

Small and Medium Businesses in the System of Stable Economic Development in the Conditions of Digital Economy

Yusupova Malika Dokkaevna
State University
Grozny, Russian Federation

Bulguchev Murat Khamzatovich
State University
Magas, Russian Federation

Abstract—Digitalization of the economy allows us to analyze the results of the activities of firms regarding the chosen form of ownership and the form of management. According to official figures in the North Caucasus republics, in recent years the production of material goods is more efficient in private small enterprises than in collective farms.

In our opinion, this was a condition for the globalization of the economy in developed countries, where small and medium-sized enterprises are considered the main link in the market economy and part of a competitive mechanism.

The methods we used: interviewing potential entrepreneurs, analyzing the activities of business entities showed that most young people prefer to work in their small enterprises with private factors of production than in collective farms. In response to these and other materials that we submitted to the relevant departments, we expect a positive result in expanding the freedom of producers. This problem is acute in Chechnya, where there is no diversification of agricultural production by ownership.

Currently, the studied forms of doing business are defined all over the world as a significant element of sustainable economic development and a way to achieve stability in society, being a generator of structural changes in the national economy.

Russia is getting closer and closer to the definition of small and medium-sized enterprises, not only in terms of resource potential, but also in the cost of marketable products. This became the fundamental pivot during the emergence of the economy of the youngest constituent entity of the Russian Federation (RF) - the Republic of Ingushetia (RI) in the early 90s (established in 1992) and the restoration of the economy of the Chechen Republic (CR) after the well-known events.

With the development of the digital economy, the face of openness of competition is changing, therefore, at this stage, the importance of research on small and medium-sized enterprises in the context of developing proposals for the formation of sustainable foundations of economic growth is one of the urgent tasks of domestic economic science, which predetermined the choice of research topic, its theoretical and practical significance.

Keywords: *Ingushetia, Chechnya, entrepreneurship, business, digitalization, economy, transformation*

I. INTRODUCTION

If until the beginning of the 20th century the concepts of the “form of ownership” and “form of managing”, as well as differentiating between the economic objects “micro”, “small”, “medium” and “large”, did not attract as much attention neither in Russia nor in the other countries of the world, for the following periods these terminologies became the main criteria for the reorganization of the lifestyle of national-territorial entities. To explain this phenomenon, a science was formed, called “political economy”, instead of certain areas of human activity – “economy” and “politics”.

K. Marx put a lot of energy at the time to differentiate life on Earth according to certain periods, giving each system its logical name – “primitive communal”, “slaveholding”, “feudal”, “capitalist” and “socialist”. This general methodology of the evolutionary being of mankind reflects the spiral development of people's consciousness. In addition, the anticipation of the ancient philosopher is known that “everything flows, everything changes”.

Over the past 2-3 decades accelerated steps have been taken in Russia to transfer the socialist economy to the capitalist economy, that is, contrary to the teachings of Marx, in the opposite direction. “Objectively speaking, the situation at the beginning of 2015 is far from being analogous to what it was back in 1998, and in the foreseeable future there are much fewer reasons for serious concern about the macroeconomic balance, which undermined market confidence”[1, p.189].

Conquered in 1917 with incredible human suffering, millions of human victims, in the eyes of one generation socialism turns into capitalism with the standards of the XIX century. If earlier in Russian speech capitalism was called aggressive, now it has turned into money-grubbing. There is not even a close correlation between the effectiveness of social protection of the population in comparison with us and economically developed countries where capitalism has been developing for centuries, which even now they are not going

to announce any socialism. But the analytical data on the incomes of the population, that is, on all complexes of the way of life, show that people of these countries live more comfortable lives than those in the countries that "turned" with Russia, the USSR (Union of Soviet Socialist Republics) into socialism.

Except the People's Republic of China (PRC), after the "restructuring" in the 90s, both the USSR and other socialist republics "returned" to capitalism. The social system of China carried out a complete denationalization of the economy. "For China, it has become obvious that acting within the framework of this open market system, you can get tremendous economic benefits" [2, p.196].

Comparing traditionally capitalist Sweden with "socialist" China, the former one can be called more socialist in which the distribution of public goods is carried out by state and public institutions 50 to 50 percent.

