V.G. Basareva

THE INFLUENCE OF SMALL BUSINESSES
ON THE ECONOMIC GROWTH IN RUSSIA

В.Г. Басарева

ВЛИЯНИЕ МАЛОГО БИЗНЕСА
НА ЭКОНОМИЧЕСКИЙ РОСТ В РОССИИ

The given paper focuses on the theoretical approaches that enable to estimate the influence of the development of small business on the factors of the economic growth. It discusses the evaluation of the role of small business in the context of the theories of reforms at the present stage. It is proved that the functioning technology of the short-term and medium-term forecasting hardly takes into account the enterprising potency of the population and it leads to the reduction of efficiency of the taken decisions both on the federal and regional levels. It is shown that the decisions to change the conditions of the functioning of small business should account for the estimation of the labour market and the regional peculiarities. It is necessary to develop and expand the existing practice of the medium-term forecasting with the procedures and methods that allow to estimate the decisions taken by the authorities regarding small business from the position of their influence on the factors of the economic growth. These approaches and procedures are performed on the formal level using the methods of econometric simulation, and they will considerably facilitate the process of complex expert analysis of consumer demand and income which usually was executed.

Within the frame of the short-term forecast, it is offered to develop the procedures and methods that make it possible to modify the rational correlation of small forms and large enterprises in accordance with the tasks of the modernization period of the country.

CORRELATION OF SMALL AND LARGE ENTERPRISES; NATIONAL FORECAST; ECONOMIC GROWTH; REGIONAL FACTORS; ECONOMETRIC MODELS; ESTIMATION OF THE CONSEQUENCES OF DECISIONS.

Представлены теоретические подходы, позволяющие оценивать влияние развития малого предпринимательства на факторы экономического роста. Обсуждается оценка роли малого предпринимательства на современном этапе в контексте положения теории реформ. Доказывается, что действующая технология краткосрочного и среднесрочного прогнозирования слабо ориентирована на учет предпринимательской активности населения, что приводит к снижению эффективности принимаемых решений, как на федеральном, так и региональном уровнях. Показано, что решения по изменению условий функционирования малого предпринимательства должны приниматься во взаимосвязи с оценкой рынка труда и спецификой региона. Предлагается разработать и дополнить сложившуюся практику среднесрочного прогнозирования процедурами и методами, которые позволят давать оценку решений, принимаемых властными структурами в отношении малого предпринимательства с позиций их влияния на факторы экономического роста.

Выполненные на формальном уровне с применением методов эконометрического моделирования эти подходы и процедуры, значительно упростят процесс экспертного комплексного анализа состояния потребительского спроса и доходов, который обычно выполнялся. Позволят корректировать рациональное соотношение малых форм и крупных предприятий в соответствии с задачами этапа модернизации страны.

СООТНОШЕНИЕ МАЛЫХ И КРУПНЫХ ФИРМ; НАЦИОНАЛЬНЫЙ ПРОГНОЗ; ЭКОНОМИЧЕСКИЙ РОСТ; РЕГИОНАЛЬНЫЕ ФАКТОРЫ; ЭКОНОМЕТРИЧЕСКИЕ МОДЕЛИ; ОЦЕНКА ПОСЛЕДСТВИЙ РЕШЕНИЙ.

The point of view that the growth of small enterprises is an unambiguously positive fact symbolizing the economic growth of the country is prevailing in the modern Russian researches. The stagnation of this process or retardation of the speed of new small enterprise formation is considered to be negative. Because of that, the actions of the government, which despite the undertaken efforts have quite a weak result, are criticized. Y.G. Chernyshova [9], Z.V. Shvarzburg [10], O.V. Rusezkaya share this point of view [8].

The low efficiency of undertaken actions is noted by E. Bukhvald [2], A.V. Vilenskiy [3].

L.I. Evalenko considers that «the continuation of the paternalistic policy of federal, regional and local authorities is capable of certain increase in the number of small enterprises and the quantity of those engaged in small enterprises but the fundamental increase of the quantitative parameters of this business is hardly probable in the years to come» [4].

In the foreign literature we may find a far greater number of supporters of the moderate

point of view on the employment growth within small enterprises and its connection to prosperity (D. Keeble [11], D. Storey [14], P. Reynolds [12, 13]). The defenders of the theory of reforms support such a moderate estimation. This branch of science has been intensively developing over the recent years. Its task lies in compiling an instruction for the reformers to find the rational strategies of the transformation of various institutes under certain circumstances. Such a moderate assessment of the role of small business is given within the postulates of this theory. In addition, the necessity of the temperate policy in the period of transformational changes is stated.

