

ENTREPRENEURSHIP IN RUSSIA: PROBLEMS OF ITS DEVELOPMENT
IN MODERN ECONOMY

Abstract

The development of a robust small and medium-sized enterprise (SME) sector has been widely seen as important to Russia's socio-economic transformation. This has been clear from state policies and rhetoric that claim to support the development of entrepreneurship and publicly advocate its importance. But however, the states didn't follow up the words been said, this official support for the SME sector has been out of line with the patterns of entrepreneurial development from the ground up. Business people prolong facing the same obstacles they've been facing a decade ago in such spheres such as legislation, tax, accessing credit, as well as administrative barriers; all of this stop small and medium sized businesses from the successful development. The entrepreneurs themselves play a huge role in shaping and molding the SME sector, an understanding of entrepreneurs themselves and their experiences, attitudes, values and beliefs is required in order to understand the patterns and problems of entrepreneurial development. Yet notably, much of the existing literature has not attached a high degree of importance to the experiences of entrepreneurs in processes of development. This article addresses this gap in the literature by exploring the patterns and problems of entrepreneurial development from the perspective of entrepreneurs themselves. It asks the question: how have behaviour, attitudes, values and socio-cultural context impacted on the development of entrepreneurship? Qualitative ethnographic research methods were used to explore the experiences of entrepreneurs and their responses to the challenges of the Russian business environment in four regions of Russia: Moscow, Sverdlovsk, Tver and Kaluga. Semi-structured interviews were conducted with entrepreneurs as well as state officials and leaders of business associations. Involving a variety of individuals who have played a role in shaping the entrepreneurial process provided insight into the attitudes, beliefs, perceptions and values towards entrepreneurship. This article found that the relationships that entrepreneurs form with other entrepreneurs, as well as with state officials and leaders of business associations are instrumental to understanding the patterns of behaviour of entrepreneurs and how these, in turn, shape entrepreneurial processes. It also finds that informal practices such as personal networks are integral strategies used by entrepreneurs to navigate the challenges of doing business in Russia. At the same time, this article concludes that these behaviours of entrepreneurs, which often occur in collusion with state officials and leaders of business associations, have subverted the integrity of the formal system and have contributed to a pattern of entrepreneurial development which has suffocated the potential and prosperity of the SME sector. The entrepreneurial process in Russia has thus been a complex mixture of successes and frustrations and the experiences of entrepreneurs are key to understanding this process.

Keywords: entrepreneurship, Russia, development, young, modern, opportunities.

The most typical and diverse definition of entrepreneurship is given in the work of American scientists Hisrich R. and Brush C. «The process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence».

Russian economist Neshitoy A. (2002, p. 2-5) believes that entrepreneurship is a type of management based on the innovative behavior of business owners, on the ability to find and use ideas, to embody to them into specific entrepreneurial projects. This is usually a risky business, and therefore should be carefully justified, relying on the knowledge of the market and competitors, while not avoiding the support of state authorities. As Lapusta M. (2003) mentioned - entrepreneurship, as a social phenomenon, reflects the capabilities of every individual to be owner of a business, to show his individual abilities with the greatest impact.

Based on the concepts, it can be argued that entrepreneurship is a special, innovative, anti-bureaucratic style of management, based on a constant search for new opportunities, an orientation

toward innovation, the ability to attract and use resources from a wide variety of sources to solve the task. The development of entrepreneurship, assuming the effective use of material, financial and labor resources, at the same time requires to itself state regulation in order to create certain favorable conditions for this.

As for the Civil Code of the Russian Federation in article 2 of Paragraph 1 there is a definition of the essence of entrepreneurial activity as an independent activity carried out at its own risk, aimed at the systematic receipt of profits from the use of property, the sale of goods, the performance of work or provision of services by person who legally registered.

Fatally flawed is the position of those scientists who believe that entrepreneurship for Russia is practically a new kind of socio-economic activity of the population. As Dudin M. N. mentioned in his book that during the years of Soviet power, the country has lost the accumulated experience of entrepreneurial activity. In the USSR, it was practically banned from the end of the 1930s. The beginning of the revival of entrepreneurship was due to the adoption in 1987 of the law «On individual labor activity», which formulated a new institutional task for private business, as well as the foundations for the formation of entrepreneurship 8 The transition to market relations poses a set of complex problems for society, among which the development of entrepreneurship plays an important role. In Russia, entrepreneurship was poorly developed. Lack of own practical experience of entrepreneurship forces to borrow it from the west. Today entrepreneurship is one of the most important components of the economy. In the countries of the market economy, entrepreneurship has become widespread and constitutes the overwhelming majority among all forms of organizations.

