

Social partnership of employer and educational organizations as leadership innovations in training for small business

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Abstract Small and medium enterprises in the market economy constitute the leading sector of this economy. It becomes apparent that this sector largely determines the rate of the economic growth, the structure and quality of the gross national product. In most countries, small and medium-sized businesses make up 80% of the total volume of production, this sector is the market sector and it forms the foundation of the modern market infrastructure.

This paper discusses issues and problems of the small business development. The programmes of support of small businesses are being analysed and scrutinized. Moreover, the paper analyses and assesses the labour market aspects of the small businesses in Moscow. We provide some useful hints and suggestions that might be used as the leadership innovations in small business not only in Russia but also abroad.

1 Introduction

Small business as an alternative to the large concentrated production, largely contributes to the competitive spirit in the economy, creates a natural social support to the social organization structure, which is organized on the basis of the market, small business also creates a new social layer of the enterprise. Small business development will intensify economic restructuring, providing additional jobs, it ensures quick cost recovery, and responds quickly to the changes in consumer demand.

Small business is aimed at saturation of the market with goods and services, enhancing competition, the introduction of scientific and technological progress, strengthening of the economic base of the local authorities and so on (Moskalenko and Yevsieieva 2015). Small business development will allow to solve the following tasks: to increase the production of goods and services; to quickly respond to changing market demand; to use local sources of raw materials and waste production; provide cost-effective functioning of small businesses that are currently stagnant; to create conditions for the employment of the labour force that has been redundant from large and medium-sized enterprises (Strielkowski et al. 2016).

However, in the current market conditions in the development of small businesses there are a number of negative trends: fragility of small organizations that affects the instability of the economic situation in general; crowding out smaller organizations to the periphery of the scientific and technical progress; insufficient attention within support of small and medium-sized businesses. As a result of these existing problems, small businesses in Russia are losing natural niches in production structures.

As practice shows small business is one of the crucial conditions capable to lead the country out of the social-economic crisis, to ensure the weakening of the monopolies, to achieve the effective functioning of the production and service sectors. This sector of the economy creates an atmosphere of competition, it is able to respond flexibly and quickly to market changes, as well as it creates additional jobs.

This paper considers the problems and tendencies of development of small business; it gives the analysis of development of small business in Moscow and reflects an imbalance in the structure of the staff training and the demand for them in the labour market that creates tension as a result.

2 Short literature review

There is a plethora of research embedded in a large number of articles and monographs devoted to the development of small business (see e.g. Westhead and Storey 1996; Jenkins 2006; Abraham et al. 2015; Barhatov et al. 2018; Białowas 2018). Having analysed primary fundamental sources, we have identified the most interesting ones that are related to the Russian context: Kiselev (2008), Kuzmin and Rudenko (2010), and Sidorov et al. (2011).

There have been presented the reports on the implementation of measures to support small and medium-sized enterprises and their development: the reports for 2010-2013 and 2015-2017 (Ministry of Economic Development and Trade of the Russian Federation 2013). The statistical bulletin (Rosstat 2017) provides data on major economic indicators of the activity of the subjects of small and medium-sized businesses, that is - small and medium-sized enterprises, peasant (farm) holdings and individual entrepreneurs for 2015-2017 timeframe.

Moreover, Vysotskaya (2018) in her work opens up the development prospects of small Russian business. The article reveals possible measures to support small businesses in this country.

The Ministry of Economic Development and Trade of the Russian Federation determines the direction of the State support of small and medium-sized businesses in Moscow (Ministry of Economic Development and Trade of the Russian Federation 2017). The programmes of State support of small businesses in Russia in the year 2018 are presented on the site (Volgoust 2018).

The condition, status and trends of the development of small businesses in the complex and globalized world of the 21st century is revealed by Osipov (2018).

Despite measures to support small businesses in Russia, they are still in a very difficult situation: indulgences and privileges on the one hand are always complemented by further increases in the tax burden, the paper red tape, bureaucracy and other limiting factors. Last but not least, Ermolaeva (2018) describes what is in store for the small businesses in the year 2019.

3 Analysis of the development of small business

The characteristics of small businesses are determined by the following circumstances: the desire for the autonomy and the realization of the potentially creative opportunities of the specialists even for less rewards and perks. Small business is the source for innovation of large-scale business.