For example, the academician V. Polterovich writes: «To fulfill a quick growth the state should follow quite a complex strategy choosing the policy adequate for the exact stage of modernization and then changing it promptly when moving from one stage to another. As applied to the issue of the development of small business this thesis implies the necessity to consider the dynamics of rational correlation between large and small enterprises depending on the stage of the modernization of the economic system. In the period of large-scale reforms the understanding of the dynamics of the correlation between large and small enterprises is especially important» [6, p. 191].

Let us use this approach to estimate the place and the role of small business as a factor of growth of modern Russia. It is appropriate to view the studied correlation of small and large enterprises in accordance with the regional peculiarities of the subjects of the Federation for a country with a federal structure and a great spatial diversity [1, 24−25].

This point of view has become topical due to the situation in which Russia has been since the beginning of 2013. Since then, the model of the development oriented to the growth of the world economy and high oil prices, which functioned before the start of the crisis of 2008−2009, has run out of its potential. When the export dynamics weakens and the growth of investments into the basic capital slows down, the consumer demand ensured by the growth of the per capita income remains the main factor of the growth [5].

The Forecast of the socio-economic development of the Russian Federation for 2014 and the plan period of 2015−2016 developed by the Ministry of Economic Development formulates this aim: «The household consumer expenses, the dynamics of which will be relatively stable, remain the main drivers of the growth for 2014 and the plan period of 2014-15. Also taking into account the high percent of consuming in the aggregate demand this dynamics will ensure about two thirds of the economic growth» [7, p 77].

Thus, the economic policy should focus on the factors ensuring the growth of the population income and the development of such spheres of specialization, engagement in which would be highly profitable for the population.

Does the development of small business contribute to the growth of the population income at this stage? To check the position of the theory of reforms it is necessary to find out the influence of the industrial employment structure of the population and the number of those engaged in small business on the average per capita income in a federal subject. If at this stage of modernization one of the spheres of economy or the level of engagement in small business contribute to the bigger growth of the population income, then, according to the above-mentioned situation, the economic policy of the state should support these spheres as much as possible to guarantee the growth of the economy.

Let us mention that this interpretation of the hypothesis of V. Polterovich is right only under the circumstances where the economic growth is determined by the consumer demand of the population and its income.

Using the econometric models makes it is possible to verify the hypothesis regarding the influence of the employment structure on the consumer demand and the income of the population of the regions. We have formed a model of the multiple regression reflecting the influence of the regional factors on the per capita income of the population. Moreover, we have conducted some calculations according to the panel data of 2006−2012 including 324 observations. We have used the method of stepwise regression, the essence of which lies in the consistent inclusions of socio-economic factors into the regression equation and the subsequent examination of their significance.[1]

---

[1] If at the inclusion of a new factor in the model the coefficients of regression did not change, their indices and symbols and the multiple coefficient of correlation was growing, then the given factor was considered worthwhile of inclusion to the model. At the expansion of the list of factors, a test on multicollinearity was conducted. Such occurrence could be brought out by the complexity and the mutual influence of the processes in the economic systems. If the pair correlation coefficient is greater than 0.8, it is generally accepted as a sign of multicollinearity.

We have conducted a series of calculations with the purpose to find out the influence on the value of per capita income in the region of industry specialization, and the values characterizing the development of small business, poverty and the inequality in the income of the population in the region. The following model was evaluated:

$$DDN_{it} = s_1 + s_2\, Prom_{it-1} + s_3\, Sel_{it-1} +$$
$$+ s_4\, Str_{it-1} + s_5\, Torg_{it-1} + s_6\, MB_{it} + s_7\, Bed_{it} + \varepsilon,$$

where DDN_{it} — per capita income in the region of i, in the year of t, where t =2009, 2010, 2011, 2012; $Prom_{it-1}$ — the part of those employed in mining, manufacturing, production and distribution of electric energy, gas and water in the general number of the employed in the regions of i in the year of t, where t = 2009, 2010, 2011, 2012; Sel_{it-1} — the part of those employed in agriculture, hunting, forestry, fishing and fish breeding in the region i in the year t, where t = 2009, 2010, 2011, 2012; Str_{it-1} — the part of those employed in construction in the region i in the year t, where t = 2009, 2010, 2011, 2012; $Torg_{it-1}$ — the part of those employed in wholesale and retail trade, repair of motor vehicles, motorcycles in the general number of the employed in the regions of i in the year of t, where t = 2009, 2010, 2011, 2012; MB_{it-1} — the number of those employed in small business in the region of i in the year of t, where t = 2009, 2010, 2011, 2012; Bed_{it} — the number of population with an income lower than the living wage in the region of i, in the year of t, where t = 2009, 2010, 2011, 2012; ε — symbol of the mistake

Table shows the results of the calculations.

