UDK 658.114

## O.A. Evseeva

# MANAGING SUSTAINABLE DEVELOPMENT OF SMALL AND MEDIUM-SIZED RUSSIAN COMPANIES IN THE GLOBAL ECONOMY\*

### О.А. Евсеева

# УПРАВЛЕНИЕ УСТОЙЧИВЫМ РАЗВИТИЕМ МАЛЫХ И СРЕДНИХ РОССИЙСКИХ ПРЕДПРИЯТИЙ В УСЛОВИЯХ ГЛОБАЛЬНОЙ ЭКОНОМИКИ\*\*

Opportunities and peculiarities of doing business for small and medium-size enterprises in the global economy are observed in the article. The concept of sustainable development on the basis of managing potential of small and medium-size enterprises is offered by the author. Also there are main directions of a state policy of support that could provide more efficient sustainable development of small and medium business in Russia.

SMALL AND MEDIUM-SIZE ENTERPRISES. GLOBAL ECONOMY. SUSTAINABLE DEVELOPMENT. OPPORTUNITIES. FEATURES.

В статье рассматриваются особенности и возможности ведения предпринимательской деятельности малыми и средними предприятиями в условиях глобальной экономики. Автором предлагается концепция устойчивого развития малых и средних предприятий на основе управления их потенциалом. Также рассматриваются основные направления государственной поддержки в целях обеспечения более эффективного устойчивого развития малого и среднего бизнеса в России.

МАЛЫЕ И СРЕДНИЕ ПРЕДПРИЯТИЯ. ГЛОБАЛЬНАЯ ЭКОНОМИКА. УСТОЙЧИВОЕ РАЗВИТИЕ. ВОЗМОЖНОСТИ. ОСОБЕННОСТИ.

The enterprise focused on long-term business activities, which is not going to leave the market, always looks for the most effective new ways of development. Development is a process and result of quantitative and high-quality changes, acquisition of new qualities, a way of progressive transformation of the person or system. In world practice it is accepted to understand as a sustainable, harmonious (correct, uniform, balanced) development - process of changes in which operation of natural resources, the direction of investments, orientation of scientific and technical development, development of the personality and institutional changes are coordinated with each other and strengthen present and future potential for satisfaction of human needs and aspirations. Transferring this

concept to a context of activity of the enterprises, it is possible to notice that successful economic development of managing subjects - one of components of a sustainable development. Small and medium-size business could be referred to factors of dynamic growth of economy. Without development of small and medium-sized enterprises (SME) successful functioning of large business in the country is impossible: small and medium-sized enterprises quickly react to changes of environment and often become sources of innovations which large business further can apply, possessing a large number of resource opportunities. In relation to SME the author understands the balanced development of social, economic and ecological spheres of their activity as a sustainable development.

<sup>\*</sup> All materials are prepared and published under support of Russian Federation President's Council for grants. Grant MK-4968.2013.6.

<sup>&</sup>lt;sup>\*\*</sup> Материалы подготовлены и публикуются при поддержке Совета по грантам Президента Российской Федерации. Грант МК-4968.2013.6.

It is necessary to notice that the sustainable development of any enterprises is a guarantee of progress of global economy as a whole. Thus in development of global economy there was a number of opportunities which can use small and medium-sized enterprises.

1. Possibility of performance of the separate functions transferred on outsourcing of multinational corporation. The main tendencies of world economy nowadays: globalization, internationalization, integration, promote development of process of the international division of labor and growth of scientific and technical progress. It leads to more rigid competition, need of expansion and the constant analysis and revision depending on developing preferences of the buyer of the nomenclature of let-out goods, works and services. In such conditions multinational corporation isn't able to make all operations by own forces and, therefore, involves in business processes small and medium-sized enterprises. Such «retraction» of these enterprises is defined, first of all, by scales of their distribution. Transferring small and medium-sized to enterprises performance of part of business processes with outsourcing application, and also production of certain details and knots under subcontract contracts large corporations can concentrate only on the major operations. Thus management transfer of function does not end in itself, and means of obtaining additional competitive benefits. The aspiration to optimize organizational structure of the companies, first of all multinational corporation, leads to principle application «supply from the outside» to many functions and kinds of activity which were carried out by the companies earlier. In the conditions of global economy small and medium business acts as some kind of contrast of orientation to the standardized large-scale production.

