneurship is primarily the task of local authorities of regions and cities, since the activities of SMEs are local in nature and because of their small size and focus on satisfying the needs of local target groups of consumers (Yakovlev, 2003). Having received greater independence, the task of the socioeconomic and ecological development of the territory in the conditions of market relations falls entirely on the administration of the region / city. The effective market economy in regions (city) is possible only if in markets of goods and services monopolistic structures are counterbalanced by a necessary and significant number of SMEs, which, to a great extent, ensure the functioning of the market and help to solve the social and economic problems of the population. In practice, there is a strong differentiation in the development of SMEs by regions of the Russian Federation (Table 2).

Table 2
Distribution of the number of small enterprises by federal districts of the Russian Federation, 2015

<i>Federal Districts</i>	<i>The number of registered SEs as of January 1, 2015, per 100 thousand people of the population*</i>		
	<i>Units</i>	<i>Increase/ decrease for the period 01.01.2014-01.01.2015</i>	<i>In% of the average for the Russian Federation</i>
Russian Federation	1464,3	25,6	100,0
Central Federal District	1479,0	0,3	101,0
North-West Federal District	2410,0	0,8	164,6
Southern Federal District	1152,4	33,0	78,7
North-Caucasian Federal District	558,1	10,6	38,1
Volga Federal District	1240,2	-17,0	84,7
Ural Federal District	1634,5	63,2	111,6
Siberian Federal District	1565,5	60,7	106,9
Far Eastern Federal District	1502,6	-33,6	102,6

*Based on the population as of 01.01.2014

Source: Saidullaev (2014)

According to the table we can see that the leaders in the development of small business, in relative terms from the population, are the North-West and the Ural Federal Districts, among the lagging behind - the North Caucasus and Southern Federal Districts. And in the Far Eastern and Volga Federal Districts there was a significant reduction in the share of small enterprises, which falls out of the all-Russian trend. The reason for such strong differentiation in the regional distribution of the number of SMEs should be considered the level

of social and economic well-being of regions and the state of the business infrastructure: the centers of the business activity of the country are concentrated in the territory of the North-West and Ural Federal Districts. At the same time, in 2014, as compared to the last year's level, the overall growth in the basic indicators of the small business development was observed throughout the country: the number of small enterprises, the average number of employed at small enterprises, the turnover of small enterprises and investments in fixed assets in absolute terms also increased. The specialization of small enterprises - mainly trade and services, medium-sized enterprises - manufacturing, construction and agriculture, i.e. those spheres of the economic activity, oriented primarily to the "living" solvent demand of the population, whose structure of needs is permanently complicated, commodities are becoming increasingly knowledge-intensive and differentiated.

The Samara region, which belongs to the Volga Federal District with average indicators in the development of SMEs in the Russian Federation, implements a special program "Development of Entrepreneurship, Trade and Tourism in the Samara Region", designed for 2014-2019. In 2016, 121000 small and medium-sized enterprises were registered: 44% of them were individual entrepreneurs; 50% - microenterprises; 5% - small enterprises; 0,3% - the average business (Titova, 2016). Of the total number of small enterprises in the Samara region, 42% work in trade, 26.7% in the provision of services, 8% in construction, 7.9% in transport and communications, and 7.1% in manufacturing. The turnover of small and medium-sized enterprises in the first half of 2016 was 245.1 billion rubles, which is 8.2% (18.6 billion rubles) more than the same period in 2015.

SMEs function in a certain physico-climatic, socio-cultural, economic, etc. environment, the actual state of which is able to weaken or strengthen their market positions in accordance with the peculiarities of each country, region (Table 3).