In the USSR, after "victorious socialism", in 1929 market tools and diversification of economic forms were all officially banned, transferring all factors of production to state ownership, imposing a collective-state farm template everywhere. In agriculture, "devillagization" was started. "At the same time, referring to the Marxist-Leninist doctrine, despite the fact that K. Marx in the "theory of surplus value" shares the thought of A. Smith, for example, about the purely specificity of peasant labor. Which to a much greater extent requires "quick wisdom and prudence", is "mental in nature" in contrast to the work of a "divided" manufactory worker and, being "dependent on every change of weather and on many other circumstances", according to its very nature, cannot mechanically be built on the models of large-scale production" [3, p. 21].

After the collapse of socialism in the USSR and other socialist countries, the first direction in the economy was the revival and development of small business, destroying large factories, manufactories, collective farms (state farms). The people not only did not oppose this, on the contrary, the economically active population felt business motivation - the directive management of the economy was liquidated and various societies and partnerships began to appear at the legislative level.

II. METHODS

Despite the obvious advantages of starting an entrepreneurial business in accordance with the climatic, socio-economic, national-traditional and other conditions of a particular region, after the transition to "socialism", potential producers did not have up until the end of the 80s of the last century legislative opportunities for the free application of their individual capabilities in the formation of the Regional National Product. Russian scientists foresaw the results of dispossession, which brought hunger, poverty and began to openly declare this to the authorities.

Both studied subjects of the Russian Federation - RI and the CR - are included in the North Caucasus Federal District (NCFD). In the post-restructuring period, they went through a difficult stage in the formation of regional economies, moving

from directive forms of labor organization to free market forms of management. Currently, peasant (farmer) farms (peasant farms), individual entrepreneurs (FE) and personal subsidiary farms of citizens (LPH), having less farmland per unit of output and state support from the relevant Ministry, produce 2-3 times more products, than state unitary enterprises (PMU). This trend in Ingushetia and Chechnya, as well as in other republics of the North Caucasus Federal District, has a positive trend in favor of private producers. This trend is especially noticeable in the Republic of Ingushetia, where healthy competition between the objects of different forms of management is obvious (table I).

TABLE I. AGRICULTURAL PRODUCTS BY CATEGORY IN THE REPUBLIC OF INGUSHETIA (IN ACTUAL PRICES, MILLION RUBLES) [4, c. 122]

| Year | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|--------|--------|--------|--------|
| <i>All categories</i> | | | | |
| Agricultural products, total | 5464.1 | 6691.4 | 8589.3 | 9030.5 |
| plant growing | 2064.0 | 2171.3 | 2972.6 | 1946.2 |
| animal husbandry | 3400.1 | 4520.1 | 5616.7 | 7084.3 |
| <i>Agricultural enterprises</i> | | | | |
| Agricultural products, total | 371.9 | 435.0 | 842.8 | 662.0 |
| plant growing | 347.2 | 376.5 | 688.1 | 396.6 |
| animal husbandry | 24.7 | 58.5 | 154.6 | 265.4 |
| <i>Households</i> | | | | |
| Agricultural products, total | 3730.5 | 4568.3 | 4780.4 | 5913.9 |
| plant growing | 906.1 | 1048.9 | 1069.9 | 1092.4 |
| animal husbandry | 2824.4 | 3549.4 | 3710.5 | 4821.6 |
| <i>Peasant (farmer) households</i> | | | | |
| Agricultural products, total | 1361.7 | 1688.1 | 2966.1 | 2454.6 |
| plant growing | 810.7 | 775.9 | 1214.6 | 457.3 |
| animal husbandry | 551.0 | 912.2 | 1751.5 | 1997.3 |
| <i>Percentage of total</i> | | | | |
| All categories | 100.0 | 100.0 | 100.0 | 100 |
| including: | | | | |
| agricultural enterprises | 6.8 | 6.5 | 9.8 | 7.3 |
| households | 68.3 | 68.3 | 55.7 | 65.5 |
| peasant (farm) enterprises | 24.9 | 25.2 | 34.5 | 27.2 |

More and more small enterprises began to appear in the zero years in the Chechen Republic too, annually affecting all new branches of the regional economy. This concerned less destroyed oil and gas complex, and more often agro-industrial complex (AIC), trade and food industry.

