

# *The quality of human resources and the small business of the Tatarstan republic: Interrelation and interdependence*

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**Abstract** — The article deals with the relevant issue of defining interdependence of human resources quality and development of the small business in the Republic of Tatarstan. A comparative analysis of countries was carried out based on global competitiveness, innovations development and favorable business conditions which shows that they have a connection with effectiveness of national educational systems. The analysis of the structure of the Volga Federal District as one of the federal subjects of Russia demonstrates that Tatarstan is an economically developed region and a leader in number of small-scale businesses including the number of employed personnel. It is shown that one of the problems of small business development in Tatarstan is lack of certain skills and qualifications both for workers and for businesses and necessity of human resources with high quality educational potential for a small business to maintain the leadership positions. To provide small business with highly qualified personnel measures have been proposed that are focused on improving quality criteria of human resources and ensuring the effective functioning of the educational environment, which are based on the interconnection of small business and educational institutions in terms of joint participation in the training of graduates on the principles of competence-based approach and quality of educational activity. Projections both for the growth in number of small enterprises and for the growth in number of people employed are a condition for fast decision-making to improve the quality of human resources at the request of society.

**Keywords** — *small business, human resources, quality, education, potential, growth, economy, the Republic of Tatarstan*

## I. INTRODUCTION

Issues of efficient use of human resources take on particular significance in current environment of economic development. Market relations and competition for limited

effective demand pose the challenges for small businesses of ensuring survival together with tasks of ensuring stable operation by analyzing business success based on an assessment of key factors, one of which is quality indicators of human resources. [1]

Today the human resource is estimated to be quite expensive because despite the transition to unmanned technologies it is a small business that reacts flexibly to market demands and requires special staff qualifications. Even in cases where a small business uses expensive equipment in its operations, the company cannot receive the expected income and costs cannot be justified without a qualified employee who is able to organize work of equipment. [2]

Today, as never before, the small business sector understands that only creative and initiative personnel with high qualifications, professionalism, entrepreneurial abilities and ability to innovations can solve on regular basis such issues as economic development on the principles of quality and competitiveness. [3]

Thus, the definition of indicators of the interrelation and interdependence of small business with the qualitative criteria of human resources actualizes this research as a condition ensuring the development of small business in a strategic aspect.

## II. MATERIALS AND METHODS (MODEL)

The methodological basis for solving problems of the research was design modeling, which was based on tools of quality control, process and system approaches, materials of the State Statistics Committee of the Russian Federation and the Republic of Tatarstan.

Practical aspects of the research can be orienting points in determining the role and participation of human resources in small business in promoting innovative ideas, thereby ensuring its development, they will serve as the basis for organizing a system of human resources management in small business, including the qualitative aspects of the functioning of this system.

**III. RESULTS AND DISCUSSION**

A. The use of human resource has been and remains one of the most important decision of concern for human resource management especially to ensure the effective operation of small businesses in terms of providing them with human resources with entrepreneurial risk-taking abilities, able to make management decisions in case of uncertainty and generally meet the requirements of modern entrepreneurship. [4]

Small business as a social phenomenon in society emerged as:

- A regular manifestation of objective economic laws;
- The basis for stability and prosperity of the population
- The program for developing new product of works, services with consumer value;
- The process of meeting the needs growing on the regular basis;
- The process of combining production factors in order to obtain the effect of using the resources available to achieve the best results

Consequently, a small business can be considered from two positions: as a phenomenon reflecting relations connected with business and as a process creating value for consumers.

The share of GDP provided by small businesses shows its importance for the country’s economy, and its level of development – the country’s adaptive capacity in a dynamically changing environment, the ability to provide indicators of population employment and economic growth.

Taking into consideration a value of a small business in the economy and its sufficient vulnerability, the qualitative criteria of human resources are priority for it. An analysis of staff will be required for the selection of personnel with leadership qualities according to the criteria for the performance of functional duties and performance indicators, including analysis and estimation of the individual behavior and other characteristics that meet the requirements of small business. Carrying out such analysis both for an individual employee and for the staff as a whole is aimed at seeing that set of tasks which allows to determine the business priorities in the future within the framework of programmed results achieving.

