

# Entrepreneurial parks as an element of the infrastructure support system for small and medium-sized businesses

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**Abstract**—This article considers the support of small and medium enterprises (SME) as the most important factor in the socioeconomic growth of the country. The current system of infrastructure support for SME is described, which includes various types of support: legal, financial, property, engineering and manufacturing, informative and consulting, educational, as well as assistance to foreign economic activities of small enterprises. The appropriate support is needed for the development of small industrial enterprises, which can be implemented through the creation of entrepreneurial parks. The idea of entrepreneurial parks is based on the concept of industrial parks, adapted to the requirements of SME. It is recommended to create business parks in previously used industrial areas in order to minimize budget investments and preserve industrial heritage. To substantiate the effectiveness of the creation of entrepreneurial parks, a comparison of government costs and results in one of the largest industrial cities of Russia.

**Keywords**— *small and medium business, small and medium enterprises, small business support, industrial park, entrepreneurial parks, industry redevelopment*

## I. INTRODUCTION

Today, the Russian economy is characterized by instability and uncertainty, as well as low rates of economic growth. In these conditions, an important factor in overcoming negative trends and stimulating economic growth can be considered small and medium enterprises (SME), which forms the basis of the socioeconomic system, determines the economic growth rate, structure and quality of the gross national product of most developed countries. SME also create a significant number of jobs: research conducted on 47 thousand enterprises in 99 countries showed that small and medium-sized businesses provide significantly more jobs than large enterprises [1]. However,

the state of SME in Russia differs significantly from developed countries: in our country, the contribution of SME to the country's GDP is about 22%, and in the SME sector about 15% of the working population is employed, whereas in developed countries the contribution of SME to GDP is 50-60%, and the SME sector employs over 70% of the population. Therefore, in the current situation, SME should be considered as a potential strategic resource with huge socioeconomic potential. In this regard, the support of SME, which has been the object of study of many economists for more than a decade, has acquired particular relevance. In modern conditions, SME begins to play an increasingly important role in the development of the national economy, becoming an important factor of social and political stability in society [2].

The purpose of this study is to identify the role of business parks in the infrastructure support system for SME and to justify the rationality of their creation in the type of "brownfield".

## II. MATERIALS AND METHODS (MODEL)

In the process of research, such scientific methods as analysis, synthesis, deduction, economic and mathematical methods of research were used. The information base of the research consists of analytical materials of the state statistics bodies of the Russian Federation, normative acts and legislative materials, scientific, publications, materials of economic and sociological research in the field of development and management of SME in Russia and abroad.

## III. RESULTS AND DISCUSSION

According to the Federal Law of 24.07.2007 N 209-FL "Concerning the development of small and medium-sized

business in the Russian Federation”, the infrastructure for supporting SME is a system of profit and non-profit organizations that carry out their activities to meet state and municipal needs when implementing development programs for SME providing conditions for the creation of SME and for their support. For the most effective functioning, the infrastructure support should be a system, that a set of elements interacting with each other, functioning as a whole, which as a result acquires new properties that are absent from these elements separately. Thus, the infrastructure support system (ISS) is the interaction of public authorities and infrastructure institutions, aimed at creating favorable conditions for the emergence, effective functioning and further development of small and medium-sized enterprises. Characteristic features of any system are elements, interconnections and the external environment. The external environment for the support infrastructure is the SME sector; the region at which the infrastructure operates; a political, economic and social situation in the country; legislative system, etc. Relationships are expressed in the interaction of the elements of the system with each other and the external environment, and the elements of the ISS are institutions that provide support to SME. The Institute of Infrastructure is an organizational structure representing a set of organizations, institutions and individuals with a certain set of rules and regulations, and intended to perform the function of supporting SME. Infrastructure institutions can be both formal and informal. For some types of support (for example, financial), according to the experience of other countries, informal SME support institutions based on the Crowdfunding Model [3] may also be involved. A distinctive feature of the institute ISS is the provision of support to SME on special conditions (applying discounts, benefits or free of charge). According to Federal Law 209, the infrastructure support for SME includes only non-profit and profit organizations, and public authorities only manage them. Undoubtedly, the influence of the state on the infrastructure support for SME is great, and it is the state that is its basis: proposed law, programs, decrees are being drafted that coordinate and regulate the functioning of the elements of the ISS. However, according to the author, the ISS is regulated by the bodies of legislative power, and the bodies of executive power directly or indirectly participate in the implementation of the state policy in the sphere of SME development, which makes it possible to consider them an infrastructure institution. Infrastructure support should be a system in which the following subsystems are interconnected: bodies of legislative power, bodies of executive power, infrastructural institutions, which constantly interact with each other and with SME.

