

# State Support Management of the Small and Medium-Sized Businesses Export: the Resource-Oriented Approach

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**Abstract**—The development of the export potential of small and medium-sized businesses of the Volgograd region is of great importance for the entire economy of the region. In the context of imposition external sanctions by the United States and the European Union on Russia, the export business will allow diversifying incoming and outgoing financial flows and ensuring high profitability of the products produced in the region. Initially, the article analyzes the general state of small and medium-sized enterprises in the Volgograd region, the existing measures of state support for business, including exporters. Further, the entire aggregate export potential of the region is considered, the main problems of the export-oriented business of the Volgograd region are identified. The article focuses on the Center for Export Support of the Volgograd Region as a key element of the entire infrastructure for supporting small and medium-sized businesses, mainly engaged in foreign economic activity. To build a single classification approach to the division of resources for the development of export business activities, the economic model by O.V. Inshakov is used. According to the model, all resources of the entrepreneurial production function are divided into informational, institutional, financial, human, organizational and technological ones.

The application of this model allowed the main exporters of small and medium-sized enterprises to be structured on the basis of resources of the main stakeholders: government bodies, Vnesheconombank, Russian Export Center, SMB Bank, Federal Fund for the Innovation Promotion, Russian Agency for Insurance of Export Credits and Investments, etc. At the end of the article, new directions for the development of export-oriented small and medium-sized businesses in the Volgograd region are offered.

**Keyword**—region, small and medium-sized businesses, export.

## I. INTRODUCTION

Small and medium-sized businesses (hereinafter SMBs) are the locomotive of the growth for the national economy. In the context of economic sanctions, the development of the export potential of small and medium-sized businesses is becoming a priority task for authorities at all levels of government [1].

Let us take a look at the export potential of the Volgograd

region. The foreign trade turnover of the Volgograd region in 2016 amounted to 1986 million US dollars. The share of enterprises of the Volgograd region in the trade turnover of the Southern Federal District in 2016 accounted for 10% of the value of trade (in 2015 - 13.3%). Export of the region amounted to 1316 million US dollars, imports - 670 million US dollars [2]. The Volgograd Region carried out foreign economic relations with 121 countries. The main trading partner countries are: Kazakhstan - 11.2%, Ukraine - 10.5%, Belarus - 7%, Germany - 6.8%, Turkey - 5.3%, China - 4.9%, France - 4.4% [2].

In the unfavorable geopolitical and economic conditions concerned with the expansion of mutual foreign trade sanctions, the preservation of low world prices for oil, energy, ferrous metals, cereals, the instability of the ruble exchange rate against world currencies, the reduction in the foreign trade turnover of the Volgograd region in 2016 was about 36%

The following main problems of the export-oriented business of the Volgograd region are highlighted: the reduction of export markets of Volgograd enterprises due to the US and EU sanctions policy; the suspension of the agreement with Ukraine on the free trade zone and the delay of the phased lifting of Russian foreign trade sanctions on Turkey.

The key infrastructure organization responsible for the development of the export potential of small and medium-sized businesses in the Volgograd Region is the Volgograd Region Export Support Center, which was established in June 2016 as a structural subdivision of the state autonomous institution "Volgograd Regional Business Incubator" [3].

The main tasks of the Export Support Center of the Volgograd Region are:

- assistance to the entry of small and medium-sized enterprises into foreign markets for goods, services and technologies;
- stimulation and involvement of small and medium-sized business entities in export activities;

- assistance in increasing the competitiveness and efficiency of export-oriented subjects of small and medium-sized businesses.