The explanatory ability of this model is equal to 65 %. We can interpret the signs of the regressors of this model in the following way: the higher the number of those employed in industry, agriculture and trade was, the lower the per capita income of the population was. The high number of those employed in construction was typical for the regions with a higher per capita income of the population.

The regions where the number of people with the income lower than the living wage was higher had a lower per capita income. The sign of the significant regressor of the dynamics of the average number of those employed in small business is positive. The regions where the number of those employed in small business was bigger in the period from 2008−2011 had a bigger value of per capita income in the period of 2009−2012.

The dependent variable: per capita income of the population of the region

Constant	46071 [13.702476846]**
The part of employed in the industry	−374 [−6.4507821374]**
The part of employed in agriculture	−608 [−10.824630296]**
The part of employed in construction	442 [3.6975345095]**
The part of employed in trade	−594 [−7.0089652444]**
The part of employed in small business	8[5.1766736486]**
The number of the population with per capita income lower than the living wage	−522 [−9.0485942589]**
The number of observations	324
R^2	65 %
F-statistics	$F_{(6,317)}$ = 97.12584 [0.0000]

T-statistics is given in the brackets, * − 5 % the level of significance, ** − 1 % the level of significance

The specifying calculations have shown that there was quite a high and significant correlation (+0.4) in the period of 2009−2012 between the average per capita income of the population and those employed in small business. The correlation was based on the panel data consisting of 325 observations. The correlation between the indices characterizing the income of the population and the number of individual enterprises was not revealed. However, the high significant correlation exists between the index of the number of individual entrepreneurs in the region and the part of the population with the income lower than the living wage − 0.25. In addition, this index significantly influences the average per capita income of the population.

Thus, the calculations prove that the number of those employed in small business and the number of individual entrepreneurs positively and considerably influences the factors forming the consumer demand. It is the main driving force of economic growth at this stage of modernization of the economy. Besides, those branches, which are traditionally connected to large enterprises, above all industry, do not currently possess the necessary potential that might bring to the growth of an average per capita income of the population. Now this is an additional reasoning in favour of the development and all-round support of small business if there is the task of the preservation and increasing of the growth of economy.

However, what is happening in reality? According to the official data, registered in the Forecast of socio-economic development of the Russian Federation for 2014 and the plan period of 2015−2016, there were some negative trends in the sector of small and medium business for the first six months of 2013. For the period from December 1, 2013 to August 13, 2013, the number of individual entrepreneurs rapidly decreased by 422.2 thousand people which is equal to 10.5 %. According to the data of Federal State Statistics Service, in the first quarter of 2013 in comparison to the first quarter of 2012, the number of medium enterprises shortened by 3.4 %, and the number of the workers employed in medium enterprises shortened by 0.8 % [7, p. 330]. Federal State Statistics Service also reports that the number of substituted workplaces by the workers on the payroll, part-time workers and those who performed work under the civil law contracts in large and medium-sized companies also decreased for the period from January to May 2013 in comparison to the same period of 2012.

According to the data announced in the media, the shortening was much more considerable. With the same reference to the Federal Tax Service as the Ministry of Economic Development, the media informed that more than 600 000 individual entrepreneurs had been closed up by April 2013 [5].

There is no doubt that the growth of the financial responsibility of individual entrepreneurs influences on this tendency. This was facilitated by the law adopted December 3, 2012 N 243-FZ «On introducing the changes to certain legal acts of the Russian Federation on the obligatory retirement insurance». It has doubled the fixed size of the insurance premium up to RUB 32479.2 (the calculation is based on the size of two minimum wage rates).

The adoption of the law contradicted the statute of the theory of reforms. According to it, with the purpose of the fast growth of economy, the state should regulate the rational correlation between small and large enterprises at every stage of modernization of economic system. In fact, it leads to the shortening of the employment of the population in small enterprises at the stage of modernization while it would be reasonable to increase the number of small enterprises. The taken decisions are contributing to the formation of conditions leading to the reduction of the economy growth. That is precisely what happened.

The consumer demand was lowering the speed of growth at the same period. The rates of retail trade growth in the first 6 months of 2013 lowered to 3.7 against 7.7 % in the first six months of 2012 and the amount of paid services to the population − from 4.2 to 2 % respectively.

Despite the fact that according to the data of Federal State Statistics Service about 25.5 percent of retail turnover falls to the share of small business enterprises, the analysis of the reasons of lowering of the trade growth rates do not take into consideration the negative facts connected with small business.