Small and medium-sized enterprises may assume functions that contribute to the development of market infrastructure. These include the following functions: information and consulting, auditing, selection and assessment of staff and personnel; maintenance, etc. Small businesses take part in addressing regional issues, such as the restoration and repair works of housing, development of social and productive infrastructure, the formation of a profitable part of the local budget, as well as the saturation of the consumer market with goods and services.

The efficiency of small businesses depends on a number of factors, including the reduction of costs at the expense of rational organization and management of production, for example, reducing the costs of management organization, the ability to delegate authority with the expansion of the scope of freedom of action of the performers. An important aspect is advocated by the interchangeability and the interdependence of the workers within the enterprise, where each member of the team is expected to demonstrate high level of professionalism. Also, in terms of the economy, small businesses attract specialists on contract, or out-staffing and outsourcing practices are deployed.

There should also be noted the social function of small businesses. They are willing to absorb labour and workforce during anaerobic exercise with large enterprises - meaning that has been left redundant from large enterprises, and thereby reduce social tensions, resulting from economic crises.

In the Russian economy, large, medium-sized and small businesses operate simultaneously. Small and medium-sized business sector of the economy creates the necessary atmosphere of competition.

In the sphere of small businesses there have operated about 1500 thousand businesses since 2008, and the proportion of workers in small businesses in the total number of employed people amounted to 14.7%. Apart from this, the proportion of small businesses in the service sector continues to grow and at the beginning of 2010 that comprises 58%. At the same time, the relative share of small enterprises in manufacturing industry and construction is respectively low and at the beginning of 2010 it comprised 10% and 12% accordingly (Rosstat 2011).

Small enterprise development in Russia is intended to address a number of economic challenges. Small service businesses are the most adapted to market conditions and may contribute to the approximation of the businesses to the needs of the consumers.

Nowadays, small businesses employ more than 2 million persons, which includes: in the public and municipal sector - 23.4%, in the private sector - 62.3%, enterprises with public ownership - 0.9%, and in enterprises

with mixed ownership - 13.4% (Russian statistical year-book 2011). Figure 1 presents the Moscow enterprises of small and medium-sized business activities depending on their activity.

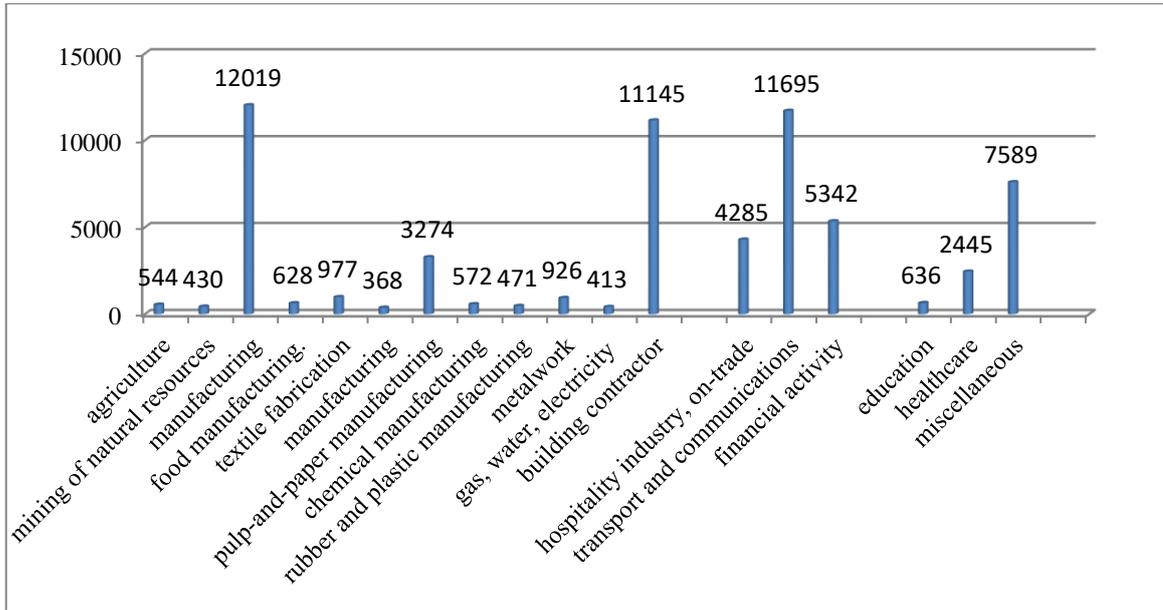


Fig.1. Number of small and medium-sized enterprises in Moscow
 Source: Own results based on National Institute for System Studies (2017)

In Moscow for the period of the year 2013 there were operating 204976 small and medium-sized enterprises, 3136 of which were medium-sized businesses, and 201840 were small businesses. The highest rates in the direction of wholesale and retail trade comprised 84377 units while real estate transactions comprised 58201 units. Figure 2 demonstrates a number of companies in the Moscow region, which exceeded 500 units. As can be seen from the statistics, the labour market demands workers for both large enterprises as well as small and medium-sized enterprises, which in Moscow and the Moscow region are presented by a large number.