Table 3
Evaluation of the environmental impact of entrepreneurship, 2016

<i>Elements of the external environment</i>	<i>Current status</i>	<i>The level of the positive or negative impact on the performance of SMEs</i>
The geoeconomic environment (opportunities for international cooperation, customs restrictions, etc.)	Complicated, characterized by high turbulence, sanctions oppression by Western countries, restrictions on the logistics of foreign trade, transfer of technology, investment, trade embargo, anti-dumping investigations, etc.	Strong negative impact, complicates the implementation of the organizational and economic potential of SMEs
The political-legal environment (favorable political conditions, legislative framework, etc.)	The policy of granting maximum freedom to business is proclaimed. The Strategy for the Development of Small and Medium-Sized Enterprises up to 2030 was adopted.	A strong positive impact. As a result of institutional changes, the 40th place in the Doing Business index was achieved, according to Doing Business rating 2017
Socio-cultural environment (peculiarities of culture, traditions, vocational training, salary level, etc.)	In Russia, the average wage is less than \$ 500, the standard of living falls, and the average wage in the US is \$ 4,700 per month and the income of Americans is growing. Signs of the traditions of previous historical periods are revealed: the Soviet era, the Russian merchant class, the government's desire for centralization of the economy, attracting a foreign capital and technology, as well as the shadow economy and corruption.	A medium negative impact. There is a decrease in incomes of the population of Russia, which leads to the deterioration in the structure of consumption and a decrease in effective demand. At the beginning of 2016, incomes in Russia fell by 6.3% on an annualized basis and instead of accumulation, entrepreneurs are forced to work for consumption.

<i>Elements of the external environment</i>	<i>Current status</i>	<i>The level of the positive or negative impact on the performance of SMEs</i>
The economic environment (unemployment rate, effective demand, access to investment, etc.)	The share of SMEs in the country's GDP is 21% (in 2014), the inflation rate is 12.91%, (USA - 0.73%). The share of working places of SMEs in the country at least 21% (and in the US more than 50%). Privileges on tax rates for SMEs - are actually absent. Since 2011, the amount of insurance contributions to the wage fund has increased from 26 to 30%.	A strong negative impact. A high level of inflation leads to difficulties in the formation of working capital, attracting loans. The infrastructure for supporting entrepreneurship is at the stage of formation, there is no working capital, cheap loans, lack of qualified personnel and imperfection of the legal framework.
The technological environment (provision of modern technologies, R & D, information support, etc.)	The national innovation system has not been formed yet. In the economic activity, the use of old technologies of the second and fourth technical structures is observed, when in developed countries the sixth technical mode is at the stage of effective development.	A high negative impact. The labor productivity is 3-5 times less in similar sectors of production in Russia and developed countries, as a result, many sectors of high-tech products are under the dominance of imports.
The physical and geographical environment (climate, conditions, accommodation, energy saving problems, transportation of products, etc.)	Huge distances between settlements, in most of the territory there is a harsh climate, high heating costs in winter, transportation of goods.	A moderately negative impact. There is a need for transportation of goods over long distances, large expenses for heating, lighting.

Source: Strategy for the Development of Small and Medium-Sized Enterprises until 2030 (2016); Russian reforms in figures and facts (2016); Information on the socio-economic situation of Russians (2016); Small and medium-sized business in Russia (2016); The rate of inflation (2016); Stat Buro (2016); Liutova (2016); Laricheva & Sklyar (2013); Insurance premiums for employees (2016); Kozhan (2016).

These tables show the features of business operations in Russia, which are markedly distinguished against the background of the entrepreneurial climate of developed countries, especially the US and EU, regarding the state and prospects of the SMEs development. Our country still has to solve many problems in the formation of the friendly environment for entrepreneurs. It is no coincidence that Russian President Vladimir Putin in his next message to the Russian people on December 1, 2016 pointed out that law enforcers should not interfere in the work of entrepreneurs, make free businesses from unnecessary instructions, and legitimize the work of self-employed citizens, previously estimated as illegal business activities (Kolesnikov, 2016). This proposal should be recognized as restoring the integrity of the historical development of entrepreneurship traditions, because from 1918 to 1987 there was a strict anti-entrepreneurial policy, and in fact the principles of civilized entrepreneurship in the Russian Federation are now being formed. Currently, as the head of the Central Bank of Russia E. Nabiullina stated, the model of the economy, based on consumption from the proceeds of the export of raw materials, has finally exhausted itself, and the "savings and investment" model should replace the old consumer model of the population's behavior (Koroleva, 2016).