2. Individualization of products and services. The crucial role in revaluation of SME had been made by shifts in social and economic structure of the developed countries, change of consumer views, motivation of work. The individualization of consumption changed the principles of service, caused emergence of the flexible small divisions capable quickly to respond to inquiries of consumers. Thus, there were new requirements. Initially one of the strengths of small enterprise – personal contact with the client with the purpose to create a situation of trust, communication and, finally, to impose goods, service (the Chinese proverb: «You aren't able to smile – don't get a bench»), turned into ability. The term connected with piece production, – «a mass individualization» is characteristic: combination of a high technological level and the marketing considering (and advancing) demand of small groups of the population.

3. *Customization*. The partial modernization, allowed to build in small and medium business world economic structures, and the main thing, quickly changing consumer demand generated the new principle of production and the sales, called customization. Its sense – orientation of the producer to every possible satisfaction of consumer inquiries, constant «humouring» of the consumer, its «a peculiar binding to the producer».

Small and medium business is an essential unit in system of the international economic relations in a linking of the relations «the large enterprise – small». As small business becomes more modern, its opposition to large business disappears, it turns into an element of the economic environment interacting with others. In the 90th subjects of small and medium business started exporting the final goods. So, for the shoe industry of Italy the accessories are delivered by MT of China, India, Vietnam nowadays. Such coordination helps to globalize and integrate business processes at the international level, to avoid segmentation of labor markets, the capitals and goods.

Difficulties of SME in developing countries are aggravated with weak skills of their mutual aid, they are badly coordinated unlike the similar enterprises in the developed countries (having own organizations, the banks, the developed systems of cooperation) where the state played a huge creative role in the  $60-70^{\text{th}}$  and continues to play it now (f. e. regional programs of development of EU), having created modern infrastructure. In the third-world-countries these tasks have not been solved everywhere and in our case it is planned to address it.

Therefore the growth of number of SME and their form directly depend on industrial policy as a whole: small enterprises are closely connected with large that helped the SME updating. The governments of the new industrial countries managed to create the competitive start-ups in economy, despite strong positions of large national conglomerates. The last it was succeeded to force to follow the rigid line on obligatory attraction under subcontracts SME for production of components and spare parts. Close vertical cooperation of SME with the large enterprises on the basis of transfer of technologies under long-term agreements is the Tata formed in India: group buys components for the productions from 800 small firms. Subcontracting is recognized as the most widespread form of cooperation of the small and large-volume production, one of conditions of participation in globalization.

Achievement of SME of «the critical weight» in national economy can become one of factors of self-sustaining growth. Such direction of a sustainable development is especially important for the transitional economies suffering from consequences of economic giantism and weakness of horizontal production communications.

The effective sustainable development of small and medium-sized enterprises has to promote improvement of quality of life of the population. As the instrument of realization the author suggests to use management of the cumulative capacity of the enterprise on the basis of improvement of quality of life of society. Thus as the mechanism of implementation of this concept increase of efficiency of use of cumulative capacity of the enterprise on the basis of improvement of quality of life of society (criterion of public usefulness) serves.

The mechanism of a sustainable development of the enterprises of small and medium business has to be developed, on the one hand, at the level of the state - to be stimulated with environment. Small and medium business significantly depends, first of all, on the state support though to misunderstand it literally as the support focused almost on each enterprise. It is a question first of all of creation of the corresponding climate for SME. The state and the large enterprises lay in the economic plan a way to modernization of the small enterprises as the last are incapable to fit into modern economic space independently. For example, as one of the possible directions of the state support of SME it could be support of innovative activity of SME in the external economic. This direction of economic reforms in our country is not developed rather deeply, so that the expected effect, proceeding from world experience, can be so considerable that can affect on the economic growth of the country as a whole.

On the other hand, external incentives will be insufficient if the enterprise doesn't pay attention to its own internal resources and opportunities. Respectively, mechanisms on the basis of increase of efficiency of use of cumulative potential are formed. Criteria of realization of these mechanisms are presented in Fig. 1.



Fig. 1. Criteria and mechanisms of a sustainable development of small and medium-sized enterprises

Use of this mechanism has to meet the requirement of improvement of quality of a standard of living of the population – improvement of at least one of parameters of quality of life in the absence of negative consequences on all to the rests (criterion of public usefulness).

