

The Role and the Influence of Entrepreneurship on the Russian Economy

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Abstract

Entrepreneurship has always been and will continue to be the type of activity that is a cardinal source of income for a large number of people around the world, for entrepreneur and her employees too. Therefore, the entrepreneurship problem in modern Russian society is an actual topic and further research is essential to be conducted. The role of entrepreneurship in the Russian economy is assessed by many domestic and foreign authors and the studies have both theoretical and practical aspects to be taken into consideration. Entrepreneurship creates additional jobs, contribute to the country's GDP, increase tax revenues to the country's budget, etc. This article surmises that entrepreneurship is an integral part and a highlighting indicator of economic well-being and economic stability in Russia. In a modern state with a market economy, the role of entrepreneurship is of great importance. Many enterprises, namely from 50% to 80% of the total number can be attributed to the number of small and medium enterprises, that is, entrepreneurship. Any entrepreneur starts his activity with elementary foundations of entrepreneurship, and as a rule, the scale of activity of organizations is limited by the scope and minimum costs of doing business. Experiences of different countries also show that it is the development of entrepreneurship and their success that positively affects the development of the economic sphere within the country. Therefore, the role of entrepreneurship in the economy is considered seriously not only by the entrepreneurs themselves, but also primarily by state bodies of statistics and economic activity of the state on a primary level.

Keywords: Entrepreneurship, entrepreneurial activity, economics, economic sphere.

I. INTRODUCTION

The well-being population of the country, as well as the competitiveness of Russia on the international stage depends on how effectively entrepreneurship is developed within the country and on the number of tax revenues to state bodies of Russia. The relevance of the problem concerns the fact that modern structures of business are experiencing various kinds of complications and problems that need to be addressed on the state level with a thorough approach. Therefore, special programs in Russia are being created and launched to support small and medium-sized businesses, as well as to support large businesses in accordance with modern requirements in the sphere of economy. Therefore, there have been developed soft loans in Russia, shared participation of the state in the development of entrepreneurship, leasing of various premises and buildings creating the basis for the successful functioning of entrepreneurs within the country. It should be noted that around the effect of entrepreneurship on the Russian economy there are some researches. In the year of 2018, Russian entrepreneurship in terms of development and business activity has been studied and its role in national economy, by using the national entrepreneurial theoretical and practical basics has been investigated [4]. Besides, Zoltan et al., has considered the female entrepreneurship in developed and developing economies, using empirical studies [19].

II. METHODS

This article attempts to analyze Russian entrepreneurship in terms of development and business activity, as well as

The methodology of the study is based on the application of classical scientific methods and techniques, namely: systematic consideration of the object and subject of the study, dialectical logic, analysis and synthesis, methods of grouping,

comparison, generalization, which allows speaking about the complexity, integrity and reliability of the results of the study.

III. MAIN MATERIAL

Entrepreneurship is an independently discharged activity, carried out at your own risk and peril, aimed at making profit from the work offered and performed, services rendered, and goods sold.

Entrepreneurship must be registered in accordance with the law, in our case, in accordance with the laws of the Russian Federation. In the economic literature, several basic functions carried out by entrepreneurship are indicated [6]. So, entrepreneurship performs such functions, which are presented in Figure 1.

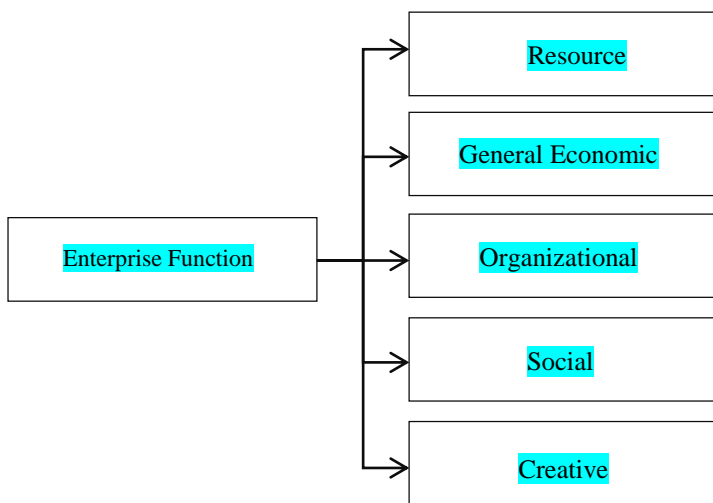


Fig. 1. The main functions of entrepreneurship

In a developed market economy, entrepreneurship as a system and set of entrepreneurial organizations, individual entrepreneurs, as well as complex associations of entrepreneurial organizations perform the above-mentioned functions, to which we attributed the general economic function, creative search, information function, resource, social and organizational function. The general economic function of entrepreneurship in a developed market economy is determined by the role played by individual entrepreneurs and entrepreneurial organizations as market entities. The essence of this function is that through the expenditure of various resources in the production of goods and services and presenting them to consumers, entrepreneur performs various works and services and can also sell various goods. The next function is a creative search or innovative function of entrepreneurship. That is, entrepreneurship is always associated with creativity, the search for new ideas for doing business and the entry into the market of those goods and services that are not presented on the market yet. The resource function of entrepreneurship is that entrepreneurship involves the highly efficient usage of all available resources in an organization. A social function can be expressed in the fact

