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DIRECTIONS FOR SMALL BUSINESS DEVELOPMENT IN THE RUSSIAN FEDERATION

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Abstract

The article discusses the need for informatization of small businesses in the Russian Federation. The current state of informatization of small businesses and features of implementation and use of information technologies in this economic sector were described; the concept "small business" was defined; its criteria were identified. The types and causes of the staff turnover were identified. Taking into account theoretical aspects of staff management, effects of the staff turnover on the current state and dynamics of development of small businesses were analyzed. Economic problems depending on the staff turnover rate were identified. Small business is a social, legal and economic category including legal entities and individual entrepreneurs with a small number of employees and low incomes. Business analysis methods can be used for assessing business risks. Thus, in addition to continuous monitoring as an analytical basis for timely identification of problems, business analysis allows for identification and assessment of risks and threats and development of measures aimed at their elimination.

Keywords: Business analysis, monitoring, entrepreneurship, small businesses.

1. Introduction

The feature of the current stage of economic development is the global change in conditions and formation of new factors that ensure efficiency of business structures. Analytical data are collected in all areas of business and used to predict business efficiency. Information and analytical support for management processes is in demand, since it contributes to business performance and development of rational business strategies.

Competent analytical processing of data on the state and development of the business entity is crucial. These data are important for business negotiations or transactions. However, data collection is only the first step followed by data processing. In practice, analytical data processing can be of two types: operational analytical processing and data mining which precede the decision-making process (Usenko, Chernysheva, & Goncharova, 2013).

2. Problem Statement

Today, analysis is a creative type of management. Analysis identifies or prevents problems in a timely manner, finds ways to solve them, contributes to business performance and predicts its results.

Thus, in the market economy, management focuses on the use of the internal potential of a business entity, and the economic rationale of management decisions. It requires modern analytical information processing techniques. Foreign companies consider analytical studies as an integral part of business activities. All important decisions are based on the detailed analysis of a problem. In the market conditions, small businesses are more flexible and dynamic. Small businesses provide the market with goods and services, contribute to the employment, i.e., solve a number of crucial economic and social problems (Small and medium-sized entrepreneurship in Russia, 2017).

3. Research Questions

With a 1,6-fold increase in the number of business entities over the last seven years, the number of unprofitable business entities increased 1.6-fold. In other words, the share of unprofitable organizations does not decrease. It amounts to about 20 % of the total number of small enterprises. Similar trends are typical of the individual entrepreneurship. In Russia, the number of closed individual and farm enterprises is significant and exceeds the number of registered ones. According to the Russian Statistics Agency, only 3.4% of small enterprises conduct business for more than three years.

Russian small business is characterized by a low number of employees per one business entity. According to research, while the acceptable number of employees is 15 people, the actual average number is 3–5 times smaller. Small enterprises with an acceptable number of up to 100 people have 83–85 employees. Thus, many categories of small businesses are micro enterprises (Sinyaeva, Dodorina, & Gerasimova, 2013).

Small business is a social, legal and economic category including legal entities and individual entrepreneurs with a small number of employees and low incomes. According to the legislation, small business is a type of entrepreneurship characterized by a small number of employees (up to 100 people),

average profit (up to 800 million rubles per year) (Kuznetsov, 2016), and equity. A distinctive feature of small businesses is their organizational form, average number of employees and a maximum profit rate.

A decrease or an increase in the average number of personnel can generate situations when the company does not meet criteria of a small enterprise. This will change the legal status of the company, reporting procedures and the tax base. The latter directly affects the level of income, and profitability.

In order to eliminate these problems, it is important to improve the staff management efficiency in small businesses.

In general, staff management is a targeted impact on staff in order to use their resources. Staff management involves planning, organization and control of various activities aimed at achieving company goals and respecting staff goals and interests.

If the staff goals are not achieved, the employee will search for a new job. It causes the staff turnover. The staff turnover is the number of employees quitting the job for a certain period. The staff turnover rate describes the number of employees who leave the company compared to the number of people who continue working. It is undesirable to have a high turnover rate. This means that the office consists of new employees who have no experience in working for this company. As a result, new employees need training which can be expensive and time consuming (Small business in Russia: figures and facts, 2020).

There are several types of staff turnover: internal and external, voluntary and involuntary. The staff turnover rate can be reduced by expanding opportunities for career advancement, increasing salaries and benefits. There are several types of the staff turnover. For example, the internal staff turnover refers to employees who leave one position to move to another one within one company. The lack of benefits (paid holiday, medical insurance and retirement plans) can increase the staff turnover rate. In addition, employees want to feel invaluable, so it is necessary to inform them of company projects, train, praise, satisfy their professional needs (Figure 01).