The entire infrastructure of Chechnya since the mid-90s was severely destroyed and most of it could not be restored. But after the end of hostilities in the republic, small business received rapid development, primarily in the construction industry. Scientists also said their word here. Doctor of Economics, Professor of Chechen State University R.M. Gezikhonov saw the priority in restoring the economy of Chechnya "in the widespread and accelerated development of a small construction business" [4, p. 195-196]. Saying by another author: "Small construction business, due to its inherent properties - shortened development and implementation of innovations, sustainability and susceptibility to a dynamically changing external environment, where it plays an important role in integration with other entities of the economy and law in creating construction products. This important in regions experiencing emergency crisis situations "[6, p. 146].

Using motivated small business forms in each administrative municipality, the structure of the economy was restored in a very short time: the recovery phase was passed, entering a period of further development. To this end, legislation was constantly improved, based on the Law "On the Development of Small and Medium Enterprises in the Russian Federation" No. 209 FZ of July 24, 2007, with subsequent amendments and additions. As well as previous similar acts of the federal level.

"Meanwhile, the World Bank's report on global development in 2016 noted a low level of digital technology use by business structures in Russia compared to government agencies and the population. Therefore, the main role both in building and in implementing the Digital Economy program is assigned to business" [7].

There is no need to analyze the economies of developed countries, where small business plays the main role in the solvency of their population. For example, it is known that in the countries of the European Union the contribution of small business forms to the Gross Domestic Product is 70 percent or more. To this end, the authorities of the countries provide this sector of the economy with comprehensive support in the form of soft loans, various subsidies, low taxes, quotas for the purchase of private products for state needs, etc. For example, in the Federal Republic of Germany, the state pays up to 77% subsidies for each unit of products sold.

"The role of SMEs in the economies of countries is determined by the following positive factors: SMEs are the driving force of economic and scientific and technological progress, the main organizer of jobs in the economy, SMEs generate income in the form of taxes" [8, p. 91-92].

However, it should be noted here that, in our opinion, as is done in developed countries, all business entities should be private. This does not contradict economic science, where participants in the production of material goods and the provision of services are equal members: households, entrepreneurs and the state. But their purpose is different. For example, why were the former state farms in Ingushetia renamed into state unitary enterprises? To date, there are 16 of them and all of them are unprofitable, as in previous years.

Statistics on small and medium-sized businesses in recent years show that the number of these enterprises each year changes either downward or upward. It depends on many factors that are typical not only for our republic, but also for the Russian Federation as a whole. In addition to bankruptcy, there is also such a factor when several business entities are combined into a cooperative - production has not decreased, but the number of such has decreased.

In conditions when the economy is globalizing, small and medium-sized businesses should be given special importance. Given this factor, in the Republic of Ingushetia, using advanced technologies on the agricultural land of the Sunzhensky and Nazran districts, in 2013, were created "Sad-gigant" in the form of a limited liability company, which grows up to 15 varieties of apples, as well as sweet cherries, plums, peach and nectarines. And in the Malgobek district, a milk and meat complex LLC "Moloko Ingushetii" was built,

which contains 800 livestock with a yearly production of 6 thousand tons of milk and 100 thousand tons of meat. In the city of Karabulak, with the participation of "Sunzhensky Molzavod" LLC, "Karabulak Nonmetallic Building Materials Plant" CJSC and six peasant farms, a cluster was created and a brick factory built.

In the Chechen Republic, as already noted, during the recovery period of its economy there was a "boom" in construction. These private enterprises had a lot of state orders in building materials, which annually caused the growth of small enterprises in the construction field. The manufacture of bricks, paving slabs, plastic windows and all that is needed for the construction of such small enterprises. This continued as long as the republic needed this much building material. But, it has already been restored, and the need for such an amount of building material has disappeared and, therefore, the number of small enterprises has decreased. In addition, based on them or with their participation, clusters are created or small enterprises are transferred to the status of medium-sized objects.

But nevertheless, the share of small and medium-sized construction enterprises in the total number was and remains high. Today it is 21%. Instead of facilities reduced in this industry, enterprises of other industries appeared, which almost equaled the number of construction business firms. These are agriculture, education, professional, scientific and technical activities.

According to the Territorial Authority of the Federal State Statistics Service for the Chechen Republic, the number of registered small organizations (legal entities) by type of economic activity in January-September 2018 amounted to (table II).