It is obvious to implement the following directions of the state support of SMEs in the Russian Federation:

- Subsidizing the costs of the business support;
- Macro loans, loan guarantees, property in the ownership of SMEs, information and consulting support;

- An opportunity of preemptive right to buy out leased premises at preferential rates;
- A quota of 15% for the placement of state and municipal orders from SMEs;
- Measures to reduce the tax burden, the provision of vacations for payments to budgets;
- An access to state import substitution programs;
- Promotion of the initiative to include SMEs in the work of large corporations.

A list of important stages of the policy regarding the formation of the enabling environment for doing business is shown in Figure 1. The peculiarity of our country is the development of our own new traditions of entrepreneurship, overcoming the consequences of great experiments on the radical change of the socio-political order that was carried out in our country two times during one century, unlike in the US, as in many other developed countries, where the historical integrity and continuity of traditions, the high authority of the capitalist entrepreneur have been preserved for 300-500 years.

Each country has its own characteristics, which can act as barriers in the implementation of various modern practices that are effective in another country. Unlike in Russia, the average indicator of many developed countries: Britain, Canada, Japan, Australia, South Africa, the United States – is more than 50%. The State Council of the Russian Federation (2016) contributes SMEs to the GDP. A greater number of SMEs in the US provides a large number of jobs, increases the welfare of society, stability in society.

The study of the experience of economically developed countries makes it possible to identify the following trends in managing the effective development of SMEs:

- The state regulation adds to market mechanisms, and is based on the rational use of the means and capabilities of local and regional authorities, local factors of competitiveness;
- The most important place in the management of the SMEs development is the choice and formation of priorities in the social and economic development of territories, the development of new technological solutions, high-performance jobs, the involvement of previously unused types of raw materials, etc .;
- Both the direct state impact (targeted programs, subsidies and grants, preferential lending), and the indirect stimulation of mass development of SMEs (depreciation policy, preferential taxation, etc.) are used to implement the priorities;
- The state should take care of the development of transport, information, legal, consulting and other elements of the infrastructure for supporting entrepreneurship, financing of the education system and professional training of personnel.

Using the world's best practices, one should take into account that it is impossible to be a leader in the market, only by repeating other people's achievements, obviously recognizing their backwardness. The defensive strategy never leads to victory, especially in business, since competitors will eventually find a way to deal a death blow and capture the target market. It is necessary to invent and implement original ideas, which have not been surpassed by anyone in the field of production and promotion of new goods and services. It is known that competition is the main condition for the economic growth in the market economy, and innovation is one of the tools of competition that was proved by K. Marks & F. Engels

(1957) and J. Schumpeter (1982) in the works on the process of changing technological patterns caused by a natural reflow of resources from entrepreneurs of a conservative type to innovative-active ones, despite high risks of the latter. It is clear that the entrepreneur is largely inclined to adhere to a strategy of low risks with constant incomes, relying on favorable business conditions (Figure 1).

Only real talents in entrepreneurship, capable of forming new human needs or extraordinary ways of mass application of existing goods and services (for example, private space flights) can get an immense gain. And in Russian conditions, the search for the state protection is the main condition for existence, which excludes cautiousness in innovation. Historically, the state itself limited business, fearing losing control over society, and everywhere there was the concept of power-ownership (only power allows someone to own property). The expression of the philosopher V. V. Rozanov (1990) is characteristic and fair to this day: "In Russia all property grew out of "begged" or "presented", or someone "robbed". There is little labor in the property. And that's why it is not strong and not respected". Therefore, an active social policy is needed, aimed at the sustainable growth of the population's incomes, the formation of the middle class, the formation of the "new economy". The main thing is to change attitudes towards this segment at all levels of government, society, business environment.

