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## Methodological Manual To Evaluate The Functioning Of Small Business Ownership Structures.

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### ABSTRACT

The paper presents the results of a study of a small sector of the economy in the regional system. The group of factors in a territorial aspect is grounded according to the degree of influence on the business sphere. Indicates the main indicators of activity of small enterprises of the Southern Federal District. The structure of small business entities in the Krasnodar Territory by branches is investigated. Marked the place of the region by type of economic activity in the sectoral structure of the country and the federal district. The main directions of improving the functioning of small business ownership are proposed. On the basis of a comprehensive assessment of economic indicators, a local structure of the innovation system is proposed based on the interaction of educational structures, government bodies, and companies of the innovation environment.

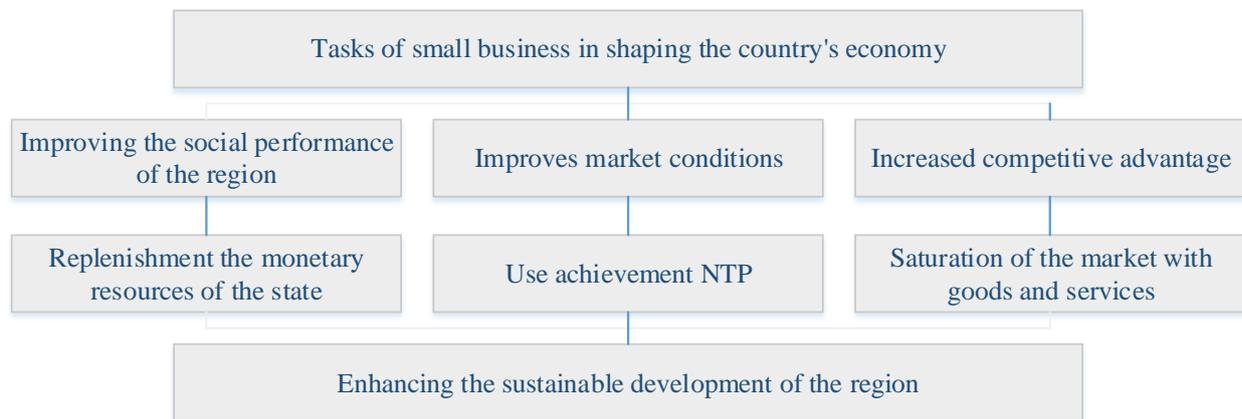
**Keywords:** small sector of the economy, efficiency, innovation structure, region.

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**INTRODUCTION**

Small business is a key link in the country's economy and without it the state will not be able to develop harmoniously. In addition to direct contributions to the budget from the income of companies, it creates jobs and is a source of income for the population. The consequences of the global financial crisis negatively affected the main economic indicators of the financial and economic activities of regional organizations, which necessitates a search for development directions that would take into account the modern requirements of the country's innovation strategy [5-11]. Based on the principles, methods of functioning of entrepreneurship, it is possible to highlight the following tasks relating to the functioning of a small sector of the economy.

The tasks of the small sector of the economy are listed in Figure 1.



**Figure 1: Tasks of small business in the regional economy formation**

**MATERIALS AND METHODS**

The conducted studies show the diversity of conditions affecting the effective functioning of the small sector of the economy. Depending on the regional affiliation, the operating conditions can be represented as follows (Table 1).

**Table 1: Factors that form the competitive environment the small sector of the economy**

National level	
Positive	Negative
The level of international exchange. The level of competition. Price regulation mechanisms.	Political instability. Custom barriers. The development of the shadow economy. The level of development of technology and technology.
Federal level	
Geographical location. The degree of efficiency of inter-farm relations. The state and degree of development of transport infrastructure. Competitiveness of domestic goods. Development of market infrastructure based on the creation of trading structures and expansion of the network of wholesale and retail trade.	The level of technological breakthrough. Investment attractiveness of federal districts. The level of interaction of market counterparties. The development of innovative, transport, commodity infrastructures.
Local level	
Feature of the sphere the production and circulation. Personal needs of society. The state of market conditions.	Inefficiency warehouse management, transport network. Limiting the capacity of the market. The level of effective demand. Competitiveness of

	regional commodity producers. Territorial distribution of production.
Microlevel	
The level of specialization and co-production. Biological capabilities, agrotechnological capabilities. Cultural and historical traditions.	The level of specialization and co-production. Biological capabilities, agrotechnological capabilities. Cultural and historical traditions. Natural and climatic conditions. Regional tax system. Information and analytical security. Credit and financial environment. Weak equipment of material and technical base. The degree of use of elements of scientific and technical base.

Using the factors presented, to assess the effectiveness of business development, you can use the following system of indicators. At the initial stage it is necessary to determine the degree of openness of the economy, based on the ratio of foreign trade turnover and the level of GDP:

$$O = \frac{E_n + I_n}{GDR}, \tag{1}$$

An integrated approach includes a group of indicators, on the basis of which it is possible to offer a rating assessment of the level of competitiveness of entrepreneurship. With reference to the small sector of the economy, the use of the Bennett method is quite legitimate:

$$S_i = \frac{1}{n_i - 1} - \sum_{j=1}^n \frac{A_{ij}}{\max_{m} A_{ij}}, \tag{2}$$

$A_{ij}$  – value  $i$  indicator in  $j$  region;  
 $m$  – number of region;  
 $n$  – number of indicator, available for this region.