TABLE II. THE NUMBER OF REGISTERED SMALL ORGANIZATIONS (LEGAL ENTITIES) BY TYPE OF ECONOMIC ACTIVITY IN JANUARY-SEPTEMBER 2018 [9]

| Types of economics activity | Number of registered organizations |
|--|------------------------------------|
| Agriculture, forestry, hunting, fishing and fish farming | 62 |
| Manufacturing industries | 25 |
| Building | 93 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 237 |
| Professional and scientific activities | 32 |
| Education | 15 |
| Health activities | 15 |
| Transportation and storage | 24 |
| Real estate activities | 17 |

With the introduction of the Unified State Examination for admission to a higher educational institution in the country and new forms of testing graduates who wish to continue their studies in secondary vocational schools, the need for tutors in the school system has increased. A tutor is an individual who takes one or more people at home or in a designated place for classes in a particular subject. Tutor does not pay taxes, is not registered as an entrepreneur. His income depends on the number of students, and he sets a fixed tuition fee.

Tutors are being replaced by various schools that unite teachers in different subjects to provide knowledge services. These are private schools. In their structure there are managers who run the school. Their duties include hiring teachers according to established criteria, as well as recruiting students for classes in the relevant subjects, at different levels (basic, specialized) and age. Schools are registered as small or medium enterprises.

During Soviet times, it was impossible to open a private school, since all schools were public. With the transition to a market economy, attitudes toward education have also changed. There is a need for additional education. The knowledge gained in a public school is no longer enough to enter a prestigious university or pass a profile exam. The market is based on supply and demand. There is a demand, therefore, there is a supply. In the Chechen Republic and the Republic of Ingushetia, clusters in the field of education are already being formed, which combine school teachers, university professors and managers. In Ingushetia, the first private educational institution, the Intellect Secondary School, was registered on July 6, 2001 in the village of Ekazhevo, Nazran district. Then they opened another private school in Nazran - "Ellin." Although parents pay a lot of money for training at such schools, there are almost no available places there, except for the first class.

The Caucasian republics are famous for craftsmen in the field of applied art. Recently, the Chechen Republic celebrated the 200th anniversary of the formation of the city of Grozny. Guests from neighboring regions were invited to the events: Ingushetia, Kabardino-Balkaria, Dagestan, Stavropol Territory. Of great interest was the site of these subjects of the North-Caucasian Federal District, where objects of manual labor and applied art of private traders were presented. Dagestan is famous for carpet weaving, silver processing and silver jewelry, cutlery, cold steel. The Republic of Ingushetia presented craftsmen for the manufacture of knives: knives, daggers. In addition, a collection of women's national dresses (ghabli), men's circassians, and popes was shown. Our republic was represented by products made of valuable tree species in the form of souvenirs, which, with the development of the tourism industry in Chechnya and Ingushetia, have become popular among tourists who have recently been visiting our republics more and more actively.

In our opinion, the need is already arisen when a craftsman should not work on his own in the process of producing a product, sell it to tourists and other customers on his own, but to create a tourism cluster, create a shopping center in the capital of the country - Moscow.

Tourism in our republics is developing rapidly. And this requires new approaches. To develop this direction, it takes more than one year. To do this, it is necessary to train specialists in the field of tourism, therefore the geographical department of the Chechen State University has opened the degree in "Tourism, service", aimed at providing tourism services by specialists in this field of economy. Ingush State University has prepared the necessary material for opening the same direction of undergraduate studies. You also need high-profile service personnel who can offer services at a

professional level. This is a hotel service, catering services, professional guides, as well as language translators, for which a training area is also planned at the level of secondary vocational education and undergraduate education.

III. RESULTS

"The basic principles of sustainable development were adopted in the world in June 1992 at the UN conference in Rio de Janeiro. Two months later, the Russian government issued an order establishing an interagency commission to implement the principles of sustainable development. However, the work dragged on and took about four years: only in April 1996 did President Boris Yeltsin approve the concept of Russia's transition to a model of sustainable development" [10].

"The goal of sustainable development is to maintain a balance between the economy, the environment and society, and to ensure that today's needs are met without compromising the needs of future generations. This goal is ideally suited for systemic thinking - an integrative way of viewing the relationships between the elements of a large and complex problem" [11].