At present, a fairly developed ISS SME has been formed in our country, which provides the following main types of support: legal, financial, property, engineering and manufacturing, informative and consulting, educational, as well as assistance to foreign economic activity. Legal support is necessary to ensure guarantees of state protection of the rights and legal interests of business entities. Financing for many years remains one of the most important problems of SME at any stage of business development, therefore financial support is paid special attention from the state. Financial support is provided in the form of preferential loans/borrowings, warrantees/guarantees, as well as in the form of subsidies and budget investments. The

essence of the institute of property support is to provide the property necessary for the implementation of business activities: land, buildings and structures, as well as equipment, machinery and mechanisms on concessional terms. Property support is provided by business incubators and government authorities. Around the world, business incubators are considered important mechanisms for sustainable business development, as they involve relevant stakeholders and events to interact with each other [4].

Engineering and manufacturing support is aimed at promoting the development of industrial production and innovation in the manufacturing sector. Informative and consulting support combines two types of support into one group, since informative and consulting support, as a rule, are related to each other. Information support is to provide SME with economic, legal, engineering and manufacturing information, and consulting support involves assisting the enterprise in making the right business decisions. In Russia today there are many commercial consulting companies, however, entrepreneurs can also receive information and consulting support in various public organizations, SME support funds, business incubators, and government authorities. Thanks to this support, SME will be able to convert their weak points into advantages and threats into opportunities [5]. Educational support is the creation of conditions for training for SME or their continuing professional education, as well as learning and teaching, scientific methodological assistance, which can be in a virtual form [6]. Another important type of support is the support of SME engaged in foreign economic activity, which is carried out in the form of assistance in promoting Russian goods (work, services) to the markets of foreign countries, results of intellectual activity, as well as creating favorable conditions for Russian exporters. By the way, in the USA and the EU, support for export activities, unlike in our country, is carried out in the form of subsidies, guarantees, preferential loans [7].

An important component of ISS is the property and engineering and manufacturing support of small and medium-sized enterprises. Small and medium industrial enterprises are actively developing due to the established course of import substitution. The most promising sectors in terms of import substitution are mechanical engineering, machine-tool construction, textile industry, pharmaceuticals, IT-industry. In order for import substitution in these sectors to take place as quickly and efficiently as possible, property and engineering and manufacturing support of small and medium-sized enterprises are necessary, one of the elements of which should be entrepreneurial parks. The term “entrepreneurial park” is based on the concept of industrial parks adapted to the requirements of SME.

An entrepreneurial park is an innovative form of support for SME, which is a complex of immovable estate objects consisting of a land plot with industrial, administrative, warehouse and other buildings and structures, provided with engineering and transport infrastructure necessary for the operation of industrial production, managed by a specialized management company.

Entrepreneurial parks can be of several types: oriented to the production sphere (industrial parks), oriented to agriculture (agro-parks), oriented to the service sector

(service parks). The enterprise park, focused on the sphere of production, is able to solve the problem of industrial development in the region by creating a comfortable environment for SME. The agrarian entrepreneurial park can be focused on the lease, repair and maintenance of agricultural equipment, providing the possibility of storage, processing, packaging of agricultural products. Agro-parks rationally located near the farms. The entrepreneurial park, a service-oriented business, will be able to locate on its territory small enterprises operating in the service sector that is able to create new jobs and solve a complex set of socioeconomic problems of the region's development. Parks for service entrepreneurship should be located in the city, perhaps even in its most busy places. Competition to entrepreneurial parks in the service sector can be created by shopping and entertainment centers that offer premises for rent to small enterprises, also providing some of the services necessary to conduct business.