In conditions of high turbulence of the international business environment, unprecedented political and economic sanctions confrontation, the main obstacle to the development of small business is the lack of investment and the inability to plan with the horizon even for two or three months ahead. Under these conditions, rare adaptive companies that manage to adjust their business models in accordance with the realities of the crisis will be able to survive. The mechanisms of co-financing state programs with private money help to determine more accurately where to allocate resources and minimize the likelihood of costly mistakes. The creation of a meaningful entrepreneurial sector is not a momentary achievement, but a product of the long-term activity, and it is necessary to give time to prospective programs so that they show their dignity, and it is important to take into account global relationships, as companies need to have a transnational presence in order to be successful.

In addition, local companies can benefit greatly from relationships with funds that are located in other countries, but invest in Russia. In addition, the experience of successful investment will help attract even a greater inflow of the foreign capital.

4. DISCUSSIONS

The difference in approaches to the development and support of entrepreneurship in Russia and abroad is already laid down in definitions of this type of activity. So in the Russian legislation (Civil Code of the Russian Federation, article 2, 1994)

This is the notion of the entrepreneurial activity that is defined as "an independent activity carried out at its own risk aimed at systematic profits from the use of property, the sale of goods, the performance of work or the provision of services by persons registered as it is prescribed by law". It can be concluded that in Russia, first of all, such features of the entrepreneurial activity as riskiness, responsibility, profitability and legality are distinguished, while in the United States the emphasis is on professional qualities, qualifications of the businessman, the availability of his knowledge and experience, primarily necessary for the competent business activities.