For the evaluation method, a reference value is used, on the basis of which, we obtain an integral indicator:

$$S_i = \sum \frac{A_{ij}}{\max A_{ij}} = \sum a_i A_{ij}, \tag{3}$$

$$a_i = \frac{1}{\max A_{ij}}, \tag{4}$$

Further, the assessment uses an analysis of the potential of entrepreneurship and business activity.

To assess the entrepreneurial potential, it is advisable to calculate the market capacity:

$$Mc = \sum_i^n (V_{io} - C_h + V_{iu} + Z_i). \tag{5}$$

$V_{io}$  - the volume the products of domestic production of the  $i$ -th product;  
 $C_h$  - own production needs;  
 $V_{iu}$  - volume of imported products of the  $i$ -th product;  
 $Z_i$  - available inventory of  $i$ -th item;  
 $n$  - the number of  $i$ 's production units.

### RESULTS AND DISCUSSION

The Government of the Russian Federation in every way provides support for the development and operation of the small sector of the economy with the help of various government programs.

Subsidies paid by the state to the small sector of the economy are presented in table 2.

**Table 2: Subsidies distribution for state support of small and medium enterprises in the Southern Federal District, thousand rubles.**

Indicator	2015	2016	2017	Absolute deviation, "+, -"
Krasnodar region	-	375086,3	252325,0	252325,0
Rostov region	-	282936,9	264345,9	264345,9
Republic of Adygea	80000,0	30384,2	209061,5	129061,5
Republic of Kalmykia	-	17112,5	16936,2	16936,2
Total through out Russia	1624500,0	9612914,0	7513983,2	5889483,2

On the basis of the data presented in Table 2, it can be seen that, compared to 2016. in 2017, the number of funds invested in the small sector of the economy increased significantly. Thus, in the Krasnodar Territory, the number of investments increased by 252,325 thousand rubles, in the Rostov region by 264,345.9 thousand rubles, in the Republic of Adygea by 129061.5 thousand rubles, in the Republic of Kalmykia by 16,936.2 thousand rubles. Total for the whole of the Russian Federation the number of subsidies paid to support the functioning of the small sector of the economy increased by 5,889,483.2 thousand rubles.

In this regard, it is possible to track the positive dynamics in the main indicators of the small sector in the Southern Federal District (Table 3)

**Table 3: Key performance indicators of small enterprises in the Southern Federal District**

Indicators	Number of small enterprises (at the end of the year), th.		Absolute deviation (+, -)	Growth rate, %	The average number of employees (without external part-timers) thousand people.		Absolute deviation (+, -)	Growth rate, %	Proceeds from the sale of goods (works, services) of small enterprises, billion rubles		Absolute deviation (+, -)	Growth rate, %
	2010	2017			2010	2017			2010	2017		
Southern Federal District	135,3	177,4	42,1	131,1	703,6	826,9	123,3	117,5	1325,3	2816,5	1491,2	212,5
Republic of Adygea	3,4	4,2	0,8	123,5	21,4	22,4	1	104,7	32,0	54,7	22,7	170,9
Republic of Kalmykia	1,6	1,8	0,2	112,5	8,4	8,5	0,1	101,2	9,4	19,3	9,9	205,3
Krasnodar region	56,5	81,8	25,3	144,8	321,3	343,4	22,1	106,9	514,6	1297,1	782,5	252,1
Astrakhan region	9,7	10,3	0,6	106,2	56,1	48,6	-7,5	86,6	54,0	112,7	58,7	208,7
Volgograd region	26,7	31,4	4,7	117,6	11,4	138,6	127,2	1215,8	229,7	438,2	208,5	190,8
Rostov region	37,4	47,9	10,5	128,1	285,0	265,4	-19,6	93,1	485,6	894,5	408,9	184,2

Based on the data presented in Table 3, it can be seen that throughout the SFD, the number of small enterprises (at the end of the year) in 2017 compared to 2010 increased by 42.1 thousand or 31.1%. The average number of employees in the Southern Federal District increased by 123.3 thousand people or by 17.5%, which contributes to the reduction of unemployment, revenue from the sale of goods (work, services) of small enterprises increased by 1,491.2 billion rubles. or by 112.5%, which contributes to an increase in tax revenues to various levels of the RF budget. In the Krasnodar Territory, the number of small enterprises (at the

end of the year) increased by 25.3 thousand, or 44.8%. The average number of employees increased by 22.1 thousand people, or by 6.9%. Proceeds from the sale of goods (works, services) of small enterprises increased by 782.5 billion rubles, or by 152.1%.

Krasnodar Territory occupies a leading position on the above indicators in the Southern Federal District.

The structure of small business entities in the Krasnodar Territory by industry is presented in Figure 2.