Along with promotion opportunities, these aspects can reduce the staff turnover rate and company operational costs in the long run. There are the following causes of the staff turnover (Ivashko, 2017):
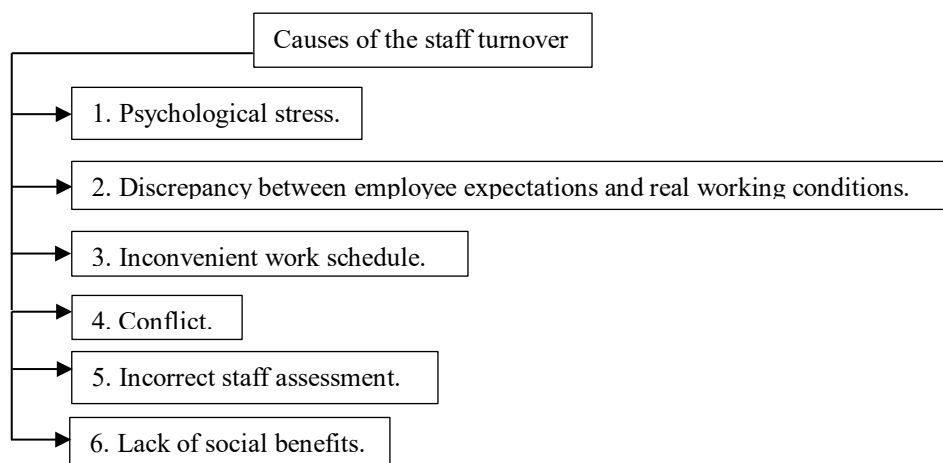

Figure 01. Causes of the staff turnover

It is necessary to develop and implement labor pool programs. The staff turnover increases costs for in addition (Figure 02), the volume of production (sales of goods, services rendered) might decrease (Zhangalieva, 2016).
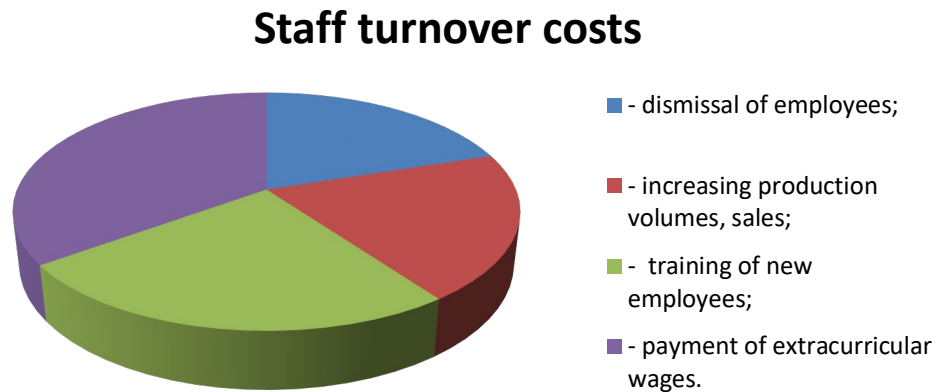
Staff turnover costs

- dismissal of employees;

- increasing production volumes, sales;

- training of new employees;

- payment of extracurricular wages.

Figure 02. Staff turnover costs

Some authors believe that the staff turnover has both negative and positive effects on business. Possible risks for small enterprises are a decrease in performance of workers (inefficient workers do not quit their jobs), a technological lag (there is no influx of new ideas and technologies, employees are not in demand in the labor market), "synchronous aging", wavy dismissal of employees, and payroll inflation.

For small businesses, the average staff turnover rate causes moderate expenses for staff selection and adaptation, and reduces labor productivity.

The high staff turnover rate decreases productivity, increases costs for selection and adaptation, causes loss of management continuity (if the staff turnover affects the management team), reduces company's ability to implement a long-term strategy and motivate employees for long-term goals.

Thus, analysis of the staff turnover rate is important for small businesses as it reveals the problems of staff, identifies promising directions for development of staff management in order to eliminate financial, legal and organizational risks. Small businesses have to develop and implement measures to improve working conditions, enhance motivation for efficient work and reduce the staff turnover rate.

Economic instability, crisis phenomena in the economy change the external environment of business entities associated with availability of funds and real estate objects, staff performance, behavior of buyers and suppliers, and administrative and criminal pressure.

Therefore, it is necessary to identify causes of the current situation, and use possibilities of analytical data processing when making management decisions (Idigova, Yusupova, Salgiriyev, & Eskerkhanov, 2015).

The most important features of the economy are quality of information and analytical support for businesses which have a significant impact on social and economic development of society. According to international experience, this issue is a mandatory strategic attribute that helps increase business efficiency. For foreign businesses, analysis is an important and integral part of business activities. Crucial management decisions are preceded by in-depth and detailed research.

In Russia, business analysis is less widespread. Some analytical functions are distributed between departments. In practice, they are often reduced to control functions or financial analysis. However, businesses, especially small ones, need information on causes of business problems, ways for further development with minimum risks (Figure 03).

Insufficient use of business analysis opportunities is due to the underestimation which is especially characteristic of small enterprises and the lack of qualified analysts possessing business analysis techniques recognized by the world analytical practice, etc (Table 01). However, the underestimation of business analysis decreases business competitiveness (Analytical data on small business, 2020).

