

ISCKMC 2020
International Scientific Congress «KNOWLEDGE, MAN AND CIVILIZATION»
STATE SUPPORT EFFICIENCY FOR DIGITAL TECHNOLOGIES
INTRODUCTION IN SMALL AND MEDIUM-SIZED
ENTERPRISES

Lalita Musaevna Idigova (a, b)*, Bella Khasanovna Rahimova (b),
Husein Gilanievich Chaplaev (c)
*Corresponding author

(a) Chechen State University, 32A, Sheripova str., Grozny, 364024, Russia, mail@chesu.ru,

(b) Kh. I. Ibragimov Complex Research Institute of the Russian Academy of Sciences, 21A, Staropromyslovskoe
shosse, Grozny, 364051, Russia, 010885@list.ru,

(c) Chechen State Pedagogical University, 62, Kh. Isaeva Ave., Grozny, 364068, Russia, maret_fil@mail.ru

Abstract

The relevance of this study consists in the development of a sequence of actions on the transition of small and medium-sized enterprises to the digitalization of business processes, in the systematization of business entities by the level of introduction of digital technologies into their activities, as well as in the grouping of the main areas of digitization of business entities. Both in Russian and foreign works pay sufficient attention to the matter of choosing a model of state support for small and medium-sized enterprises. The major attention is paid to the application of models, presents structural diagrams of state support for entrepreneurship as a system that reflects its individual elements, analyzes connections and hierarchy, demonstrates the desired results. About 20–25 % of the economically active population of Russia is employed in small and medium-sized enterprises (in foreign countries this indicator reaches 90 %). Under these circumstances, the state should facilitate the accelerated development of entrepreneurial activities by supporting and regulating small and medium-sized enterprises. The stability of development in the long term and in the context of the introduction of digital technologies in the small and medium-sized enterprises is supposed to be a significant participation of the state, the effectiveness of which depends on the correct choice of infrastructure, financial and property, institutional, information and other support mechanisms, as well as the use of tools that are used in foreign countries.

2357-1330 © 2021 Published by European Publisher.

Keywords: State support, digital technology, small and medium-sized entrepreneurship



This is an Open Access article distributed under the terms of the Creative Commons Attribution-Noncommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

The role of small and medium-sized enterprises in the economic life of the society cannot be overestimated: it contributes to economic growth in the country, increases the level of employment of the population, forms healthy competition, contributes to innovative development and solves many social problems.

In this regard, government support for entrepreneurship is essential in order to create an enabling environment for its further development. To date, Russia has developed and is successfully implementing the national project in the field of supporting mechanisms for small and medium-sized enterprises.

The corresponding national project is implemented within the framework of five federal projects aimed at improving the conditions for entrepreneurship, access of business entities to financial resources, acceleration of business entities, popularization of entrepreneurship, development of rural cooperation. Besides, in the context of digital globalization, the effective implementation of these areas is impossible without the introduction of information technologies into the activities of entrepreneurs themselves. The studies on the introduction of information technologies into entrepreneurial activities are not systematized and reveal certain aspects of this issue. The relevance of the study is caused by the fact that within the framework of national projects approved in our country, there is no mechanism to form a business model that ensures effective introduction of such technologies into the activities of small and medium-sized businesses. Most scientific works on this topic reveal the issues of implementation of specific information technologies by business entities. Therefore, it is urgent to develop a generalized model for the effective introduction of IT technologies into the activities of small and medium-sized enterprises thus contributing to the tasks of the national projects.

2. Problem Statement

The process of increasing the economic and social importance of small and medium-sized enterprises, the growth of its contribution to the gross regional product can be seen in the state engagement.

It should be clearly established that state regulation does not imply gross interference in the activities of small and medium-sized entrepreneurial structures, but means balanced state regulation of their entrepreneurial activities in combination with the use of internal resources in solving a set of tasks. This is the combination that allows implementing the indicated guidelines for strategic development and ensuring their phased implementation in the near future in the context of the introduction of digital technologies.

The state determines the procedure for registration, liquidation and the conditions for applying tax systems and switching to another system, maintaining entrepreneurial initiative, protecting the rights to implement economic activities, etc.

Small organizations require simplified registration procedures, preferential and high-quality information and digital support services, advice, optimal tax and accounting systems, and legal mechanisms to enable small businesses to be recognizable in markets.

The history of entrepreneurship development suggests that various models of state support for small and medium-sized enterprises have been developed at different stages under the influence of many factors. The main models include:

1) Community-focused model implies a considerable impact of government regulation.

2) Liberal model, where government intervention is insignificant in the development of entrepreneurial activity. This model is characterized by minimal participation in solving social problems. The model is officially approved in the United States of America, France and the UK.

Both in Russian and foreign works pay sufficient attention to the matter of choosing a model of state support for small and medium-sized enterprises. The major attention is paid to the application of models, presents structural diagrams of state support for entrepreneurship as a system that reflects its individual elements, analyzes connections and hierarchy, demonstrates the desired results. For example, the work schematically reflects the hierarchy of state support programs for SMEs (federal, regional, municipal programs). The authors focus attention on essential organizational and legal tools of the state support system for small and medium-sized enterprises (programs) and propose to analyze the expected advantages of the support system from the point of view of its recipients.