In the part of the Forecast dedicated to the analysis of the state of economy in 2013, lowering dynamics of the retail turnover is influenced by the changes of state-financed

salaries and the acceleration of the consumer prices growth.

Why is it happening? We believe that one of the reasons is that the functioning methodology of the medium-term forecast of the national economy does not enable to estimate the influence of the level of the development of the population business initiative on the indicators of economic growth. In general, this task is not set in the process of the adoption of laws and statutory acts of federal and regional levels.

The formation of short-term and medium-term forecasts does not take into account the influence of small business on the consumer demand and the income of the population. The forecast of the consumer demand and income of the population is performed within the framework of the general forecasting process regulated by the resolution of the government of the Russian Federation of the 22 July, 2009 N 596 «On the procedure of elaboration of the forecast of socioeconomic development of the Russian Federation». This resolution affirms the rules of the elaboration of the forecast of socio-economic development of the Russian Federation defining the statute, the terms of agreement and the examination of the materials.

The forecasts of the consumer demand and the incomes of the national economy are based on the extrapolation of the dynamics of these indicators of socio-economic development and the comparison of the basic and forecasted periods. The complex simultaneous analysis of the state of the consumer market and the labour market in the whole country and in certain regions is performed expertly and is not accompanied by a clear strategy.

The methodic recommendations of different levels note the influence of small business on the consumer demand and the income of the population. But it does not offer any quantitative coordination of these indices. As the result, there is a lack of coordination in the assessment of the development of small business in general in the country and in its regions.

The forecast data on the state of small business and the real disposable income of the population do not accord in the national forecast and the regional part of the forecast. The functioning methodic statute and recommendations do not take into consideration the quantitative influence of small business on the income of population as well.

It is necessary to develop and expand the existing practice of the medium-term forecasting with the procedures and methods that allow estimating the decisions taken by the authorities regarding small business from the position of their influence on the factors of the economic growth.

Using the methods of econometric simulation, these approaches and procedures will considerably facilitate the process of complex expert analysis of the state of consumer demand and income. They will contribute to the consistency of the measures and mechanisms developed by the federal agencies and executive bodies of the subjects of the Russian Federation to create the conditions of the steady growth and leveling the influence of the factors connected to the irrational correlation between small and large enterprises in the dynamics.

REFERENCES

1. **Basareva V.G.** Malyi biznes Rossii: teoreticheskie osnovy issledovaniia, modelirovanie, kontseptsiia gosudarstvennogo regulirovaniia. IEOPP SO RAN, Novosibirsk, 2013. 295 s. (rus)

2. **Bukhval'd E., Vilenskii A.** Razvitie i podderzhka malogo biznesa (opyt Vengrii i uroki dlia Rossii. *Voprosy ekonomiki.* 2002. № 7. (rus)

3. **Vilenskii A.V.** Makroekonomicheskie institutsional'nye ogranicheniia razvitiia rossiiskogo malogo predprinimatel'stva. M.: Nauka, 2007. 239 s. (rus)

4. **Evalenko M.L., Fominykh A.K.** Differentsiatsiia sub"ektov Rossiiskoi Federatsii po urovniu razvitiia malogo biznesa. *Region: ekonomika i sotsiologiia.* 2004. № 4. C. 120−136. (rus)

5. **Mikheeva N.N., Basareva V.G.** Osobennosti territorial'noi struktury formirovaniia potrebitel'skogo sprosa i dokhodov naseleniia. *Problemy upravleniia sotsial'no-ekonomicheskim razvitiem regionov Sibiri.* pod red. A.S. Novoselova; IEOPP. Novosibirsk, 2013. S. 208−221. (rus)

6. **Polterovich V.M.** Elementy teorii reform. M: Ekonomika, 2007. 446 s. (rus)

7. Prognoz sotsial'no-ekonomicheskogo razvitiia Rossiiskoi Federatsii na 2014 god i planovyi period 2015−2016 godov: sait Minekomrazvitiia RF. URL: http://www.economy.gov.ru (data obrashcheniia 10.09.2014). (rus)

8. **Rusetskaia O.V.** Dinamika razvitiia i instrumenty podderzhki malogo predprinimatel'stva v regionakh severo-zapada Rossii v krizis 2008−2009 gg.: doklad na XII Mezhdunar. nauch. konf. GU−VSHE po

problemam razvitiia ekonomiki i obshchestva. M., 2011. (rus)

9. **Chernysheva Iu.G.** Gosudarstvennaia podderzhka malogo predprinimatel'stva v kontekste ekonomicheskikh protivorechii: teoriia i praktika: avtoref. dis. ... d-ra ekon. nauk. Rostov-na-Donu, 2009. (rus)

10. **Shvartsburd Ts.V.** Institutsional'nyi analiz razvitiia rossiiskogo malogo biznesa v kontse KhKh v.: avtoref. dis. ... kand. ekon. nauk. Samara, 2008. 16 s. (rus)

11. **Keeble D.** New Firm and Regional Economic Development: Experience and Impacts is the 1980s // Cambridge Regional Review, 1990, no. 1, pp. 19−38.