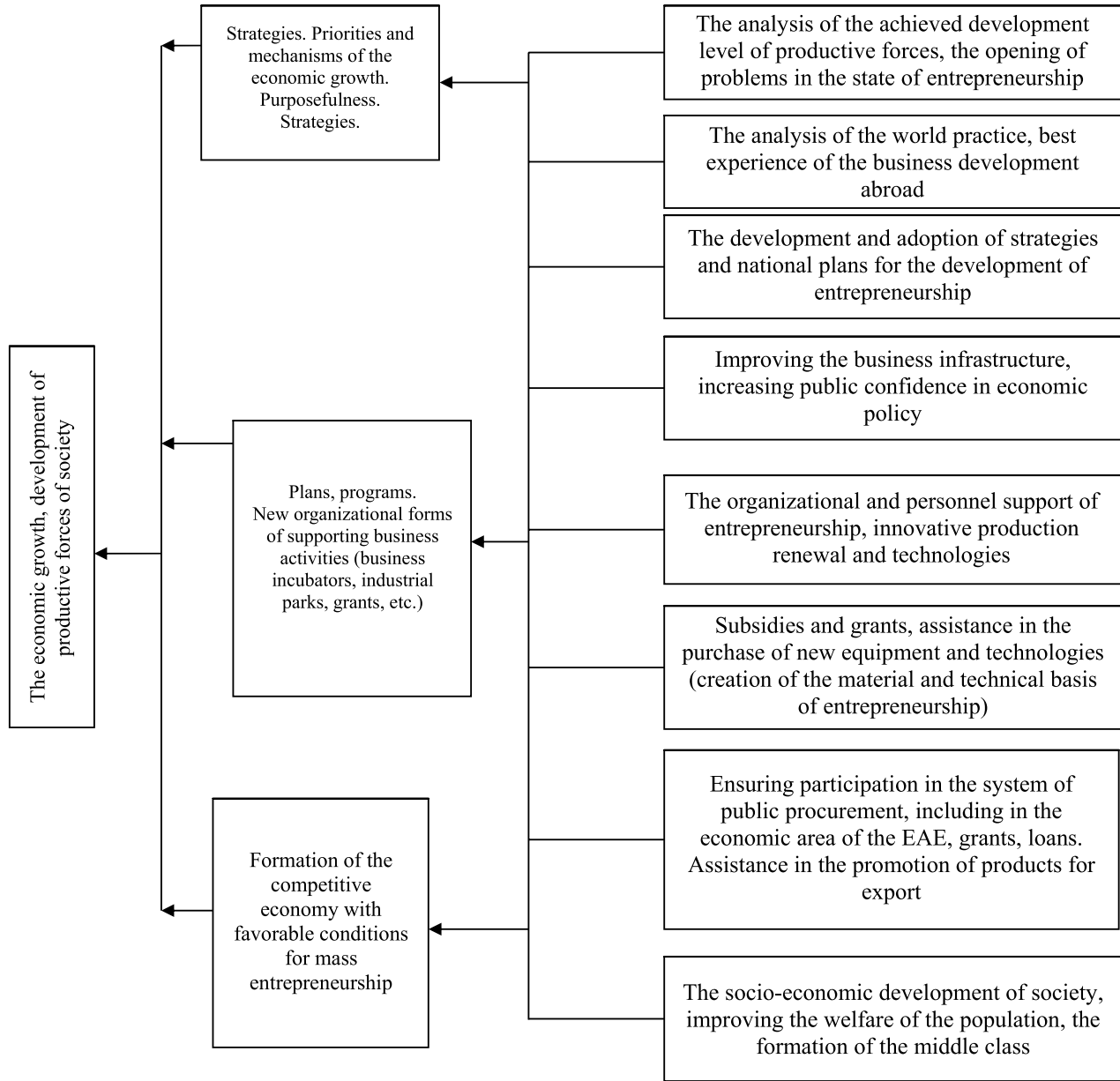


Figure 1: The formation stages of favorable business conditions

Source: Developed by the authors

In the Russian Federation the formal registration of the entrepreneurial activity is compulsory, in the USA, in order to be engaged in the individual entrepreneurial activity (Sole Proprietorship), a special permit of authorities or a license is not required, and the registration is necessary only if there is a mismatch between the firm name of the enterprise and the owner’s name (Property Committee, 2016). In Russia, it is necessary to formalize both the state registration and obtain a license or permit for a certain type of activity. At the same time, the existence of a written memorandum of association is mandatory for the creation of economic societies, which is an unnecessary bureaucratic obstacle.

The Russian business support strategy largely corresponds to the similar “Small Business Act (PL 85-536)” adopted in the United States, as well as the Strategy for the Development of SMEs of the European

Union until 2020. The Russian strategy will create a win situation for the implementation of entrepreneurial initiatives, the basic indicator is an increase in the turnover of SMEs by 2.5 times in relation to 2014. The strategies adopted in the US and the EU set the task of creating an economy in which small business dominates.

The current structure of the market economy in existing territorial and demographic scales of Russia already predicts the number of 10-12 million small enterprises - twice the existing 5.7 million, which shows that SMEs as a separate sector of the market economy has not been formed yet and its potential is not being utilized sufficiently, therefore, relevant international best practices should be studied and implemented. The experience of the world development shows that, in the context of the economic crisis, policies aimed at helping and promoting entrepreneurship among the general population provide tangible results in achieving the balanced economic growth in the first year or two (Yipeng Liu & Tamar Almor, 2016).

The ways to create new entrepreneurs-champions vary from country to country and from era to era: the Korean way differs from the American, and Israeli - from the Chinese. It is necessary to consider a lot of factors, but there is the main condition - the presence of a competent entrepreneur in the relevant technological area. The barrier to the application of foreign experience in supporting SMEs is the lack of qualified personnel, which significantly slows down the growth of the business development, as every second entrepreneur in Russia rightly observes (Bazalishvili, 2016). In addition, there is no comprehensive political and legal system, which, first of all, takes into account the interests of small enterprises throughout the life cycle of the company, from the stage of entering the market, licensing and ending with bankruptcy (Yakovlev, 2016).