In the Russian economy, small and medium-sized businesses have a relatively small share. Due to the January 1, 2015, according to Russian statistics, 4.5 million small and medium-sized businesses were registered and operated in the Russian Federation, employing more than 18 million people, representing 25 % of the total number of employed in the economy. But by January 1, 2017, 5.9 million enterprises were registered, which indicates the growth of entrepreneurial activity in the Russian Federation. The higher this indicator, the faster and more efficient the state copes with crisis situations.

The government created a strategy for the development of small and medium-sized enterprises until 2030. The mission of the development strategy for this sector of the economy is to create a competitive, flexible and adaptive environment that could provide high rates of technological renewal of production and stable employment. The government decided to achieve this goal through the development of small and medium-sized businesses, which would contribute to a sustainable improvement in the quality of life and the growth of the share of the middle class.

Thus, the strategy for the development of small and medium-sized businesses for the period until 2030 is created to reduce the pressure of state and tax authorities on small and medium-sized enterprises, increase financial resources, expand subsidy programs, provide small and medium-sized enterprises with skilled human resources. This will positively affect the economy of each of the regions and the country as a whole.

The most popular activities among entrepreneurs in Russia are: transactions with real estate, renting, provision of services, as well as wholesale and retail trade. 10 Due to the fact, that in comparison with other spheres of activity these are most accessible to people.

It is important to note that small business in Russia, in comparison with the business of economically developed countries, and also in comparison with large business, has a number of features that hinder the dynamic development of small business. A special role in the development of small business is given to the state: business support should be integrated, strategic and become a new national priority. 11 For Russia, this is especially important; since small business plays a significant role in the socio-economic development of society, in solving the most important tasks of ensuring employment of the population, maintaining stability in the labor market, contributes to higher labor productivity and competitiveness of the Russian economy.

To open a business in Russia, it is necessary to register a legal entity or Individual entrepreneur. Only after that it will be considered legal, and it will be possible to officially engage in business activities. In the Tax Code of the Russian Federation there are definitions to an individual en-

trepreneur and a legal entity. An individual entrepreneur is registered as a physical person, but has the rights of a legal entity. When an individual entrepreneur is opened, the authorized capital is not required, in comparison with a legal entity. As for legal entity, the opening business requires the availability of authorized capital. Also, in order to register a legal entity, it is necessary to buy or rent a placement and register a legal address at its location. This entails additional costs. Registration of an individual entrepreneur takes place at the tax office at the address of residence or at the temporary registration address. Moreover, online registration is possible, but for this it is necessary to have an electronic digital signature. State registration of legal entities is carried out by the Federal Tax Service of the Russia, for which the district is «fixed», in which the entrepreneur found the address for the office. For registration of legal entities and individual entrepreneur, special applications must be submitted. For registering an individual entrepreneur, person has to fill the application form «P21001», which can be found on the official website of the tax service of the Russian Federation. Form «P11001», should be provided by legal entities. Moreover, depending on the number of people who create businesses, different documents are required for the registration of a legal entity. So if the founder of the company is one person, then he must provide: a decision on the establishment of the organization, the charter of the company being established. If the founders are several people, the list of documents is changed to such as: the report of the general meeting of the founders, an agreement on the establishment of a commercial organization, company charter.

For registration of the entrepreneur, the state imposes a duty. For the registration of an individual entrepreneur, the state take a fee of 800 RUB/ 10 EUR, in turn, the state fee for the registration of a legal entity is 4,000 RUB/53 EUR.

On the official website of the state support of young entrepreneur it is explained what the State support of entrepreneurship in Russia means. This program consists of a set of measures aimed at the formation, development and stabilization of business. This can be not only the allocation of funds for certain purposes, but also different types of help, which are no less in demand than finance. Each constituent entity of the Russian Federation, within the framework of the program of state support for entrepreneurship, has the right to organize and conduct its own activities to assist entrepreneurs.