B. The interdependence and connection of indicators of quality criteria of human resources with indicators of small business development can be seen on the example of countries efficiency rating of the education system and indicators

characterizing the development of innovations, favorable conditions for small business, global competitiveness.

Tab. 1 presents the data on the countries that occupy the leading positions in rating indicators for the national education systems and indicators characterizing the development of business in them, in comparison with Russia.

**TABLE I. COMPARATIVE CHARACTERISTICS OF THE RATING INDICATORS OF LEADING CONUTRIES [8]**

<b>A country</b>	The rating of counties , a place			
	<i>Efficiency of national education al system</i>	favorable terms running a small business	Level of the innovativ e developm ent	Globa l comp etitive ness
The USA	1	8	4	2
Switzer-land	2	31	1	1
Denmark	3	3	6	12
Great Britain	4	7	5	8
Sweden	5	9	2	7
Russia	34	40	45	38

As follows from the data presented in Table 1 countries with high rating of national education system efficiency have the same high business development ratings, with a few exceptions, e.g. Switzerland, which occupies 31<sup>st</sup> place in terms of doing business, but ranks 1-2 places in all other indicators. Indeed Switzerland is a country of small and medium-sized business, marked as the best place for innovation, stable by living standard. However, the development of small business faces the challenges of globalization, acceleration of start-up cycles and more innovative products. Many small firms having reached capacity face the problem of production distribution due to the limited capacity of the national market. This explains the existing imbalance between the studied parameters.

Regarding the Russian practice it should be noted that having 34<sup>th</sup> place in the efficiency rating of the education system, the ranking of business indicators is much lower, for example, only 45<sup>th</sup> place in innovation development. This suggests that the existing education system is not sufficiently business-oriented and should be revived, i.e. refocus on improving the quality of educational activities.

C. Small and medium business in the Republic of Tatarstan is developing rapidly. Considering the structure of the Volga Federal District (VFD) in the number of small businesses it should be noted that Tatarstan is among the leaders in number of small enterprises (the share of Tatarstan in the Volga Federal district - 16%, Samara Oblast on the second position - 15%, in the third position of Nizhny Novgorod Oblast - 14,96) including the number of employees in small businesses (the share of employment in RT the structure of VFD - 26,2%, in the second position of the

Nizhny Novgorod oblast of 24.2%, Samara oblast 24.2 per cent in third place, closest neighbor the Republic of Bashkortostan, which is still in the fourth position with employment - 19%) this confirms that the Republic of Tatarstan is the most economically developed region of Russia, the infrastructure which is focused on breakthrough high-tech innovations, from generating ideas to commercial implementation of the developed innovations. [10].

The main problems faced by small businesses in the Republic of Tatarstan can be grouped into two groups:

- the first is infrastructure problem, which include: the high rental risk, interest on loans, weak integrated approach to supporting start-ups, the administrative processes for agreements and permits registration, lack of access to information resources in terms of new opportunities, the lack of competition among the students in the small business sector, the risks of investment projects in small business;
- the second problem is lack of qualified human resources with high educational potential, lack of training courses for young entrepreneurs.[11].

To maintain the position of the Republic of Tatarstan, small businesses need human resources with high quality educational potential. Unfortunately, it should be noted that despite the existing potential of the republic within the framework of the availability of educational institutions that train a sufficient number of highly qualified specialists for various industries, most of them are not employed in their profession and a large proportion of jobs remain unfilled, and many graduates enter the labor market looking for an interesting job in every way. The reason for this is the lack of early stages of career guidance and the choice of training programs agreed by parents, friends, and in no way, not their own interests. [12]. Today our society needs the specialists, qualified in further independent life activity, who are competent for solving practically important and professional problems.[13]

**D.** The analysis and assessment of the state of small business in relation to the indicators of human resources efficiency showed the possibility of making proposals to improve the organization of management of qualitative criteria of human resources to provide small businesses with highly qualified personnel.

