

# *Comparative characteristics of program methods and spheres of social and economic development of small and medium sized enterprises in the regions of the Ural Federal District*

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**Abstract** — The paper presents a comparative analysis of representation of small and medium sized enterprises (SMEs) in the state programs of each region of the Ural Federal District based on the state programs being implemented in the regions of the Ural Federal District (UFD), subject to federal orientations of state programs. Particular attention is given to program-based support methods and to the spheres of social and economic development of SMEs. It reveals the methods used to support SMEs in most state programs and the spheres of social and economic development of SMEs that are common to most UFD regions. It is concluded that regional structures of SMEs development spheres reflect the specific nature of social and economic development in UFD regions

**Keywords** — *SMEs, methods of support for SMEs, regions of the Ural Federal District*

## I. INTRODUCTION

Creation of a highly competitive environment that would stimulate business activity is one of the directions for Russia's transition to the innovative socially-oriented type of economic development, as outlined in the Concept of Long-Term Social and Economic Development of Russia up to 2020, approved by the Russian Government decree No. 1662-r on November 17, 2008. As it is the business that is the main driving force of economic development, the state must create the conditions and incentives necessary for its development.

The main legislative act that establishes the basis for development of small and medium sized enterprises (SMEs) in the Russian Federation is the Federal Law No. 209-FZ "On the

Development of Small and Medium Sized Enterprises in the Russian Federation" of July 24, 2007, where the support for SMEs means the policy of federal and regional public authorities, as well as organizations forming the SMEs support infrastructure aimed at SMEs development in accordance with the state-run programs that include activities focused on SMEs development. This makes state programs one of the main tools to support SMEs development.

According to the "Procedure for the Development, Implementation, and Evaluation of the Effectiveness of State Programs of the Russian Federation," approved by Decree No. 588 of the Government of the Russian Federation on August 2, 2010, the state program of the Russian Federation means a strategic planning document that contains a set of planned activities with interconnected objectives, timing, responsible parties and resources, and public policy instruments ensuring that priorities and goals of state policy in the sphere of social and economic development and protection of national security of the Russian Federation are achieved as part of implementation of key government functions. The concept of the state program of a constituent entity of the Russian Federation is fixed in the Federal Law No. 172-FZ "On Strategic Planning in the Russian Federation" of June 28, 2014. According to this document, state program of a constituent entity of the Russian Federation is a strategic planning document that contains a set of planned activities with interconnected objectives, timing, responsible parties and resources, and ensures that the goals and objectives of social and economic development of a constituent entity of the Russian Federation are achieved in the most efficient way.

Considering the fundamental role played by state programs in SMEs development, the relevant questions for the study will be to reveal how SMEs are represented in state programs of the regions of the Russian Federation and to compare regional support methods and the spheres of social and economic development of SMEs. The subject of the study is the state programs being implemented in the regions of the Ural Federal District (UFD).

## II. MATERIALS AND METHODS (MODEL)

The normative legal documents approving state programs and posted on the websites of the Governments and Departments of economic development of the UFD regions provided the initial data for analysis. During the content analysis of state programs in each UFD region the state programs affecting SMEs development were identified and studied, which demonstrated the representation of SMEs in the state programs of each UFD region. In addition, benchmark study of state programs affecting SME issues made it possible to identify similarities and differences in the applied SME-supporting program measures and in strategic orientations for the social and economic development of SMEs in each UFD region.

Aspects of implementation of basic forms and measures of state support for SMEs development at the regional level are well presented in scientific literature. A.G. Breusova discusses state programs as a tool to correlate costs to expected results. In the opinion of A.G. Breusova, "state programs provide an opportunity to take a comprehensive look at the work of agencies and to determine the role of agencies and their strategic mission in the development of territories, and also to correlate the territorial strategy, budget and programs at the agency level" [1, p. 129]. Authors of the joint monograph titled "Improving the mechanism of state support for small and medium sized enterprises", eds. V.V. Aleshchenko, V.V. Karpova et al, consider the mechanism of state support for SMEs as a set of three blocks, i.e. procedural and institutional, target-oriented, and functionally- and resource-oriented, and specify financial support as the most significant direction of state support for SMEs [7, p. 45]. The target-oriented method of state support for SMEs was also mentioned by A.P. Kireenko, L.V. Sanina [4, p. 118]. Measures of state support for the SME sector in different countries are discussed by A.V. Nurmukhametov, who specifies financial, infrastructural, and informational support, as well as consulting and export promotion, as the main tools. The author argues that the "governments of most countries in the world consider the promotion of SME development as the basis of state economic policy, initiating numerous state programs every year" [6, p. 87]. Authors E.A. Laricheva, E.N. Shevel, and O.V. Nikolaeva highlight such forms of state support for SMEs as cash grants, training, internships, easy-term leasing, use of business incubators, concessional/free outsourcing, concessional/free participation in exhibitions and fairs, grants [5, p. 28]. N.V. Zhukova divides measures in support of SMEs implemented in the Russian Federation into two groups: system-wide and resource measures. According to the author, system-wide support measures relate to legal regulation and affect such issues as taxation, award of government contracts, provision