that any capable individual is able to show its talents and abilities while creating its own effective, functioning business. Entrepreneurs that relate to the organization of their own business, their modernization and diversification [15] manifest the organizational function of entrepreneurship in the realization of independent management decisions.

The role of entrepreneurship is very important for a modern market economy. The transition of the Russian economy to market relations is directly related to the enhancement of entrepreneurship and entrepreneurial activity integral for the country's economic system. That is why modern economic science, among the main factors of production, together with land, labor and capital, distinguishes entrepreneurship. So, in terms of the economic development and social problems, small business in Russia is significantly inferior to small business in such developed countries as the USA, Japan, Germany, France and the others.

A condition for effective functioning of entrepreneurship in the country is - private property, which is, a developed system for supervising certain property through private ownership. Economic freedom of subjects expressed in the fact that every businessmen and citizen shall have the right for any production activity, use the technology, determine the direction of investing capital of theirs, to be able to acquire any resources, as well as the ability to start and cease certain things. The next condition for the effective functioning of entrepreneurship is competitive markets. Which is the state should provide antitrust laws and encourage competition [7; 10].

The next and essential factor in the development of entrepreneurship is economic incentives. The state should apply various sanctions and incentives regarding the development of small and medium-sized enterprises, as well as support, if necessary, large businesses. Also, the limitation of state intervention is one of the important conditions for the effective functioning of free enterprise.

It should be noted that in the conditions of the Russian Federation these conditions are preserved and the state annually tries to facilitate the work of entrepreneurs. While constantly introducing provisions in the legislative acts and regulatory documents on the support and development of small and medium-sized businesses as well as reducing the tax burden for such organizations and the opportunity of deferred payment when it is impossible to repay organizations' various debts [12].

Since small and medium-sized enterprises are deemed to be on a powerful lever for solving economic, social and political problems, it is necessary to consider the main indicators of SME activity in Russia in 2012–2019. In 2019, all small and medium-sized enterprises were registered in Russia - 6039.2 thousand units, including legal entities - 2817.51 units. In addition, individual entrepreneurs - 3221.7 units. Figure 2 shows the dynamics of legal entities registered as small and medium-sized businesses in Russia.

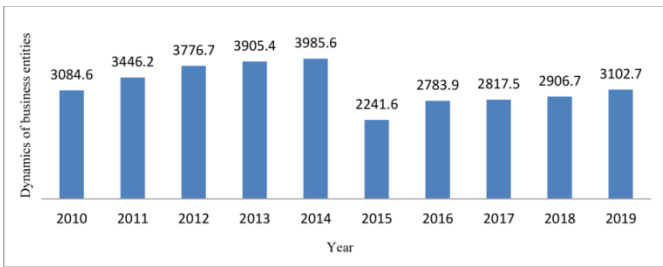


Fig. 2. Dynamics of business entities in Russia, in 2010-2019, in thousands of units

In connection with the crisis in the Russian economy in 2015-2016, the number of small and medium-sized businesses decreased by 15-20%, which are associated with a shortage of money from the population and minimization of profit from entrepreneurs and even with forfeits associated with minimal consumer demand [16].

After 2017, there was an increase in the number of small and medium-sized businesses, from 2817.5 units in 2017, up to 2906.7 units in 2018 and in 2019, the number of small and medium-sized businesses amounted to 3102.7 units.

Also, it should be noted that after the improvement in the economic situation in the country, the growth of entrepreneurs and organizations was re-registered, which began its operation in various industries, but most of all were registered organizations and entrepreneurs engaged in the fields such as public catering, providing various services and retail.

Consider the dynamics of the share of entrepreneurship (small and medium-sized businesses) in Russia's GDP for 2013, 2016, 2017, 2018 and 2019. In figure 3.

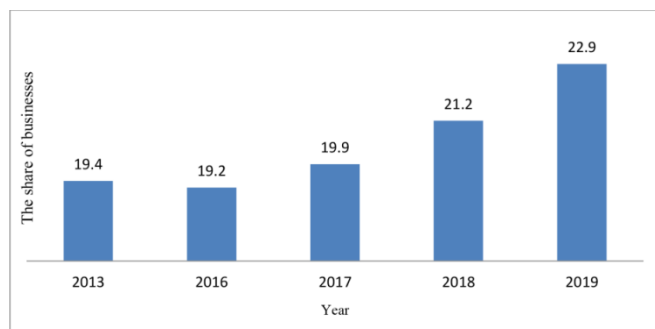


Fig. 3. The share of small and medium-sized businesses in Russia's GDP, %

In 2019, a significant increase of 1.7% in the share of SMEs in Russia's GDP is observed, which is a positive trend, while according to the Small Business Development Strategy, its share in GDP should increase up to 40% by 2030 [9].

