

Model Integrated Growth of Small and Medium Business in the Region on Assessment of Factors

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Abstract. The article substantiates the need for integrated growth of small and medium-sized businesses in the sphere of manufacturing industries of the Vladimir region. The main factors that limit the joint activities of large and small and medium-sized businesses in the region are formulated. Based on the use of expert assessment methods, quantitative assessments were obtained that made it possible to formulate the main directions for creating favorable conditions for conducting entrepreneurial activity. The paper developed and proposed the main parameters of the integrated growth model of small and medium businesses. The object of modeling is the activity of the processing industries of the region, on the basis of the development of which it is proposed to substantiate the growth of the gross regional product, turnover and profits in the industrial production sector. Creating favorable conditions for joint activities of large and small and medium-sized businesses can be achieved by leveling the restrictive factors. One of the key tools for modeling the development of the regional economy is the use of such indicators of enterprises and entrepreneurship as turnover, profit and output, which will ensure the sustainable development of a small sphere due to the intensification of production.

1. Introduction

The development of small and medium-sized businesses is a particularly important factor in the stable socio-economic situation of the regional economy. Especially it concerns those branches and fields of activity which function in the field of production and processing productions. It is these areas that largely form the monetary incomes of the population, its purchasing power and welfare [1-2]. One of the most important tools for the growth of small and medium-sized businesses in the region is the integration of this field of activity into the activities of large business entities [3 - 6].

For the effective promotion of this direction in the economy, there are constraints of both objective and subjective character. Among the main obstacles are the following. Different taxation conditions for large and medium-sized businesses and small and micro-enterprises [7 - 10]. As a rule, enterprises and organizations that do not satisfy according to a number of criteria do not have the right to apply special tax regimes, according to which the need for paying taxes such as VAT, profit tax is eliminated for small and micro businesses. This circumstance makes unprofitable and even impossible the cooperation of large business entities with small ones, since it nullifies their ability to accept input VAT to offset. Moreover, this also applies to the development of cooperation between individual entrepreneurs (IP) with representatives of large and medium-sized businesses.

In addition to the above factors limiting the joint activities of large and small and medium-sized businesses, we can cite others: the limited financial resources of small and medium businesses;

personnel problems associated with the lack of qualified personnel as a managerial link, and workers and direct performers; the complexity of the administrative regulation of business; low innovation and investment activities; lack of opportunities for business and participation in new formats, etc. [11 - 15].

2. Assessment of the main factors limiting the integration of small and medium enterprises in the field of manufacturing industries

This study assessed the main factors limiting the development of small and medium-sized businesses in the field of manufacturing and its interaction with large businesses. The survey was attended by managers and responsible specialists of small and medium-sized enterprises of the Vladimir region (Fig. 1). Experts were asked to assess the relative level of influence of a particular deterrent. The results of the evaluation are given in percentage terms of the main types of small businesses. Since the respondents who participated in the survey did not always correctly estimate the influence share of each position, we recalculated taking into account their one hundred percent total value.

The findings suggest that almost all respondents have a joint assessment of the priorities of the main reasons that limit the integration processes in the regional business. Thus, the most significant influence is exerted by such factors as differences in taxation systems, which confirms the author's hypothesis expressed earlier. At the same time, representatives of medium-sized businesses believe that the share of influence of this parameter is 32%. Similar estimates were given by small enterprises and individual entrepreneurs. In their opinion, tax differences limit partnership opportunities with big business in the region by 16-17 %.

Second in importance are financial restraints. The lack of funds, combined with a high interest rate on commercial loans, these factors significantly reduce the investment opportunities of small and medium businesses. Estimated respondents total share of their influence ranges from 25 to 50 %%. These minimum and maximum levels are given by microenterprise managers and individual entrepreneurs, respectively. Estimates of factors derived from medium and small enterprises have intermediate values within this range. This suggests that among various representatives of small and medium-sized businesses in manufacturing industries the degree of cash shortage is estimated differently. In addition, the influence of this factor may be exacerbated by the fact that many representatives of microbusiness, and especially individual entrepreneurs, prefer to work by their own means. Getting loans for them is associated with increased risks, which they try to avoid.