The idea of an entrepreneurial park is based on the concept of industrial parks created for the development of the industrial potential of the country and regions. It was estimated that it would be an essential tool to resolve the problem of economic development [8]. Industrial park is a complex of real immovable objects managed by a specialized management company, consisting of a land plot with industrial, administrative, warehouse and other buildings and structures, provided with engineering and transport infrastructure necessary to create a new industrial production, and also having the necessary legal regime for the implementation of production activities. In Russia, there is a standard of industrial parks, according to the territory in which the industrial park is located, certain requirements are imposed, one of which is the minimum size of the area of 8 hectares. This area is redundant for the industrial park, which involves the placement of small enterprises. It is proposed to create entrepreneurial parks with a smaller area, which will be designed specifically for small and medium-sized industrial enterprises, possibly with preferential rental terms.

Entrepreneurial parks, by analogy with industrial parks, can be of two types: "Greenfield" and "Brownfield". The Greenfield Entrepreneurial Park is a park created on a previously undeveloped land plot, which, as a rule, is not provided with engineering and transport infrastructure at the time of the start of the project. Brownfield Entrepreneurial Park is a park created on the basis of previously existing enterprises or production facilities provided with engineering and transport infrastructure.

Entrepreneurial parks, focused on industrial production, are proposed to be organized according to the "brownfield" type because in our region, as well as throughout the country, there are many industrial wastelands. Industrial territories located within cities are currently used not only for restoration for industrial purposes, but also for residential buildings, office buildings, and even parks and green planting [9]. However, in our study we will focus on the preservation of production areas and the development of production.

Redevelopment of industrial areas in the form of the implementation of an industrial park on a "brownfield" land plot provides the following tasks:

- Increase in the number of small and medium enterprises in the region.
- Employment of population by creating new workplaces.
- Implementation of the industrial policy plan through the development of the innovation sector, science-intensive and high-tech manufacturing.
- Increase the attractiveness of industrial activity, creating favorable conditions for the development of the industrial sector.
- Replenishment of budgets of all levels.
- Save of industrial heritage.
- Increase the attractiveness of construction activities, attracting investment in industrial facilities.

TABLE I. ADVANTAGES AND DISADVANTAGES OF INDUSTRIAL PARKS CREATED ON TERRITORIES EARLY USED IN INDUSTRIAL PURPOSES

Advantages	Disadvantages
Availability of ready-made production, warehouse, office premises.	Perhaps non-compliance of transport and engineering systems with modern requirements.
Availability of all necessary communications.	Engineering systems can be well worn, which increases the risk of accidents and production costs.
Availability of ready-made documents "about lands of industrial purposes"	The cost of complete repairs may be higher than the construction of a new industrial park.
The ability to quickly launch an industrial park.	Most industrial areas have different types of pollution, which implies additional costs for environmental cleanup.
The development of industry in conditions of limited budgetary resources	It may not be possible to adapt the territory to the needs of residents and their development.

The advantages of the entrepreneurial park will be not only preferential production areas but also the provision of outsourcing services. Small businesses, especially at the beginning of their existence, are not able to maintain a staff of specialists who, nevertheless, are necessary for a successful business. These are specialists such as power engineer, ecologist, occupational safety and health engineer, technologist, system administrator, accountant, lawyer, etc. The services of these specialists may be provided by the management company (at the request of the resident). Outsourcing services must be of high quality otherwise it may adversely affect the residents of the park [10], [11]. In addition, the management company can provide transportation and logistics services, cleaning services, catering and other services as needed.

Another important function of the entrepreneurial park is the centralized maintenance of its infrastructure: security, maintenance of the checkpoint, fire alarm and fire suppression systems, central heating, power supply, water and sanitation, cleaning and garbage disposal, waste utilization, etc. These services must be paid and mandatory for all residents of the park.

To substantiate the economic expediency of creating entrepreneurial parks focused on the production sector in the Volgograd region, an analysis was made of the state of

commercial property in the city of Volzhsky. The choice of the city is not accidental and is associated primarily with the presence in the city of Volzhsky of the so-called Chemical Complex, located outside the city and having developed transport and energy infrastructures, as well as full-fledged communications.