The author proposes a block diagram of the state support system for SMEs, the structuring of which is implemented in three blocks: program-targeted, organizational-legal and functional-resource.

3. Research Questions

One of the tasks of small business development is the development of a “digital platform focused on information support for the production and marketing activities of entities”. In this regard, we deal with the concept of “digital entrepreneurship” (Manturov, 2018). For the successful development of small and medium-sized enterprises, it is necessary to introduce the elements of the digital economy (Borovkov, 2017).

Acting as the basis of the digital economy the processes of business information transformation cover “business activities, where the digital application of data is a key factor in production, processing and analysis of large amounts of information, as well as using the results of electronic analysis, data storage and transfer, as opposed to traditional forms of management, which makes it possible to significantly improve the efficiency of various types of production, technologies, equipment, as well as storage, delivery and sale of goods and services”. By 2024, it is planned to increase the share of households with broadband Internet access to 97 %, i.e. 18 % higher compared to 2019, and by 2024 it is also planned to increase socially significant infrastructure having the ability to connect to broadband access to the Internet – 100 %. It should be noted that the digitalization of business processes occurs unevenly both for different economic entities, and for different regional spaces, which imposes a certain specificity in the implementation of financial and non-financial forms of SME support. In this regard, it is advisable to consider the main forms of support for the digitalization of small and medium-sized businesses, which allows more comprehensively disclosing the targeted orientation, nature and effectiveness of various forms of support for SMEs in accordance with the demand determinants of the readiness of small and medium-sized Russian enterprises for the digital transformation of their business (RF Government, 2017).

The majority of information and communication technologies (ICTs) form the infrastructure basis of the digital economy determining the depth and degree of penetration of digital interactions of economic actors, thereby defining the systemic basis for the development and implementation of legal, financial and non-financial forms of support for the digitalization of various SMEs.

Thus, as part of the implementation of the Digital Economy of Russia program, it is envisaged the possibility of establishing experimental legal regimes (“regulatory sandboxes”) aimed at developing new digital products and services with a certain range of developers and participants in the experiment in order to introduce digital, financial and innovative products and services without the risk of violating the current legislation.

In world practice, such regimes have been applied since 2015 as experimental legal tools that improve state regulation in the areas of active development of digital technologies related to the financial sector (banking, investment, insurance) and the non-financial sphere (education, medicine, air transportation, construction, etc.) in the International Journal of such countries – Great Britain, Australia, Bahrain, Canada, Hong Kong, Malaysia, Thailand, Singapore, the Netherlands, the UAE, the USA, etc.

In domestic practice, experimental legal regimes for digital platforms, products and services can be created within 180 days, for a period of up to three years in such important economic areas as the financial market, trade, transport, medicine, distance education, construction, industry, as well as public services.

The managerial complexity of ensuring the systematic support of SMEs for digitalization of business is that various forms of assistance to small and medium-sized businesses are unevenly distributed both in regulatory bodies of state support for digitalization of SMEs, and in the very forms of financial and non-financial assistance to small and medium-sized enterprises.

4. Purpose of the Study

The purpose of the study is to create prerequisites for improving the efficiency of small and medium-sized enterprises in the region based on the implementation of the concept of digitalization of business.

5. Research Methods

General scientific methods of research, as well as statistical and comparative analyses were used in the study.

6. Findings

At present, the development of small and medium-sized enterprises in the Russian Federation is based on a reasonable combination of design and program-targeted approaches to the creation of civilized entrepreneurship. Methodological recommendations that ensure the development of comprehensive projects for the development of SMEs in the regions of the country are formulated by the Ministry of Economic Development of the Russian Federation. When developing such projects, the regions should be

focused on the priority project of the Ministry – *Development of a service model for supporting small and medium-sized enterprises in the Russian Federation*.

The project of any region in the conditions of digitalization shall reflect stages for the formation of a service model of small and medium-sized enterprises with the introduction of measures that cover important areas of support for small and medium-sized enterprises, including improving the infrastructure for supporting small and medium-sized enterprises; prioritizing export-oriented small and medium-sized enterprises and youth entrepreneurship; introducing modern tools, mechanisms and forms of property, information, consulting, financial support for entrepreneurs; reducing administrative barriers, etc. (Idigova et al., 2017).