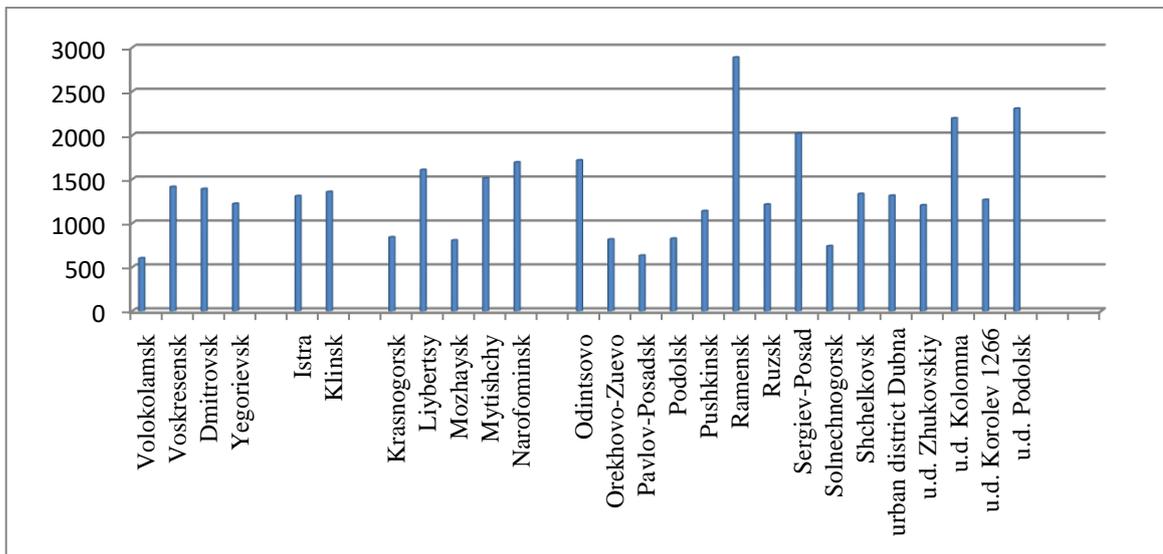


Fig.2. The number of small and medium-sized enterprises in the Moscow region
 Source: Own results based on National Institute for System Studies (2017)

Staffing structure of small enterprises by the branches of industry in Russia, shows that 11% are presented by managers and executives, 86% are presented by employees and white-collar or blue-collar workers, and the remaining 8% by other workers.

The labour market is in the state of constant flux, the needs of sectors of the economy are being transformed according to the professional structure, staff and personnel structure and the level of training, at the same time non-core educational institutions cannot reduce or stop training of economists and lawyers, which leads to the imbalance in supply and demand in the labour market.

Based on the submitted data, we have analysed the rating of the occupations and specialized employment positions on the labour market according to the Labour Department for employment, for the period of the year 2012 (Ucheba 2012). A specialist - 730; a manager - 2266; a consultant - 1209; an inspector - 605; an engineer - 759; a cashier - 783; a sales manager - 1734; a trading hall cashier - 677; more than 3000 of worker-specialty proposals. Thence, the employers of small businesses are looking for skilled programmers, and engineers. There is a shortage of specialists, the employer is not ready to hire the bachelors. The technical area is currently experiencing a low ratio of vacancies and the proposals in this direction of industry. For the lawyers the contest is 6 people per vacancy, and for the economists — 7 people per vacancy having work experience. Highly demanded in the labour market will become the careers and professions related to science-driven, high technology industry, for example, bioengineers, programmers, logistics specialists.

The development of small business in Russia is quite difficult. However, many analysts argue that small business development follows the principle of Pareto. In the year 2018 in Russia there were carried out the activities of about 3 million business entities which contributed the most to the domestic economy. We should distinguish between small and medium-sized enterprises, organized in the form of a legal entity. The total combined revenue of these companies amounted to 20 748.3 billion rubles. The most successful areas of implementation for small businesses are: wholesale and retail trade, repair works, manufacturing, operations with real estate, agriculture and construction.