In Russia, the system of support and development of entrepreneurship is currently at the initial stage of its formation. In his opinion, in comparison with Western countries such as European countries and the United States, Russia does not have such thoughtful and efficient programs. In his opinion, unlike Western countries such as the European countries and the United States, Russia does not have such thoughtful and effective programs.

The most popular type of support from the state is subsidies. Subsidies are made in different directions and for different purposes. Governmental support for entrepreneurship in the form of subsidies is aimed at those who are just planning to open their own business. In this case, money is allocated to citizens with projects that are seeking funds to start their own business. It is very important to prove that your business is necessary for the region in which you plan to carry out activities, and also that you have calculated the risks and you are sure of the payback of your business idea.

The government of the Russian Federation also provides premises and land for rent to young entrepreneurs at a better price than private landlords. Lands are provided on preferential terms, which save very substantial sums. To help with premises or land from the state can only count officially registered entrepreneurs who are in the state register, it is also necessary to provide relevant documents to the fund for supporting small and medium-sized businesses.

Young people are a valuable economic resource for the state. The future economic situation in the country depends on them. To summarize, the State of the Russian Federation encourages young entrepreneurs. It is not very difficult to create your own business if you avoid problems, and if you are not afraid to face the problems that may meet during creation of your organization, which have been identified in research part, then everything will turn out and the business will prosper.

References

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Я. Кача

ПРЕДПРИНИМАТЕЛЬСТВО В РОССИИ: ПРОБЛЕМЫ ЕГО РАЗВИТИЯ В СОВРЕМЕННОЙ ЭКОНОМИКЕ

Аннотация

Развитие надежного сектора малых и средних предприятий считается важным фактором социально-экономических преобразований в России. Это было ясно из государственной политики и дискуссии, которые утверждают, что поддерживают развитие предпринимательства и публично отстаивают его важность. Но, тем не менее, официальная поддержка сектора малого и среднего предпринимательства не соответствовала моделям развития предпринимательства с нуля. Деловые люди продолжают сталкиваться с теми же препятствиями, с которыми они сталкивались десять лет назад в таких сферах, как законодательство, налогообложение, доступ к кредитам, а также административные барьеры; все это мешает малому и среднему бизнесу успешно развиваться. Сами предприниматели играют огромную роль в формировании и формировании сектора малого и среднего предпринимательства, для понимания закономерностей и проблем развития предпринимательства требуется понимание самих предпринимателей и их опыта, взглядов, ценностей и убеждений. Тем не менее, примечательно, что большая часть существующей литературы не придает высокой степени важности опыту предпринимателей в процессах развития. Эта статья устраняет этот пробел в литературе, исследуя закономерности и проблемы развития предпринимательства с точки зрения самих предпринимателей. Здесь задается вопрос: как поведение, установки, ценности и социокультурный контекст повлияли на развитие предпринимательства? Методы качественного этнографического исследования были использованы для изучения опыта предпринимателей и их ответов на вызовы российской бизнес-среды в четырех регионах России: Москве, Екатеринбурге, Твери и Калуге. Полуструктурированные интервью были проведены с предпринимателями, а также с государственными чиновниками и лидерами бизнес-ассоциаций. Вовлечение различных людей, которые сыграли свою роль в формировании предпринимательского процесса, обеспечило понимание отношений, убеждений, восприятия и ценностей в отношении предпринимательства. Эта статья обнаружила, что отношения, которые предприниматели устанавливают с другими предпринимателями, а также с государственными чиновниками и лидерами деловых ассоциаций, способствуют пониманию моделей поведения предпринимателей и того, как они, в свою очередь, формируют предпринимательские процессы. Также установлено, что неформальные практики, такие как личные сети, являются неотъемлемой стратегией, используемой предпринимателями для решения проблем ведения бизнеса в России. В то же время в этой статье делается вывод о том, что такое поведение предпринимателей, которое часто встречается в сговоре с государственными чиновниками и лидерами деловых ассоциаций, подрывает целостность формальной системы и способствует модели развития предпринимательства, которая замедляет потенциал и процветание сектора малого и среднего предпринимательства. Таким образом, предпринимательский процесс в России представляет собой сложную смесь успехов и разочарований, и опыт предпринимателей является ключом к пониманию этого процесса.

Ключевые слова: предпринимательство, Россия, развитие, молодежь, современность, возможности.