In the course of formation of mechanisms of a sustainable development of SME it is necessary to consider that at the moment society already lives and develops in the conditions of global economy, and, therefore, it is necessary to consider features of the small and medium business involved in system of the international economic relations. They can be reduced to the following:

- Big sensitivity to development conditions during the crisis periods for West economy. Big firms do not so sensitively and quickly react to any fluctuations or changes in economy. Not casually the help to small business in policy of the governments of Germany, the USA and many other developed capitalist countries takes a special place. Small enterprises became a peculiar indicator of the general state of affairs in economy. The small enterprises most sensitively react to change of an economic environment, falling or increase of rate of return in economy areas. The wave of ruins or formation of the new companies arises first of all in not monopolized sector and only later, having gained strength, comes to bigger firms, being reflected in their activity. In the conditions of reproduction deterioration the big companies find «outlet» in the form of capital export. Small firms, as a rule, have no such opportunity. It forces them for a survival intensively to look through the production and marketing activity. Those from them who in the conditions of the 70th beginning of the 80th years managed to adapt - survived, others - were simply ruined. However, in turn, development of small enterprises when overcoming this crisis served as important means of improvement of economy. Also it is explained first of all by that role and functions which small business carries out.

- Greater mobility market conditions, creation of deep specialization and cooperation.

- Ability not only quickly to fill niches which are formed in the consumer sphere, but also rather quickly to pay off.

- Creation of the atmosphere of the competition and that spirit of business, without which market

economy is impossible. Antimonopoly function of this sector of economy is defined by this feature. The individual enterprise is a basic cell of market economy. Enterprise initiative, being guided by the consumer, always directs there where there is a pent-up demand, and leaves spheres which cease to answer inquiries of the market. Thus, economic proportions, optimum including «dimensional» structure of production are formed and supported. The positions of small business in economy are steadier, the counteraction which it renders tendencies to the monopolization of the market which is initially inherent in large business is stronger. Thus, the sector of SME is the carrier of the competitive start in economy. Its presence in the market promotes decrease» price level, maintains structural flexibility of economy and constant attention of producers to a consumer demand and quality of production.

 The essential attention is paid to an innovative component of business -more than a half of innovations arises and starts being applied in this The knowledge-intensive sphere. small enterprises – the venture enterprises, working under conditions of high commercial risk, are engaged in searching of essentially new products and processes, and also assume completion and trial development of the scientific and technical innovations which aren't demanding large capital investments. Quite often innovative function of small business is realized in cooperation with the large enterprises. Cooperation in the sphere of research and development allows to reduce considerably the period of development of new types of production (by some estimates from 10-15 % to 4-6 years) and to increase a share of new goods in the total amount of sales. Such cooperation is highly effective from the economic point of view: small firms in the USA make 4 times more novelties counting on one busy, than at the large enterprises, and costs of one researcher or the engineer – are twice lower. Besides scientific and technical innovations the considerable number of small enterprises carries out innovations in the form of updating of technology, management, the organization of work and the production nomenclature.

Analyzing the revealed distinctive features of SME in the international environment, it is possible to draw a conclusion that small and medium business – one the most important

components of modern business in all world economy, giving bases of successful development on the basis of scientific and technical progress.

Despite everything, even in the countries with the developed market economy small and medium-sized enterprises which possess considerable structure and the organizational flexibility increased by a susceptibility to various innovations and are the most important reserve of development of economy, meet considerable difficulties. Among them: lack of own means, the complicated access to the financial market and bank crediting, limitation of organizational and administrative experience, impossibility to use a factor «scales effects», etc.

As for Russia, these difficulties are aggravated with numerous negative factors of environment, among which: imperfection and imbalance of standard and legal base and mechanism of its realization; administrative barriers; shortcomings of a tax policy; backwardness of the resource markets, including real estate and capital markets, and, as a result, deficiency of the starting capital; low investment activity; underdeveloped infrastructure; narrowing of domestic market of sale owing to reduction of the state order; deterioration of a financial position of the enterprises; decrease in a standard of living of the population; unfair competition; excessive criminalization of economy, etc. All these factors, certainly, constrain development of small business and interfere with full realization of its social functions.