Table 01. Key performance indicators of small enterprises of the Russian Federation from 2016 to 2018

	Number of enterprises, units	Average number of employees, people		Turnover of enterprises, thousand roubles.			Investments in fixed assets (in terms of new and acquired fixed assets for imports), thousand roubles.
		Total	From it the average number of employees of payroll (without external part-time workers)	Total	Including:		
					Goods of own production were shipped, works and services were performed on their own	Sold goods of non-production	
2016 г.							
Krasnoyarsk region	3560	103516	99877	346486028	178127445	168358583	8074257
Irkutsk region	2439	77135	73210	262024048	113290918	148733131	1113329
Kemerovo region	2724	100373	95774	159978984	84022803	75956181	8084219
Novosibirsk region	4010	124010	118788	485268345	178233036	307035309	13877328
The Republic of Buryatia	618	17487	16167	35107318	17014256	18093062	408944
2017 г.							
Krasnoyarsk region	4169	116894	113063	397510530	192544057	204966473	6367626
Irkutsk region	3465	102106	96210	357695071	153034345	204660726	3146392
Kemerovo region	3283	113769	106244	211309850	109266163	102043687	13066985
Novosibirsk region	6476	178462	170130	628566716	250780479	377786237	12866821
The Republic of Buryatia	760	18221	16945	41009556	20607636	20401920	696336
2018 г.							
Krasnoyarsk region	3899	115805	109747	457088995	166532839	290556156	3125711
Irkutsk region	3292	97367	90647	342533169	147554910	194978259	2944430

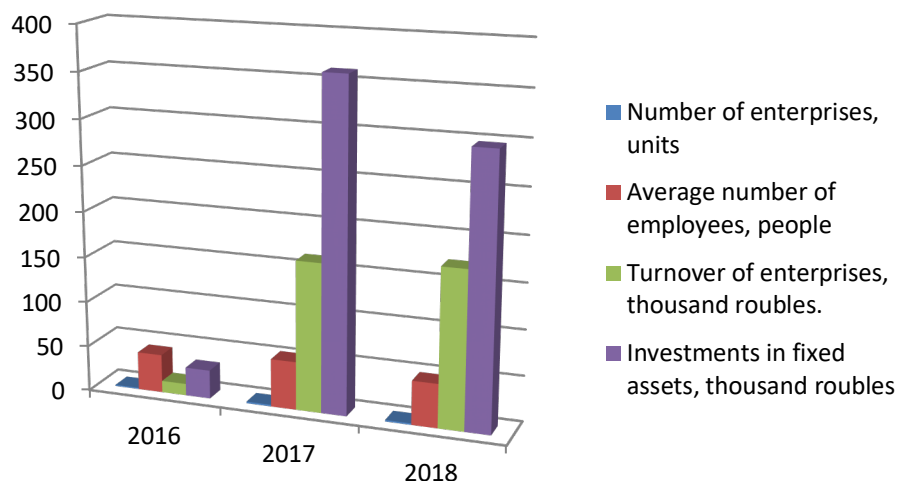|						
Kemerovo region	2917	95472	88317	212324141	114572257	97751884	13500709
Novosibirsk region	6057	157798	150192	675547264	272025025	403522239	9712612
The Republic of Buryatia	634	16514	15700	40704211	19335917	21368294	428060

Figure 03. Diagram of the performance of small enterprises of the Russian Federation

4.   Purpose of the Study

Analysis of the current state of informatization of small businesses and features of implementation. Taking into account theoretical aspects of staff management, effects of the staff turnover on the current state and dynamics of development of small businesses were analyzed.

5.   Research Methods

In the course of studying this issue, the directions of small business development in the Russian Federation were considered. Methods for studying theoretical material – the study and synthesis of material, analysis and synthesis. These research methods allow to conduct a study of the collected facts, develop concepts and judgments, draw conclusions and theoretical generalizations of this study, namely, analyze the direction of small business development in the Russian Federation. Identify the problems and prospects of small business development in the Russian Federation.

6.   Findings

Over the last years, in Russia and abroad, business analysis has become an integral part of business activities. It aims at implementing changes that will be beneficial for the business entity by identifying needs and justifying solutions and describing ways to implement these changes (Rybalkina, 2012). Business analysis helps identify true causes of business problems and develop and implement programs for solving these problems. If there are no problems, business analysis can develop rational strategic directions for further development.

7. Conclusion

There are 50 business analysis techniques. The business analyst must have a flexible mindset, an ability to choose one or another research method that ensures effectiveness in each specific situation. A mandatory business analysis procedure is business efficiency assessment. It ensures usefulness and practical significance of the business analysis methods (Mikhaylova & Popova, 2015). Business risks have to be analyzed and assessed. Business analysis methods allow for assessment of business risks. Thus, in addition to continuous monitoring as an analytical basis for timely identification of problems, systematic business analysis allows for identification and assessment of business risks and threats and development of measures aimed at eliminating them.

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