of access to real estate, and reduction of administrative barriers, while the second group of measures is aimed at establishment of a multi-channel financial support system under which the SMEs will be able to receive both direct financial assistance and support from organizations making up the business support infrastructure [2, p. 26].

The authors agree with L.S. Kabir, I.M. Luzhkina. and L.N. Kudryavtseva in that "the measures formed within the framework of a single state program may not be sufficient in themselves to achieve the program's target unless they agree with and account for the impact of other programs on socio-economic development of the country's territories" [3, p. 23].

## III. RESULTS AND DISCUSSION

Representation of small and medium sized enterprises in the state programs of the UFD regions

Analysis of information from open sources in UFD regions demonstrated that at the level of state programs, the questions of support for and development of SMEs receive unequal attention across the UFD regions. State programs directly targeted at SMEs are being implemented in Kurgan, Tyumen, and Chelyabinsk regions. The leader in the number of state programs that in some way refer to SMEs is the Tyumen region – 20 out of 36 state programs are implemented there, which makes 56% of all state programs in the region. Then follow Sverdlovsk region where 18 of 29 state programs (62%) are represented, Khanty-Mansiysk autonomous district (KhMAO) with 17 of 26 state programs (65%), Yamalo-Nenets autonomous district (YNAO) with 14 out of 28 (50%), Chelyabinsk region with 13 out of 33 state programs (39%), and Kurgan region with 14 out of 43 state programs (33%). The breakdown of state programs related to SME support and development by federal orientations of state program is given in Table. 1. Note that UFD has no state programs related to SME support and development that would be in line with the federal orientation "National security protection".

Table 1. Breakdown of state programs in UFD regions in the context of small and medium sized enterprises by federal orientations of state programs, % of state programs

	I. New quality of life	II. Innovative development and modernization of economy	IV. Balanced regional development	V. Efficient governme nt	
Kurgan region	36	50	14	-	33
Sverdlovsk region	33	61	-	6	62
Tyumen region	40	50	5	5	56
KhMAO	53	41	-	6	65
Chelyabinsk region	54	46	-	-	39
YNAO	43	43	-	14	50
Total, % of state programs	43	49	3	5	49

From Table 1 it can be seen that prevailing part of state programs addressing SMEs development relates to the orientations such as "New quality of life" (43%) and "Innovative development and modernization of the economy" (49%). In general, 96 (49%) of all state programs in UFD (195 state programs altogether) address SMEs development.

One or two state programs largely affecting the support for and development of SMEs are implemented in each UFD region. In Kurgan region, it is the state program “On the development and support of small and medium sized enterprises in Kurgan region for 2014-2020”; in Sverdlovsk region, it is the state program “Enhancing investment attractiveness of Sverdlovsk region till 2020” (subprogram “Development of small and medium sized enterprises”) and “Development of industry and science in Sverdlovsk region till 2020”; in Tyumen region, it is the state program “Main directions of small and medium enterprise development” and “Development of industry, investment, and foreign economic activity” for the period up to 2020; in Khanty-Mansiysk autonomous district, it is the state program “Social and economic development, investments and innovations of the Khanty-Mansiysk autonomous district – Yugra for 2014-2020” and “Promotion of employment in the Khanty-Mansi autonomous district – Yugra for 2014-2020”; in Chelyabinsk region, it is the state program “Economic development and innovative economy of ‘Chelyabinsk region for 2016-2018” and “Improving the efficiency of youth policy implementation for 2015-2017” including a subprogram on the development of youth entrepreneurship; in Yamalo-Nenets autonomous district, it is the state program “Economic development and innovative economy for 2014-2020”.