As part of its work, the Volgograd Region Export Support Center carries out the following activities:

1. Informational support of participants in foreign economic activity:

- promotion of information on regional enterprises on Russian and foreign Internet resources;
- assistance in establishing contacts with foreign business associations, searching for business partners and foreign investors for the region's enterprises;
- publication and distribution of presentation materials about the exporters of the Volgograd region (in printed or soft form);
- preparation of reviews of foreign markets, as well as reviews of business events held abroad;
- holding seminars on topical issues of conducting foreign economic activity.
- assistance in conducting marketing research of SMBs in the Volgograd Region

2. Consulting support of participants in foreign economic activity:

- providing consulting services on foreign trade issues, including the involvement of external experts;
- preparation and expert review of documents for the establishment of enterprises with foreign investments, foreign branches of enterprises;
- translation of business letters, commercial and legal documents, advertising and information materials, scientific and technical texts and accompanying documentation from foreign languages and into foreign languages.

3. Organization of meetings and negotiations with foreign partners:

- organization of "business missions" - organized business tour for negotiations with foreign partners;
- participation of the Volgograd Region enterprises in international congress and exhibition events;
- organization of webinars, round tables, conferences, forums, seminars, master classes and other public events on export activities for small and medium-sized businesses.

In 2017, the Export Support Center of the Volgograd Region organized 8 educational sessions, representatives of 45 Volgograd companies took part in the trainings [2].

Compared to the Volgograd Region Export Support Center, which exists thanks to budgetary support, the Volgograd Chamber of Commerce and Industry renders its services on a commercial basis:

- organization of business trips to the regions of Russia,

the countries of near and far abroad;

- organization of business trips abroad;
- business matching and search for equipment abroad;
- reception of business delegations, organization of negotiations;
- presentation of products and services of enterprises in Volgograd, in Russian regions and abroad;
- verification of the reliability of foreign business partners [4].

For consideration the key resources for the development of export-oriented activities of SMBs in the Volgograd region, we will use the economic model of O.V. Inshakov, according to which all the resources of the production function are divided into informational, institutional, financial, human, organizational and technical resources [5].

Let us specify the key measures of economic support for export-oriented small and medium-sized businesses according to this classification.

## II. INFORMATIONAL RESOURCES

On the part of the Ministry of Economic Development of the Russian Federation, it can be singled out an information event related to the development of "passports" (data sheets) of foreign economic projects on the basis of proposals by enterprises, for the subsequent promotion of foreign economic activity of the enterprise through trade missions.

This type of state support is performed in the following sequence of steps:

1. Preparation of the "Passport" of the foreign economic project of the enterprise (passport of the project, completed questionnaire (information card of the company), presentations in Russian and English, product codes, product certificates, letters from the enterprise management to potential foreign partners).

2. Consideration of the Passport in the Administration of the Volgograd Region and its submission in case of the positive expertise in the Ministry of Economic Development of the Russian Federation.

3. Approval of the Ministry of Economic Development of the Russian Federation and submission of "passports" to the Trade Mission of the Russian Federation.

4. Search for partners by Russian Trade Missions abroad [2].

*The Ministry of Industry and Trade of the Russian Federation* established an autonomous non-commercial organization "Information and Analytical Center for Foreign Trade", its tasks are:

- collection and analysis of information on the regulation of foreign trade in foreign countries of interest to Russian exporters;
- collection of information on problems of Russian industrial companies in the field of foreign trade and

preparation of recommendations for adjustment of trade policy and legal framework;

- formation of integrated solutions in the field of customs-tariff, non-tariff regulation, protective measures, as well as measures of state support for industrial enterprises;
- collection of information on cooperation potential in the industrial sector of the Single Economic Space (SES);
- information support for export-oriented industrial companies;
- providing report and consulting from independent experts on legal remedies that can be used by Russian industrial organizations and the Russian Federation in the interests of national business [2].

### III. HUMAN RESOURCES

For the development of human resources, in our opinion, the educational project of *the Russian Export Center* is most suitable, within the framework of which the courses of professional development for regional representatives of small and medium-sized businesses interested in developing the export potential of their enterprise are held [6].

### IV. INSTITUTIONAL RESOURCES

A zero percent VAT rate was established (Article 164.165 of the Tax Code of the Russian Federation) when selling goods exported in the customs procedure for exports, as well as goods placed under the customs procedure of the free customs zone; services for the international transport of goods [2].