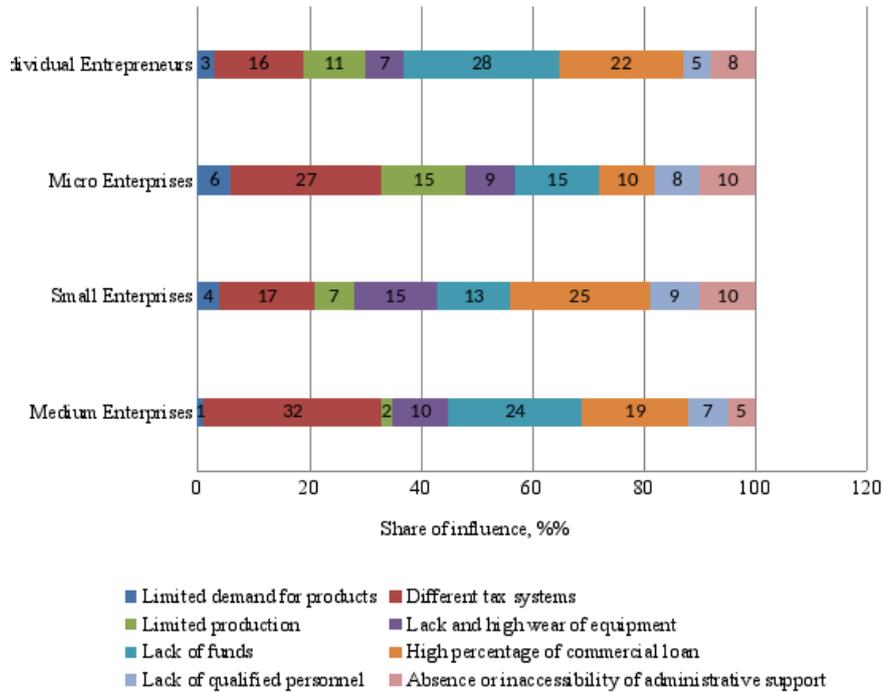


Figure 1. Assessment of the main factors limiting the integration of small and medium-sized businesses in the field of manufacturing, %.

Equally important is the position of wear and lack of equipment. This direction is directly related to the limited capabilities of small and medium businesses to pursue an active innovation policy. This factor received ratings ranging from 7 to 15 %%. Most IPs assigned this parameter a lower estimate of the degree of influence, since they put in direct relation the possibility of updating fixed assets from the presence or absence of investment resources. The maximum value of the assessment of the impact of this factor was obtained for small and medium-sized enterprises (15 and 10 %%, respectively). For microenterprises, the level of influence of the depreciation of fixed assets or their absence is 9%.

Important for the development of small and medium-sized businesses in the regional economy are the scale of production, the limitations of which do not allow active cooperation with large enterprises. Even within the considered business group, there are certain divisions of the scale of production between medium and small, micro enterprises and individual entrepreneurs. These differences determined the polar estimates of the degree of influence of this factor on the integration processes. So, all representatives of small business except the average rated its influence as significant (from 7 to 15%). For managers of medium-sized enterprises, the estimate is 2%, that is, not significant.

For all representatives of small and medium-sized businesses in the region, the most insignificant factor limiting the development of partnerships with larger enterprises in the manufacturing industry is the limited demand for products (1–6 %%). A beginner entrepreneur cannot afford to produce products only in the hope that someone will need it. Small businesses produce only what is in demand. Small and medium-sized entrepreneurs are not always able to form the future needs of the market for their own products due to the influence of the same factors above.

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3. Model of integrated growth of small and medium business in the region

Taking into account the above, a solution to the problem of creating favorable conditions for running small and medium-sized businesses may lie in the area of forming an integrated growth model for this area through the use of support and resource support mechanisms. The main elements of the proposed model are: goal and objectives, the object of modeling, tools, basic indicators or output parameters (Fig. 2).

Modeling socio-economic processes will not only develop an effective policy for the development of regional business of various scales, but also reduce disparities of a different nature [16-21].

The above model notation includes basic parameters, the list of which is not exhaustive. Each of the description blocks can and should include additions and refinements that will allow not only to fully realize the goal, but also to give its achievement the complexity and completeness of problem solving. As additional tasks, for example, personnel issues can be set and solved: an increase in the employment of the working-age population, an increase in the social responsibility of the business. Moreover, all the goals and objectives are fully consistent with government programs supporting the development of a small sphere [4, 5].



Figure 2. The main elements of the integrated growth of small and medium-sized businesses in the region.

The proposed modeling of the development of integration processes is based on the use of the most important from this point of view indicators of revenue or turnover of small, medium and micro enterprises, including individual entrepreneurs. In addition, it is proposed to consider also an indicator of labor productivity (output) to assess the degree of intensity of the state and development of production.

The system of complex taxation proposed by the author in previous studies [7, 16] will allow using these indicators with a high degree of adaptability, depending on the goals and objectives of the general development of the regional economy.

4. Conclusions

As a result of the study, we can conclude that the integrated growth of small and medium businesses is an important process that can ensure balanced growth of the regional economy. Among the currently existing factors limiting the development of small, medium and micro enterprises, as well as individual entrepreneurs, it is possible to distinguish such as preferential taxation, limited funds of both own and borrowed funds.

Among the factors constraining the development of the second and following levels are the limited opportunities for small and medium-sized businesses to conduct active investment and innovation policies. The consequence of such restrictions is a high level of depreciation of fixed assets and low rates of their renewal. Moreover, for manufacturing enterprises, availability of equipment plays a key role in ensuring output and its stable quality. The possibility of activity in the production sector with large-scale production will allow small businesses to acquire greater stability and competitiveness.

On the basis of the proposed model of integrated growth, it is possible to create additional mechanisms for the development of the regional economy, which will allow the best use of the capabilities of the entire business community.

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