Data analysis by the Employment Centre in Moscow showed that today in the urban labour market there is a sharp excess of non-production areas specialists and a huge lack of skilled workers. In the area of financial activity the need is 1170.56 thousand persons, office clerks and accounting operations specialists - 392.28 thousand persons, the employees engaged in the processing of statistical and financial information - 679.64 thousand persons, the employees engaged in cash-counting operations and auditing - 1071.93 thousand persons, the medium managers staff in the financial and trade activities - 5300.34 thousand persons, the medium managers staff in the area of financial-economic, administrative and social activity - 16118.18 thousand persons, economists - 2469,79 thousand persons (Employment Centre of Moscow 2018).

However, despite such data, there are a lot of problems in the employment of graduates. According to Rosstat source "Expert RA" (Egemetr 2018) the main concerns expressed by the employers are: lack of experience - 50%; low wages - 25%; insufficient qualification - 13%; recruitment not based on the primary qualification - 12%; other reasons - 3%.

The main concerns expressed by the applicants for jobs are: lack of experience - 65%; low wages - 13%; insufficient qualifications -15%; the shortage of vacancies according to the qualification - 7%.

The analysis regarding the employment of graduates of Bachelor degree in economics and management revealed that only 30% of graduates after leaving university apply to work according to their qualifications. The rest proceed with Master degree education because they believe that Bachelor diploma is not enough to get a good job. Figure 3 presents data on the reasons for denial of employment to the graduates.

The imbalance in the structure of the staff training and the demand for them in the labour market creates tension. Lowering the relative amount of jobs after graduation leads to an increase in the number of graduates who eventually are left unemployed.

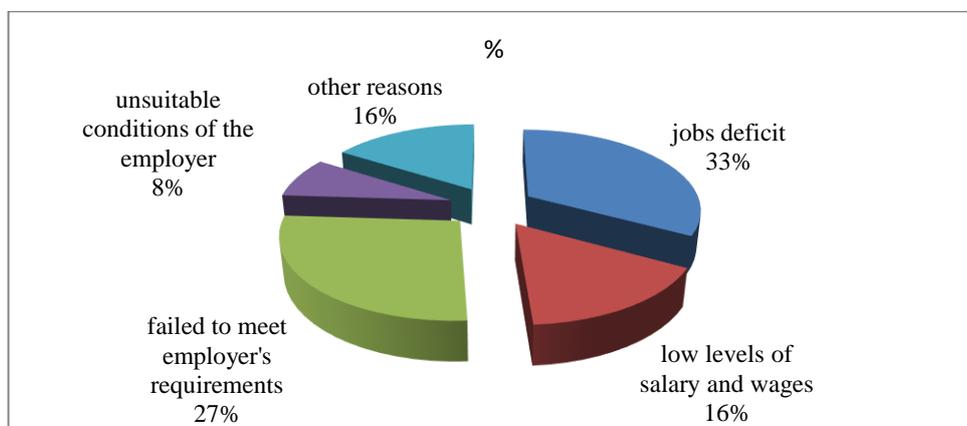


Fig. 3. Reasons for denial of employment to the graduates of Economics and Management Bachelors.

Source: Own results based on Egemetr (2018)

4 Social partnership between employers and educational organizations

The implementation of innovation within interactions between educational institutions and employers will form the prerequisites for rapid response to changing labour market conditions. Such innovation requires self-advancement of educational institutions, enterprises having a desire to interact with educational institutions for the training of their staff and administrative networking at different levels.

As part of our research we propose the cooperation between institutions of higher and secondary vocational education with the employers of small and medium-sized businesses at the networking level.

Network resource centre is the centre for the interaction between the Department of education of Moscow, Moscow Chamber of Commerce, institutions of Higher Professional Education, and Secondary Vocational Education, companies and recruitment agencies, employment centres, and other organizations where information, marketing, methodological support is provided in the preparation of bachelors, demanded on the labour market.

Network Centre allows enterprises of small and medium-sized businesses to unite into a single information space and interact with the educational institutions of different levels. Networking allows you to build a variety of strategic and operational goals and objectives between educational institutions, organizations and individuals with the aim of implementation of innovative educational programs.