Small and medium-sized business does not only increase the country's GDP, but also plays the role of a socio-economic indicator of the country's development. This unites the economy as a whole due to a quick reaction to changing market conditions. Since small and medium-sized businesses

are able to quickly meet the needs of the population and offer reasonable prices by entrepreneurs [3; 17]. Therefore, to develop small and medium-sized businesses is the primary task of state bodies in Russia.

The country has adopted a number of major national projects that contribute to the effective development of small and medium-sized businesses in Russia. One example of such central projects is the national project "Small and medium-sized enterprises and support of individual entrepreneurial initiative". This project describes the main mechanisms for the development of legal regulation of entrepreneurship; development of special microfinance institutions in the regions that contribute to business financing; Provision of advice and support for start-up entrepreneurs and other important components of business development in the territories and within the whole country [10; 8].

Constant crisis in the economy, the instability of Ruble in a certain way negatively affects business development. Such problems require an integrated approach to solve, since entrepreneurs themselves are not able to overcome the problems that arise.

Recently, also the imposition of sanctions by foreign states has contributed to the decline in the profitability rate of business in Russia and created barriers to its development not only within Russia, but also throughout the mine as a whole.

The main areas of development of entrepreneurship in Russia as following, presented in Fig. 4.

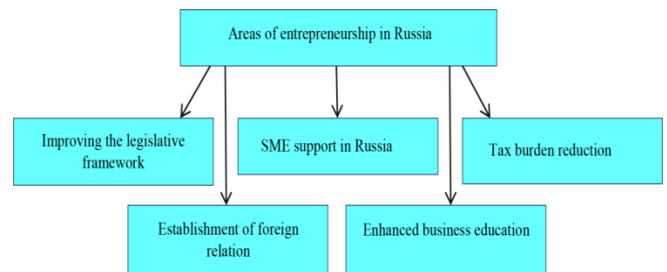


Fig. 4. The main directions of business development in Russia

Small and medium-sized enterprises can quickly fill in industries in which there are not enough workers and at the same time, introducing large organizations into such industries is irrational and sometimes considered as unprofitable. For example, a large business is aimed at mass production and does not contact directly with the buyer, and a small business produces products in minimal quantities and can independently sell its goods to the final consumer, which will be the most effective and advantageous. Advantages of creating new enterprises are:

- Increased competition - this effect is achieved by copying, development of a small-scale and specialized market, as well as areas which are inaccessible to large-scale production. In addition, this role holds back the monopolization of the market by large economic entities. Areas in which small and medium-

sized businesses cannot be completely included only heavy engineering and energy.

- The generation of innovative activity - this function is achieved through a rapid introduction of innovation in production and management. For example, in the US, small businesses are introducing 2.5 times more innovations than large businesses. The significant role of small and medium-sized businesses in applied science and technological innovations is associated with an in-depth specialization of scientific developments. Frequently, small enterprises develop and commercialize innovations in industries that appear to large business either as unpromising or are excessively risky;

- Creation of employment opportunities for the population of Russia, including the chances for visiting citizens of other countries. This solves the problem of unemployment. Simultaneously, a reduction in social tension is achieved, since the developed state programs are aimed at reducing the level of the unemployed and at increasing their wealth and social status [14].

IV. SUMMARY

Thus, the state, as the main regulatory body of entrepreneurship creates all the conditions for its successful functioning and development. A successfully developed system of entrepreneurship subsequently creates the basis for the development of the organization in the international arena.

Entrepreneurship creates jobs, reduces unemployment and regulates social relations between citizens and the population within the country. Tax payments of entrepreneurship serve as the basis for the development of some areas of the state.

V. CONCLUSION

At present, the role of entrepreneurship in the Russian economy is difficult to overestimate. It is small and medium-sized businesses that create a large number of jobs for the country's population, thereby reducing unemployment.

Entrepreneurship directly increases the incomes of the population, which is, the standard of living of the population of Russia has arisen. This solves the problem of poverty and social stratification in the country.

In addition, business entities are considered the main taxpayers and additional tax revenues come to the budget as an indicator of the success of the implemented tax system within the country.

As it is believed, the growth of entrepreneurship is an indicator of the country's competitiveness on the international arena and the country's economic well-being.

ACKNOWLEDGEMENTS

The work is performed according to the Russian Government Program of Competitive Growth of Kazan Federal University.

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