12. **Reynolds Paul Davidson.** Entrepreneurship in the US: The Future is Now. New York: Springer, 2007.

13. **Reynolds Paul Davidson, Sammis B. White**. The Entrepreneurial Process: Economic Growth, Women, and Minorities. Westport, CT: Greenwood Publishing Group, Inc., 1997.

14. **Storey D.J.** Entrepreneurship and the New Firm. London, UK: Croom Helm, 1982.

15. **Evseeva O.A., Babkin A.V.** Formirovanie metodiki otsenki effektivnosti gosudarstvennoi podderzhki malykh i srednikh predpriiatii. *Izvestiia Irkutskoi gosudarstvennoi ekonomicheskoi akademii.* 2014. № 6(98). S. 79−85. (rus)

СПИСОК ЛИТЕРАТУРЫ

1. **Басарева В.Г.** Малый бизнес России: теоретические основы исследования, моделирование, концепция государственного регулирования. ИЭОПП СО РАН, Новосибирск, 2013. 295 с.

2. **Бухвальд Е., Виленский А.** Развитие и поддержка малого бизнеса (опыт Венгрии и уроки для России) // Вопросы экономики. 2002. № 7.

3. **Виленский А.В.** Макроэкономические институциональные ограничения развития российского малого предпринимательства. М.: Наука, 2007. 239 с.

4. **Еваленко М.Л., Фоминых А.К.** Дифференциация субъектов Российской Федерации по уровню развития малого бизнеса // Регион: экономика и социология. 2004. № 4. С. 120−136.

5. **Михеева Н.Н., Басарева В.Г.** Особенности территориальной структуры формирования потребительского спроса и доходов населения // Проблемы управления социально-экономическим развитием регионов Сибири / под ред. А.С. Новоселова; ИЭОПП. Новосибирск, 2013. С. 208−221.

6. **Полтерович В.М.** Элементы теории реформ. М: Экономика, 2007. 446 с.

7. Прогноз социально-экономического развития Российской Федерации на 2014 год и плановый период 2015−2016 годов: сайт Минэкмразвития РФ. URL: http://www.economy.gov.ru (дата обращения: 10.09.2014).

8. **Русецкая О.В.** Динамика развития и инструменты поддержки малого предпринимательства в регионах северо-запада России в кризис 2008−2009 гг.: доклад на XII Междунар. науч. конф. ГУ−ВШЭ по проблемам развития экономики и общества. М., 2011.

9. **Чернышева Ю.Г.** Государственная поддержка малого предпринимательства в контексте экономических противоречий: теория и практика: автореф. дис. ... д-ра экон. наук. Ростов-на-Дону, 2009.

10. **Шварцбурд Ц.В.** Институциональный анализ развития российского малого бизнеса в конце XX в.: автореф. дис. ... канд. экон. наук. Самара, 2008. 16 с.

11. **Keeble D.** New Firm and Regional Economic Development: Experience and Impacts is the 1980s // Cambridge Regional Review, 1990, no. 1, pp. 19−38.

12. **Reynolds Paul Davidson.** Entrepreneurship in the US: The Future is Now. New York: Springer, 2007.

13. **Reynolds Paul Davidson, Sammis B. White.** The Entrepreneurial Process: Economic Growth, Women, and Minorities. Westport, CT: Greenwood Publishing Group, Inc., 1997.

14. **Storey D.J.** Entrepreneurship and the New Firm. London, UK: Croom Helm, 1982.

15. **Евсеева О.А., Бабкин А.В.** Формирование методики оценки эффективности государственной поддержки малых и средних предприятий // Известия Иркутской государственной экономической академии. 2014. № 6(98). С. 79−85.

BASAREVA Vera G. − Institute of Economics and Industrial Engineering.
630090. Acad. Lavrentiev av. 17. Novosibirsk. Russia. E-mail: vera.basareva@gmail.com

БАСАРЕВА Вера Гаврииловна − ведущий научный сотрудник Института экономики и организации промышленного производства СО РАН, доктор экономических наук.
630090, пр. Лаврентьева, д. 17, г. Новосибирск, Россия. E-mail: vera.basareva@gmail.com