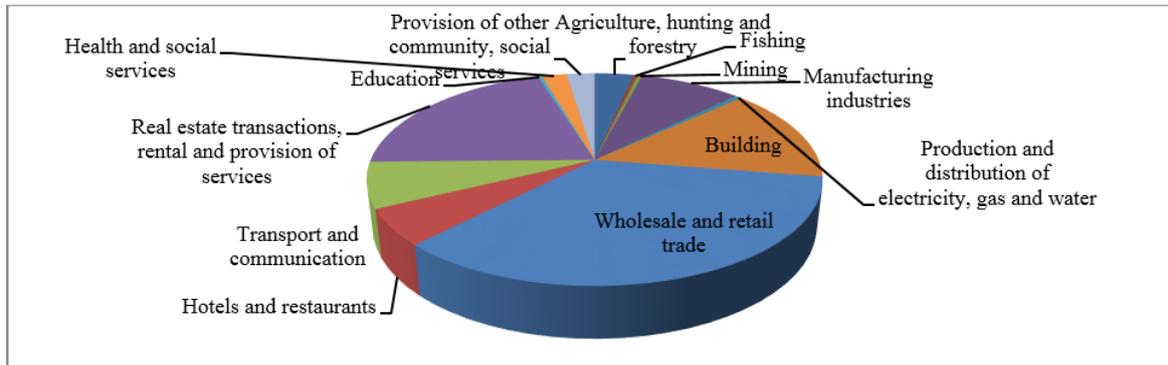


Figure 2: Structure by branches of small business entities in the Krasnodar region

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A total of 81783 small businesses are registered in the Krasnodar Territory. Of these, 2687 organizations are engaged in agriculture, hunting, and forestry. Fisheries and fish farming 246 organizations. Minerals mining 342 organizations. The processing production of 6892 organizations, the production and distribution of electricity, gas and water of 430 organizations, the construction of 11601 enterprises, wholesale

and retail trade; repair of motor vehicles, motorcycles, household goods and personal items 27979 organizations, hotels, and restaurants 4439 organization, transport and communications of 5617 organizations, operations with real estate, rent and provision of services 16494 organizations, 277 organizations are engaged in education, health and social services 1706 organizations, the provision of other utilities, social and personal services of 1913 organizations.

Comparison of the Krasnodar Territory by type of economic activity with the Southern Federal District and the Southern Federal District with the Russian Federation is presented in Table 4.

**Table 4: Number of small enterprises by economic activity in 2017**

Indicator	Krasnodar region	Southern Federal District	Russian Federation	Share of Krasnodar Region in the Southern Federal District	The proportion of the SFD in the Russian Federation
Total	81783	200250	2222372	40,8	9,0
Agriculture, hunting and forestry	2687	7590	56175	35,4	13,5
Fishing, fishfarming	246	607	4222	40,5	14,4
Mining	342	874	8607	39,1	10,2
Manufacturing industries	6892	18076	210500	38,1	8,6
Production and distribution of electricity, gas and water	430	1050	13738	41,0	7,6
Building	11601	25348	262732	45,8	9,6
Wholesale and retail trade; repair of motor vehicles, motorcycles, household goods and personal items	27979	69102	801767	40,5	8,6
Hotels and restaurants	4439	9873	67456	45,0	14,6
Transport and communication	5617	13171	153474	42,6	8,6
Real estate transactions, rental and provision of services	16494	42339	503849	39,0	8,4
Education	277	725	8076	38,2	9,0
Health and social services	1706	4088	37514	41,7	10,9
Provision of other community, social and personal services	1913	4700	60898	40,7	7,7

The enterprises of the Krasnodar Territory in the structure by type of economic activity in total account for 40.8% of the total amount of organizations in the Southern Federal District. In turn, the entire enterprise SFD occupy 9.0% of the total enterprises of the Russian Federation.

The largest share in the Krasnodar Territory in the structure of the Southern Federal District accounts for construction companies, namely, 45.8%, and the smallest - for enterprises of agriculture, hunting and forestry - 35.4%.

In the Southern Federal District, as part of the Russian Federation, the largest share belongs to hotels and restaurants - 14.6%, and the smallest - to the production and distribution of electricity, gas and water - 7.6%.

To improve the efficiency of the business sector in the region, it seems reasonable to move to an innovative development path. Entrepreneurial innovation sector will be the key to sustainable development of the region by socio-economic, technological parameters.

The variety of forms of innovation infrastructure allows organizations to expand and conquer new sectors of the market system. Therefore, the development in the region of the system of interaction between business structures, the state scientific sector and the structure of education will make it possible to reach a new level of development and increase the efficiency of financial and economic activities of the subjects.

### CONCLUSION

For the effective functioning of the small sector of the economy it is necessary:

- attract external and internal investments;
- improve government regulation;
- improve the skills of entrepreneurs in terms of organization and business management;
- to increase the efficiency of the infrastructure to support and develop small and medium businesses;
- ensure the availability of information;
- eliminate the shortcomings of the current legislation;
- implement the results of the NTP;
- increase funding for R & D.

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