Organizational activities include two parts:

1. Tools to improve quality criteria of human resources.
2. Performance and efficiency indicators of educational environment.

The first group of the activities includes:

- small business participation in the motivation of future specialists to acquire high-quality knowledge: the employer of a small business motivates the learner by providing its own requirements to quality of knowledge, that is the employer is involved in targeted training, not only with the position requirements, but also in terms of tuition or as a whole, or in part. Employer-sponsored student, signed

a contract with a future employer, which denotes the conditions for interaction of the future graduate and the employer regarding the specific requirements for the educational level of the future specialist. The student himself during training will not think about the place of his/her job, because he/she knows where he/she will go to work after training, this position is already waiting for him/her and a good level of wages is provided, but on condition of his professional competence;

- participation of small business in the preparation of educational programs: that is, joint participation in the preparation of educational programs will allow to coordinate the quality criteria of the graduate by education, since in this case it becomes focused on the needs of the business;
- participation of small businesses with periodic monitoring of the quality of educational activities and the graduate himself on exams;
- small business participation in the supplying classrooms with equipment and other means for full educational process, including providing a place for passing all kinds of practices;
- small business participation in the selection of highly qualified educators, teachers, researchers, scientists, reliable and high-quality information systems, modern literature;
- small business participation in the formation of an application for number of specialists on its request.

The second group of the activities include:

- cost optimization per student per year: by the state, by small enterprises, by households;
- optimization of incomes of the population: staff salaries are average for small enterprises
- household income optimization: staff salaries are half value for enterprises of small businesses depending on the level of education;
- decrease in the level of unemployed: decrease in the number of unemployed people with higher and secondary vocational education;
- increasing the number of innovative products through the involvement of educational and research institutions in the preparation of competent specialists.

Implementation of the proposed measures will certainly require solving a number of problems, for example, taking risks into account, finding financing for costs from additional sources, organizing new forms of education, so-called practice-oriented ones and others.

The measures are based on a quality management tool in the form of a decision chart.

In order to minimize possible risks, corrective measures are provided, for example, inculcating vocational guidance during events held in the leisure sector, for example, visiting new equipment and technology exhibitions, excursions, participating in scientific forums, conferences, grants,

competitions with company visits, organizations, meetings with employers, approbation at workplaces and other events that contribute to the professional orientation and interest of the future graduate.

In continuation of corrective measures, we will consider data on forecasting the growth rate of the number of small-scale enterprises in Tatarstan and their turnover. First of all, an increase in the share of the number of small enterprises per 1000 population is expected to 91654 by 2020 (Fig. 1).

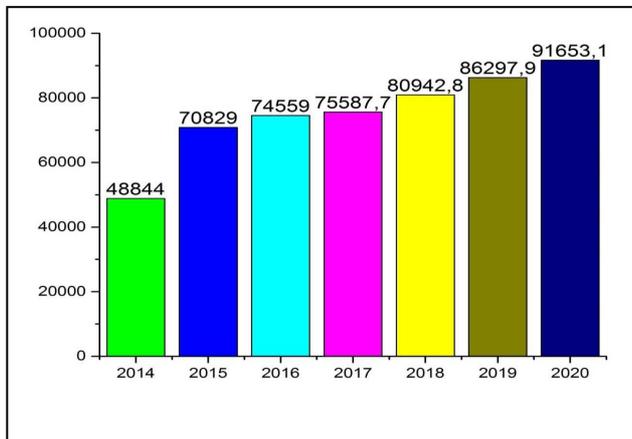


Fig. 1. Growth in the number of small enterprises in Tatarstan (2020 year – the forecast)

As it can be seen from the data presented in Figure 1, the planned indicator will be reached in 2020. In our opinion, obtaining such a result in the forecast is associated not only with an increase in the number of small enterprises, but also with the growth of graduates with both higher and secondary vocational education with the constant support of the state.

To increase the demand for the consumption of manufactured products, small enterprises need to increase the turnover of manufactured products (Fig. 2).