During Soviet times, more than 30 thousand people worked in the Chemical Complex, but after the fall of the Soviet Union in the period 1991-1999 began the massive decline of enterprises throughout the country and the Volga Chemical Complex in particular, which continues to this day. Some enterprises were completely liquidated (Volzhsky Mechanical Plant, Latex Plant, a number of concrete goods plants). Some have reduced the space they occupy, having sold both auxiliary farms and main production shops and buildings, and some still have industrial areas in their assets, but in fact they do not use them. For example, the Volzhsky rubber machinery plant today has about 100 employees. During Soviet times, the number of workers was more than 3000 people. Today, most of the shops are abandoned, and the equipment is handed over for scrap metal. A similar fate befell the Volzhsky tire reclaim plant, which also reduced the number of personnel to a minimum and has already sold off part of its territories and industrial buildings. The Volzhsky tire plant reduced the number of times. Volzhsky nitrogen-oxygen plant demolished part of its industrial buildings, now this area is empty and nothing is occupied.

As a result of the occurrence of the above processes, today, industrial buildings and structures with a full range of communications necessary for the operation of the proposed industrial park are sold on the territory of the Chemical Complex. There are a number of dilapidated buildings that will require significant investment to rebuild. For example, a building on the territory of the SC Texkor plant (formerly known as the chemical fiber plant) with an area of about 15 thousand square meters costs 7.8 million rubles., but requires huge investments in the restoration of walls, roofs, communications, etc. However, you can find many other suitable options. A finished industrial building with an area of 3.6 thousand square meters is being sold on the territory of the former concrete goods plant costs 40 million rubles. The building has gas heating, water supply, urban sewage and connected electricity with a capacity of up to 600 kVA.

On the territory of this premises, it will be necessary to allocate space for the operation of the planned Management Company (200 square meters) and also leave general business territories (about 400 square meters) that will provide inter-farm communications. Thus, directly for the subsequent lease remains 3,000 square meters.

To date, the minimum cost of rent 1 square meters of production space in the city is 110 rubles. Thus, the lease of this industrial building to small businesses will amount to 3,960 thousand rubles per year, which on the one hand is not able to recoup the investment, since the return will be less than 10% of the amount of investment. However, these funds and should not be considered as a benefit from the investment. They should be directed to the development and expansion of the industrial park. In addition, at the initial stage, the majority of leasing enterprises will have a grace

period for rent, which will further reduce the amount of proceeds.

However, the recoupment of the industrial park project for the state must be sought not at all in lease payments [12]. Let's look at the situation from the other side. As the experience of analyzing a number of small industrial enterprises shows, for a small enterprise of about 20 people to function, an area of about 300-400 square meters is required from where it is possible to speak of the aggregate number of workers in rented space of about 200 people.

According to the information from "Statistical Review Small and Medium Enterprises of the Volgograd Region" for 2017, 1 person in small businesses engaged in industrial production accounts for an annual turnover of 2.5 million rubles [13], [14]. It can be concluded that residents of the industrial park will collectively give a turnover of about 500 million rubles.

According to the same statistics, it is known that the profitability of sales for small businesses engaged in industrial production is 8.1%. This gives an aggregate profit of 40.5 million rubles and therefore 8.1 million rubles income tax (3% is transferred to the federal budget, and 17% to the regional one).

In addition, enterprises engaged in industrial production, have huge expenditures on raw materials. Often, the cost of raw materials and materials account for more than 50% of the value of products, which forces enterprises to use a general taxation system. From which it follows that almost 100% of residents of the industrial park will be payers of value added tax (VAT).

We analyzed a number of small industrial enterprises in the city of Volzhsky, which agreed to provide the necessary data. According to their reports, VAT payments are on average 5-7% of the company's turnover. Therefore, if we take even the average 6% of turnover, then from 500 million rubles we get 30 million rubles contributions to the federal budget.

Let's not forget about the tangible deductions for personal income tax (PIT). Based on the same statistical data, we have that the average salary for a worker in a small industrial enterprise in the Volgograd Region is 22,902.5 rubles. Taking into account the planned number of employees of 200 people, we have an annual payroll rate of 55.0 million rubles, which makes 7.15 million rubles PIT deductions per year (85% to regional and 15% to local).

By adding the received tax sums we get 45.25 million rubles, which may indicate that the state is able to justify its investment during the year.

#### IV. CONCLUSION

Thus, entrepreneurial parks can be an important element of the infrastructure support system for SME. The creation of state-owned entrepreneurial parks carries a number of positive changes for the socioeconomic sphere of the city and region, is characterized by rapid payback and minimal investment and has a high potential for returns in the form of tax revenues to budgets of different levels, development of the SME sector and industry in the region and preservation of the region's industrial heritage.

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