Abroad, the level of taxes on enterprises varies from 10 to 35% (The Trade Representation of the Russian Federation in the United States, 2016), depending on the amount of income. There are many mechanisms for supporting SMEs, for example, tax incentives. Modern Russian taxation significantly slows down the growth of the SMEs sector. The complexity of the structure, the order of tax payments makes a large number of entrepreneurs close their business or withdraw it in the shadow economy. In the United States, a large number of small enterprises are not directly taxed, but make contributions in the form of a personal income tax and AMT (Alternative minimum tax), taking into account the fact that most of revenues are reinvested in the development of small enterprises. Also in Canada, it is believed that the most effective way to support business is to offer low tax rates, and it is no coincidence that there is one of the lowest corporate taxes among developed countries. The tax rate for profit in 2013 was reduced from 22 to 15%, and for small enterprises - only to 11% (if the annual income of small enterprises is less than 0.5 million dollars). Moreover, all companies registered in the country have access to the resources of the Export-Import Bank of Canada, which exists to facilitate payments in the country's foreign trade. Canadians and Americans, of course, allow themselves such expenses to support business, but the Russian middle business, which has neither such support, nor the means for international expansion, has to survive (Koksharov, Skorobogaty & Sumlnenny, 2013).

In the United States, there is a developed business infrastructure at various levels: financial, technical, information and consultative, and it is controlled by the bodies of the Congress on Small Business, the Administration for Small Business (SBA), the Ministry of Trade, trade associations, etc., which is one of the main factors for the successful operation of the SMEs sector in the United States (Bagova, 2013).

The sources of financing in the Russian Federation – are mainly own savings and there is no access to cheap loans. Unlike broad access to cheap loans, government loans and subsidies in the United States in 2013, it was allocated \$ 16 billion to support small and medium-sized enterprises, to provide credit guarantees for the creation and expansion of small enterprises. Today, Russian small enterprises have few prospects for expanding their production, since their financing is mostly from their own funds. And a “shortage of circulating assets is one of the most common problems in small enterprises” (Abramyan, 2016).

It should be assumed that to solve the problems of SMEs, Russia should overcome the gap with developed countries as soon as possible, but it should go in the development of entrepreneurship in its own way: the development methods that have been applied in other countries may not be appropriate due to fundamental differences in the formation and growth of the private capital. Russia has a huge potential for successful modernization in the field of SMEs, but it still lacks qualified entrepreneurial staff, access to investment, freedom of information exchange as an indispensable condition for innovative ideas, and the realization of entrepreneurial talents.

5. CONCLUSION

Throughout the world, the task of the state is to create favorable conditions for the implementation of priorities for the development of productive forces and the “emancipation” of competitive advantages of domestic producers, including by replenishing the underdeveloped market tools. At the same time, the state support should not be focused on any sectoral priorities, as today many activities with the change of technological structures overnight become archaic, but on specific innovative projects selected with the direct participation of domestic businesses and corresponding to the most advanced areas of the world socio-economic and scientific-technical development. The pro-entrepreneurial policy of the Russian Federation is completely justified, but at present it is still insufficient in terms of resource provision and is poorly differentiated by activity and geographically, which requires a long time, the cultivation of a class of enterprising businessmen.

Entrepreneurship exists in a certain social environment, which forms the conditions for its survival. We need experienced lawyers who are able to conclude profitable contracts, qualified marketing specialists and engineers who are ready to work for modest salaries and options, as well as clients who rely on young aggressive firms. It is important not only to provide financing to entrepreneurs and venture capitalists, but also to help eliminate administrative and other barriers faced by entrepreneurs.

Based on peculiarities of our country, it seems justified not to use the so-called “proactive” model of Anglo-Saxon-type entrepreneurship, but to approach the model of socially responsible business inherent in countries with the so-called social market economy (as in Scandinavian countries). As a result, the Russian entrepreneurial model should become a bright phenomenon in the emerging world enterprise system - the gradual integration of original national models of the entrepreneurial activity into the integral structure.

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