The algorithm of social partnership interacting can be presented in the form of several stages. The first level (I) is strategic - at the level of network resource centre, with the participation of all parties to networking (Moscow Department of Education, Chamber of Commerce, businesses, educational institutions, recruitment agencies and other participants). At the strategic level, there are the following objectives:

1. Specification of the priorities (directions) for training bachelors, demanded on the labour market;
2. The specification of "task-oriented order" for the preparation of Bachelors in "economy" and "management" which are popular for enterprises within the network resource centre.

The first level can be presented in several stages:

1. Step: Strategic. It involves the selection and assessment of the capacity of educational institutions in the preparation of bachelors, demanded on the labour market on "target order", taking into account all the additional competences specified by the employer.

2. Step: Operational. It includes: 1) The formation together with the employers of professional educational standards for the preparation of Bachelors in economics and management, demanded in the labour market on "target order" taking into account additional competences specified by the employer; 2) Bachelor programme coordination, taking into account the requirements of the labour market, through embedding competencies in the training process (through focal point); 3) Input and output monitoring and evaluation of quality of teaching Bachelors through a certification system (only for the undergraduate students on "target order" for free. Others wishing to be certified – do that on a payment basis, according to the newly formed pricing policy).

3. Step: Preparatory-training. It includes: 1) Developing training programs for teachers which inline the competencies in curricula of educational disciplines according to the request of the employer; 2) Formulation and implementation of internship programmes for teaching staff in enterprises belonging to the network resource centre; 3) Conferences, which allow to bring to the public the possibility of social networking partnerships to improve the labour market situation and decrease the cases of non-demand for the Bachelors. The second (II) level is the network level, which can be represented in multiple stages:

1. Stage. Strategically-evaluative stage. It suggests: 1) To decide for oneself if it's necessary to participate in social networking partnership with the employer; 2) to develop a strategy for an educational organization that is aimed at interaction with the labour market (the employer); 3) To evaluate one's own capacities: labour, resource, finance, etc.; 4) To define the main directions of preparation of Bachelors on the "target order" by the employer, taking into account the additional competences designated to them.

2. Stage. Organizing. It includes: 1) Signing contracts with the employers within the network resource centre; 2) Designating the structure and functional elements of social partnership between the educational institutions and the enterprises; 3) The development of competencies necessary for a Bachelor's degree in economics and management in various training programs together with the employers on the basis of FSES (Federal State Educational Standards); 4) The development of curricula for Bachelors in economics and management, taking into account the competences of FSES and embedded additional competences proposed by the employers; 5) The development of cases together with the employers for practical training of Bachelors in economics and management.

3. Stage. Evaluative. It includes: 1) The development of assessment tests and practically oriented cases for the evaluation of the quality of learning at all stages; 2) The development of tests, assignments and case studies for each cluster of competencies according to Bloom's taxonomy taking into account identifying level positions

of teaching processes: possession of the information, understanding, and application of the information received, the creation of new variants based on the information received, the assessment of the depth of the information received and the degree of uptake of content: the ability to synthesize the information, and the ability to apply the information received; 3) Writing diplomas and course works on various topics, practically oriented at the employers; 4) The preparation for certification of the Bachelors in the field of Economics and Management.

The form of the social partnership of institutions of Higher and Secondary vocational education with the employers at the strategic level is implemented through contracts. The creation of a temporary project group of employers and the representatives of the Ministry/Department of Education to conduct diagnostic input and output qualification of the Bachelors (certification); The attraction of the employers to conduct workshops and practical classes. Within the social networking partnership, the new focal point is being formed, which is the link of the whole chain of parties of the social partnership, each of which has its own rights and obligations.

5 Conclusions

All in all, in the conclusions, we would like to propose the establishment of a system of operational adjustments in educational programmes taking into account the requirements of the employers. Each of the courses taught should, through the analysis of the contained material, specify a set of requirements, therefore, the syllabus for a specific training program will be formed. This work should be jointly done by several universities specialised in a particular field, which will ensure the objectivity of the requirements of the course.

For fast track control of the changes in the educational and methodical centre there should be formed a database which makes operational changes to the employers' requirements, as well as the changes in the courses taught and the new requirements based on the forecasts of the development in the industry.

The main principle of the project realization is the transparency and understanding of the results of educational programs which is a single language for describing learning outcomes and requirements to the specialists. The underlying principle of the work on creation of a system of relationships between employers and educational institutions - is the interest of all stakeholders in obtaining the final result - a competent specialist who is ready for the productive activity.

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