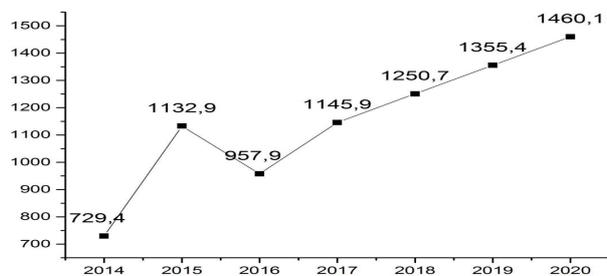


Fig. 2. Dynamics of turnover of small business(2020 year – the forecast), million of rubles

The data presented in Fig. 2. shows that, the dynamics of turnover of small enterprises after its fall in 2016 has a positive dynamics of growth. According to the forecast data, in 2020 the turnover will reach the planned indicators and amount to 1,460 million rubles, that is, an increase in 2020 will be 17% compared with 2018, with an average annual growth rate of 8%.

It is necessary to emphasize that the share of small business in the turnover of all enterprises is low; in this

connection, the government pursues a definite goal for the development of the small business sector — it is a gradual transformation of small business into a medium one. [14]

The following problems should be solved as a whole for the development of small enterprises:

- to coordinate the activities of state organizations involved in supporting small business to improve the practice of using infrastructure tools and institutions to support small business in the Republic of Tatarstan;

- to provide adequate financial support in terms of volume and timing, as well as strengthen cooperation between the state, the banking sector and small business representatives;

- to implement an integrated approach in the application of state support measures to small businesses depending on the scope of their activities, including support for research and development or leasing of high-tech equipment and manufacturing.

Another element of small business support at the state level is a national education system, the focused support of which is the direct support of the small business sector in the recognition of education as a key factor in ensuring the quality of human resources and it can be concluded that this recognition will allow to ensure the strategic development of business of the small form in the Republic of Tatarstan.

#### IV. CONCLUSION

- Small business is capable of solving the pressing problems of meeting ever-increasing needs, flexibly reacting to market conditions, due to its mobility, without requiring any special expenses and having the opportunity to cooperate with its own kind. In this regard, it should be noted that people are the key resource for small business development, where the desire and entrepreneurial skills of business founders are the necessary conditions for in business development; furthermore the business founder must be knowledgeable, able and thinking in market economy conditions. To implement these conditions, a business organizer needs education and, of course, human resources capable of realizing the business organizer's intentions.
- Comparative analysis of indicators characterizing the development of a small business and the quality of human resources showed that the effectiveness of the national education system directly determines the dependence with such factors as innovations development, global competitiveness and conditions favorable for business and its development. Russia has a chance to raise all indicators in the rating to a higher level and for this the main attention should be paid to the development of the Russian education system from the perspective of organizing the educational process based on quality criteria, managing it at the system level using quality management tools.
- The rapid pace of small business performance in the republic showed good results, according to which Tatarstan took the first positions among other agents of

the Volga Federal District in the number of small business enterprises and in the number of employees working for them, ahead of both close neighbors, the Samara and Nizhny Novgorod Oblasts, the Republic of Bashkortostan, positioning themselves as an economically developed and breakthrough region in innovations. However, to ensure the sustainable and purposeful activity of small business enterprises, qualified personnel to a greater extent with sound academic background and entrepreneurial skills are required.

- D. For the purpose of interdependence of small business and the quality of human resources, activities have been proposed that focus on the active participation of small business in motivating the future specialist to acquire high-quality knowledge, in compiling educational programs, while periodically monitoring the quality of educational activities and monitoring the examination of graduate, in selecting highly qualified teachers, and teachers, researchers, scientists, reliable and high-quality information systems, modern literature. Economically, this will result in optimizing the costs of training, optimizing the incomes of the population, and increasing the number of innovative products by involving educational and research institutions in the training of competent specialists.

The growth in the number of small enterprises and the growth in the number of people employed at small enterprises optimize the implementation of the proposed measures.

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