For the solution of these and some other problems, and also for restriction of influence of negative factors it is necessary to strengthen existing state institutes of support of small business at the expense of improvement of their organizational structure, granting new methods and mechanisms of stimulation and support of enterprise activity. Their main goals and tasks at the present become: development of financial, information and service infrastructure; broader involvement of small enterprises to deliveries of production and performance of work within a state order; assistance of modernization of business assets of small enterprises; stimulation of priority activities of small business; strengthening of the state control of observance of standards of the labor legislation and labor protection at SME.

The main directions of a state policy of support of small business have to become: improvement of standard and legal base of formation and development of small business and small business; providing conditions of easier access of small enterprises to financial, material and information resources, and also to new technologies and results of scientific and technical development; granting tax privileges; measures for attraction of private investments; expansion of support of employment and self-employment in the sphere of small business; help in preparation of businessmen and managers; rendering consulting and expert services.

Revival and lifting of the production sphere are impossible without development of small innovative business in which only 20 % of scientific capacity of Russia today are concentrated. For the purpose of stimulation of development of innovative business and increase of integration of science and business it is necessary to create the new high-quality instrument of interaction of businessmen and representatives of the scientific sphere. It is advisable to author to create a common information space «Business science» on all territory of the Russian Federation with support of the governments. Within this space it is necessary to organize information exchange of available data in the scientific sphere and needs which are felt by small and medium business currently, to increase thus knowledge of the economy concerning already developed or perspective innovations to development and deployment.

One more direction of work with the small and medium business, capable to increase his resilience, is the development of regulatory base programs of development and special of intercompany cooperation. The policy of stimulation of cooperation of small and mediumsized enterprises of member countries of the European union carrying out since 1987, including development of legislative bases of intercompany cooperation, creation of information centers, providing the financial help and interest-free loans can be an example of it.

Summing up, it would be desirable to note that it is impossible to build effective market economy and successfully operate on the world markets without SME. It is important to have effective tools which would allow to develop small and medium business in the conditions of global economy, and efforts have to be directed on its improvement and adaptation to changing environment at the moment in our country.

#### REFERENCES

1. Mescon M., Albert M., Hedouri F. General Management. 4<sup>th</sup> issue. Moskow, I.D. «Williams», 2009. 672 p.

2. Okorokov V.R., Timopheeva A.A., Klementyev G.A. Upravleniye organizaciyey v menyauczhemsya mire; editors V.R. Okorokov and Ju.A. Sokolov [Organization Management in a Changing World]. St. Petersburg, St. Polytech. University Publisher, 2012. 362 p. (rus) 3. **Gluhov V.V., Okrepilov V.V.** Upravleniye kachestvom zhizni [Management of quality of life]. St. Petersburg, Science, 2008. 484 p. (rus)

4. QLI methodology. Available at: http://nationran king.wordpress.com/cate gory/quality-of-life-index/

5. UN statistics. Available at: http://www.un.org/ ru/development/progareas/ statistics/overview.shtml

#### СПИСОК ЛИТЕРАТУРЫ

 Мескон, М. Основы менеджмента [Текст] / М. Мескон, М. Альберт, Ф. Хедоури. – Изд.-е 4-е. – М.: Изд. дом «Вильямс», 2009. – 672 с.

2. Окороков, В.Р. Управление организацией в меняющемся мире [Текст] / В.Р. Окороков, А.А. Тимофеева, Г.А. Клементьев; под ред. В.Р. Окорокова и Ю.А. Соколова. — СПб.: Изд-во Политехн. ун-та, 2012. — 362 с. 3. Глухов, В.В. Управление качеством жизни [Текст] / В.В. Глухов, В.В. Окрепилов. – СПб.: Наука, 2008. – 484 с.

4. QLI methodology. Available at: http://nationran king.wordpress.com/cate gory/quality-of-life-index/

5. Статистика ООН [Электронный ресурс]. – Режим доступа: http://www.un.org/ru/development/proga reas/statistics/overview.shtml

EVSEEVA, Oksana A. – Saint-Petersburg State Polytechnical University. 195251, Politekhnicheskaya str. 29. St. Petersburg. Russia. E-mail: yevoksana@inbox.ru

**ЕВСЕЕВА Оксана Анатольевна** — доцент кафедры международных экономических отношений Инженерноэкономического института Санкт-Петербургского государственного политехнического университета, кандидат экономических наук, доцент.

195251, Россия, Санкт-Петербург, ул. Политехническая, д. 29. E-mail: yevoksana@inbox.ru