It is an undeniable truth that economic growth depends on the pace of technological progress. At the beginning of the last century, this was reflected in the economic theory of the work of Nobel laureates R. Solow, D Ray, J. Tinberg and other scientists. The analysis shows that information and information technologies have become the productive force of society.

Historically, information technology plays a supporting role and provides an appropriate level of service to the enterprise. However, taking into account new technologies and the development of the economy in the direction of services, the role of information technology in enterprise management is significantly increasing.

"As for the possibilities of opening a private business in the areas of the digital economy, as A. Dvorkovich noted, the most non-capital-intensive areas are business services and services for citizens. They require, first, not investment, but an idea and a high-quality software product aimed at its implementation. It is necessary to analyze what needs arise and to satisfy them where possible, due to information technologies" [12].

The development of a service economy and information technology is expressed in the following processes:

- new information technologies are becoming a product of sales on the market, which is a hybrid of settlement and analytical work and specific services provided to organizations for automation of management;
- in one product of all types of information (text, graphics, numbers, sound, etc.);
- there is no need for intermediaries to transfer information from a source to a consumer;
- worldwide globalization of information technology through the use of satellite communications and the worldwide Internet, which makes it possible to

communicate with people from anywhere in the world, as well as use a common database.

As a result, the company uses both integrated and special information technologies that provide automation of both individual processes and processes of several groups.

“The OECD study on the development of the digital economy as of 2017 (“OECD Digital Economy Outlook 2017”) notes that at present, national strategies for the development of the digital economy are in force in all OECD countries. The only exception is the USA, which adhere to a decentralized market approach in this matter” [13, p. 5].

“In our opinion, the ability of a small / medium-sized enterprise to sustainable development is understood as the ability of an enterprise to anticipate and meet the needs of present and future generations of consumers and owners, based on three main dimensions:

- financial prosperity and continuity for the organization and its owners;
- public welfare for employees of the organization and social group who are in the sphere of its influence;
- environmental protection and conservation of resources.

Starting to ensure sustainable development, the organization should focus on the following nuances:

- goal setting: the need to guarantee at all stages of the "turnover" of products reliability, public impartiality and the protection of the environment and health;
- systematic control: first of all, control within the enterprise, but also control through group pressure;
- communication: notification of the population about issues related to the possibility of sustainable development.

In our opinion, the sustainable development of small enterprises means the ability of small businesses to constantly maintain a dynamic and rational correspondence between the factors of reproduction and the required pace of its formation in the conditions of the existing uncertainty of the external environment” [14].

The theory of sustainable development has many years, but it has not yet been sufficiently developed. One of the reasons is that the concept of "sustainable development" itself has been introduced into economic theory relatively recently and the stage of scientific understanding of the essence of this concept has not ended. To date, among scientists there is no unambiguous approach to understanding its essence.

Unfortunately, in the available economic literature, the experience of developed foreign countries in ensuring the sustainable economic development of small and medium-sized enterprises, with the exception of forms of state support, is practically not presented.

IV. CONCLUSION

A characteristic feature of the further development of small business in the regions of the North-Caucasian Federal District is the opportunity associated with the young age of the economically active population. For example, in Ingushetia, their share in the total indicator of age and gender groups is up to 30 years. In all constituent regions of the district, there is a positive demography, which requires a clear response to economic law - limited resources, unlimited needs.

Therefore, in our opinion, one cannot do without expanding the legal framework in this area in the regions. The creation of a separate North Caucasus Federal District provided for the initial development of the economy of its regions based on individualism, which is motivated by the population. The intensification of production on the basis of public (collective) farms in them was lower than in other regions of the Russian Federation.

Without our approach, it is not possible, in our opinion, to revive folk crafts and crafts in the regions studied. The population there, especially in the mountainous part, has been able to work individually since old times. As we have found, huge volumes of raw materials (wool, hides, healing mud, drinking springs, medicinal plants, rocks, etc.) are now used here inefficiently.

Forecasts of the development of the region should, first of all, take into account the form of management and the form of ownership regarding the motivation of the population in each municipality, all the tools of state support for small and medium-sized enterprises should be open.

The entrepreneurial sector of the economy largely determines the effectiveness of other types of economic activity. Therefore, increasing the efficiency of entrepreneurship can improve the results of the economies of the studied republics and Russia as a whole.

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