Within the framework of the customs legislation, it is possible to single out new instruments for the legislative regulation of export activities: electronic customs declaration, automatic declaration registration, the "single window" system by the performance of customs operations, the possibility of remote payment of customs duties, the use of special, anti-dumping and countervailing duties [2].

### V. FINANCIAL RESOURCES

*The Ministry of Industry and Trade of Russia* implements the following measures of direct financial support:

- compensation of expenses for registration of intellectual property items abroad;
- compensation of costs for certification;
- compensation for part of the costs of transporting products;
- compensation for costs associated with participation in exhibitions and fairs [2].

Financial support for exports by the Vnesheconombank (VEB) is carried out in two directions:

- preferential lending at reduced interest rates (export credits to foreign buyers of Russian goods, works, services for the purpose of purchasing products, loans to Russian exporters to cover the cost of production for further export (pre-export credit));

- financial support (guarantees for return of an advance, guarantees of proper execution, tender guarantees, guarantees of payment, guarantees in the form of a letter of credit, counter guarantees in guaranteeing any kind of direct guarantees of other banks, advance payments, proper performance, tender, etc.; guarantees of VAT refund, guarantee in favor of customs) [7].

*The SMB Bank (Bank of small and medium-sized businesses support)* provides exporters with credit products that involve financing in the amount of up to 150 million rubles for a period of 1 to 5 years at a rate from 11.5 to 15.5% per annum [8].

Various competitions are held through *the Federal Fund for the Innovation Promotion*: e.g. "International Programs" (support of research enterprises), "Export" (support of well-developed enterprises that have experience in selling high-end products abroad, and need additional R & D). The projects are financed in the amount of up to 15.0 million rubles, subject to 50% co-financing from extrabudgetary funds [9].

*The Russian Agency for Insurance of Export Credits and Investments* provides insurance for a supplier and buyer credit, a confirmed letter of credit, guarantees, export factoring [10].

### VI. ORGANIZATIONAL RESOURCES

Organizational resources are provided practically by all organizations responsible for the development of the export economy. As an example, we can mention *the Ministry of Industry and Trade of the Russian Federation*, which organizes collective exhibition stands of domestic goods in the Russian Federation and abroad, and permanent expositions. Also on a regular basis, business missions are conducted, which help Russian exporters to develop business relations abroad.

### VII. TECHNICAL RESOURCES

The Ministry of Industry and Trade of the Russian Federation approved a list of technological equipment, the import of which into the territory of the Russian Federation is not subject to VAT (more than 200 items of equipment) [2].

Thus, SMB entities that plan or carry out export activities for non-commodity goods have access to all the necessary resources to develop their own business.

### VIII. CONCLUSION

In conclusion, we propose the following directions for the development of export-oriented small and medium-sized businesses in the Volgograd region:

1. In the region, it is necessary to create a single Council for the development of export activities of enterprises under the Governor of the Volgograd region. The Council should include representatives of the Committee for Economic Policy and Development of the Volgograd Region Administration, the Committee for Industry and Trade of the Volgograd Region Administration, the Agriculture Committee of the Volgograd Region Administration, the federal agencies (the Federal Tax Service Administration, the Federal Customs Service), banks (Vnesheconombank, SMB Bank, Russian Ekimbank (Export-Import Bank)), The Russian Export Center, the Russian Agency for Insurance of Export Credits and Investments.

2. Within the framework of the Council, to develop and to approve industry export strategies for industry, agriculture, etc.

3. In the region, actively create new and develop current organizations of the infrastructure to support non-primary exports. In each municipal district, establish centers of consulting support for exporters, export-oriented wholesale distribution centers.

4. Together with representatives of federal government, bodies carry out the development of a regulatory environment for the barrier-free implementation of non-primary exports of the Volgograd region.

5. Develop measures for financial and non-financial support for exports, including regional state programs.

Only if the efforts of all stakeholders are unified, the export of high-tech products of the region will increase significantly, the export component of sales of small and medium-sized businesses in the Volgograd region will be sustained, an

advanced export-sales network will be created and the geography of exports expanded.

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