Benchmark analysis of program measures in support of SMEs in UFD regions

According to Article 6 of the Law “On development of small and medium sized enterprises in the Russian Federation”, the SMEs development policy in the Russian Federation is a combination of legal, political, economical, social, informational, consulting, educational, organizational, and other measures. The law provides for such measures as special tax treatment, simplified bookkeeping and tax accounting rules and methods, statistical report preparation, preferential payment for privatized state and municipal property, special conditions for SMEs participation as suppliers (contractors) in procurement of goods, works, services for state and municipal needs, measures to ensure the rights and legitimate interests of SMEs in the course of state control (supervision), measures to ensure financial support, as well as measures to develop SMEs support infrastructure. It follows from Article 16 of the Law that the support for SMEs and organizations forming the SME support infrastructure includes financial, property, informational, consulting support, training, retraining, and upgrading of their employees, support in innovations and industrial production, craftsmanship, foreign economic and agricultural activities. In addition, the law provides that state authorities of the constituent entities of the Russian Federation, local authorities, are entitled to independently provide other forms of support from the budgets of the constituent entities of the Russian Federation, local budgets.

Let us discuss the measures presented in the regional state SMEs supporting programs across the UFD and the extent of measures in support of SMEs in each UFD region (Table 2).

Table 2. Representation of state measures in support of SMEs in UFD regions (% of state programs).

Type of SME support	Kurgan region	Sverdlovsk region	Tyumen region	KhMAO	Chelyabinsk region	YNAO	In total across UFD
Financial	64	50	50	88	39	71	60
Informational	57	22	55	88	62	71	58
Educational	43	28	50	59	46	36	44
Consulting	21	22	35	47	39	21	31
Support for exhibitions and trade fairs	21	17	35	24	15	36	25
Creation of SME support infrastructure	21	11	35	29	8	21	22
Organizational and methodological	21	28	5	18	31	29	21
Attracting investment	14	22	10	35	15	14	19
Legal	7	11	20	24	31	14	18
Innovations and industrial production	29	11	10	18	8	14	15
Property-related	14	6	20	18	8	14	14
Elimination of administrative barriers	21	6	5	12	15	7	10
Agricultural activities	7	11	15	12	8	7	10
Foreign economic activity	7	6	10	12	-	7	7
Craftsmanship	14	-	5	6	-	14	6
Improvement of oversight functions	7	6	5	-	8	7	5
Region's rating in terms of SME support	3	6	4	1	5	2	

From Table 2 it can be seen that financial, informational, and consulting support is included in most state programs addressing SMEs development in each UFD region. The region with the most pronounced program support for SMEs is KhMAO. In application of measures in support of SMEs, Sverdlovsk region lags behind other UFD regions.

Representation of SMEs in the spheres of social and economic development of UFD regions

Analysis of state programs in each UFD region revealed similarities and differences in those spheres of socio-economic development where SMEs are represented (Table 3).

Table 3. Spheres of socio-economic development.

Spheres of socio-economic development	Kurgan region	Sverdlovsk region	Tyumen region	KhMAO	Chelyabinsk region	YNAO
Production, processing, and storage of agricultural products	●	●	●	●	●	●
Manufacture of industrial products	●	●	●	●	●	●
Innovative activities of SMEs	●	●	●	●	●	●
Construction industry	●	●	●	●	●	●
Housing and public utilities	●	●	●	●	●	●
Healthcare services	●	●	●	●	●	●
Consumer services	●	●	●	●	●	●
Inbound and domestic tourism	●	●	●	●	●	●
Craftsmanship	●	●	●	●	●	●
Youth entrepreneurship	●	●	●	●	●	●
Hunting industry	●	●	●	●	●	●
Environmental business, natural resource management	●	●	●	●	●	●
Foreign economic activity	●	●	●	●	●	●
Trade and catering	●	●	●	●	●	●
Cultural services	●	●	●	●	●	●
Educational services	●	●	●	●	●	●
Sports services	●	●	●	●	●	●
Social services	●	●	●	●	●	●
Road transport services	●	●	●	●	●	●
Telecommunication services	●	●	●	●	●	●
Veterinary activity	●	●	●	●	●	●
Forestry, woodworking	●	●	●	●	●	●

From Table 3 it follows that the spheres of socio-economic development where SMEs are represented in all UFD regions are: agriculture, innovation, construction industry, housing and public utilities, youth entrepreneurship, trade, catering, and social services.

#### IV. CONCLUSION

From the analysis it can be concluded that there are state programs in each UFD region that address the development of SMEs with various degrees of representation. Across the UFD, SMEs are mentioned in 49% of state programs, of which the prevailing part refers to the orientations “New quality of life” (43%) and “Innovative development and modernization of economy” (49%). Among the program-based support measures for SMEs, financial, informational, and consulting support is provided for in the largest number of state programs in all UFD regions. The regional structures of SME development areas reflect the specific nature of social and economic development of UFD regions.

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