Thus, one of the main directions of the state policy in the field of development of small and medium-sized enterprises at the state level is the creation of a service model for the provision of services to SMEs. Based on the comprehensive analysis of the development indicators of small and medium-sized enterprises in the territory of the North Caucasian Federal District, including the objectives and goals of the national project, the Ministry of Agriculture of the Russian Federation proposed recommendations for improving state regulation and support for small and medium-sized enterprises based on the monitoring results for the period 2017-2018. In order to develop small and medium-sized enterprises in the digital economy, the following is required:

- to expand information support for small and medium-sized enterprises due to the information and telecommunication network (Internet), regional means of mass communications, as well as in the format of individual consultations and open lectures on business matters;
- to increase support to SMEs through a regional guarantee and microfinance organization;
- to involve young people in entrepreneurial activities within the framework of the federal project *Popularization of Entrepreneurship*, to increase the awareness of young people, in particular, to involve entrepreneurs to deliver lectures and open lessons at schools, as well as secondary special and higher educational organizations;
- to strengthen the activities on attracting new projects of small and medium-sized enterprises that are interested in receiving financial and guarantee support (leasing), as well as projects in the field of agriculture;
- to intensify the activities on providing financial support to small and medium-sized enterprises within the framework of the National Guarantee System and the soft-window facility to SMEs of the Ministry of Economic Development of Russia in order to achieve the task of the national project, as well as in the framework of other favorable credit facilities to SMEs;
- to create both agro-industrial and industrial parks, which will make it possible to fully exploit the existing potential in the republic, attract investments for the organization of new industries and, accordingly, create new jobs.
- to continue information campaigns to create a favorable image of entrepreneurship and stimulate interest in entrepreneurial activities, as well as to recapitalize microlenders in order to provide microloans to entrepreneurs of the Chechen Republic and ensure state support to small forms of economy and agricultural consumer cooperatives (Idigova et al., 2018).

7. Conclusion

The results of the main theoretical analysis and the comparison of obtained practical material on the functioning of small and medium-sized enterprises in the regions and the role of the state in introducing digital technologies into the development of small and medium-sized enterprises make it possible to conclude the following:

1. Effective functioning of small and medium-sized enterprises serves as a priority direction of the socio-economic policy of the Russian Federation. According to the Federal State Statistics Service (RosStat, 2016), as of 01.01.2018 more than 5.6 million small and medium-sized enterprises were registered in Russia.

2. It is advisable to ensure the effective and high-quality functioning of small and medium-sized businesses both in the Russian Federation as a whole and in the regions with the help of effective measures of state support in the framework of special development programs.

Thus, in order to effectively solve the problem of increasing the efficiency of the region's economy, it is advisable to intensify innovative processes in the industry and the social sphere, expand innovative infrastructure, and strengthen mutual cooperation. According to the results of the study, it is worth noting the high importance of the development of small and medium-sized enterprises (businesses), both for the development of a particular region and for sustainable development of the national economy. The use of a market mechanism alone is not sufficient and requires strong institutional support. Besides, the priority role belongs to the state, which can provide a set of transformations that take into account all major interests of small and medium-sized businesses.

Government regulation and support for entrepreneurship is a sustainable and effective condition for the development of small and medium-sized enterprises and their structures in the transformation of the economic system within the framework of the creation of institutional infrastructure and the development of its market forms.

The formation of an effective state system that regulates and supports the development of small and medium-sized entrepreneurship has been implemented in the Russian Federation for two decades.

The search for effective mechanisms for the development of entrepreneurial activity, which are characteristic of innovation-oriented countries, is ensured in the direction of financial and property, institutional, information, infrastructure, structural and functional ties.

A tool for supporting strategically significant sectors of the economy, the so-called "growth points", is poorly developed in the system of support and state regulation of small and medium-sized enterprises of Russia. These include small and medium-sized entrepreneurship in the sector of providing services to businesses in the field of advertising, engineering, personnel consulting, legal services, financial intermediation, real estate services and development, Digital and Web services. The strategic points of development should include technological and environmentally adapted entrepreneurship.

Acknowledgments

The paper was prepared within the framework of the scientific project No. 20-010-00141 A "Formation of the institutional framework of the region's infrastructure in the digital economy" supported by the Russian Foundation for Basic Research.

References

- Borovkov, A. V. (2017). Choice of information and knowledge management strategy for industry and business groups. *Bull. of Platov South-Russ. State Polytech. Univer. (NPI). Ser. Socio-Econ. Sci.*, 3, 109–112.
- Idigova, L. M., Khadzhieva, M. M., Chazhaev, M. I., & Dudaev, R. R. (2018). Results of industrial development of the region. *Probl. of econ. and manag. of oil and gas complex*, 3, 15–19.
- Idigova, L. M., Khadzhieva, M. M., & Dudaev, R. R. (2017). Successful development of the industry of the Chechen Republic is possible only by improving the investment climate. *Probl. of econ. and manag. of oil and gas complex*, 3, 13–20.
- Manturov (2018). *World digitalization of industry over 10 years will bring the economy more than \$30 trillion*. <https://tass.ru/ekonomika/5356765>
- RF Government (2017). *Digital Economy of the Russian Federation. Program*. Approved by the Order of the Government of the Russian Federation of 28 July 2017, no. 1632-r.
- RosStat (2016). *Main performance indicators of enterprises of the Ministry of Industry and Energy of the Chechen Republic as of 31.12.2016*. http://minpromchr.ru/images/stories/statistic/2014/2016/otchet_12.16.pdf