

UDC 330.1

ANALYSIS OF ECONOMIC CONCEPT OF SMALL BUSINESS

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Abstract. The article analyzes the definition of a small business and the criteria for its classification from various perspectives depending on its influence on economic development. It deals with the tasks and goals facing a small business. We may view the meaning of a small business from administrative, economic, social, ecological and strategic standpoints. In this context we try to identify the ways of the future development of small enterprises. The term “entrepreneurship” implies a strong focus of entrepreneurial activity of individuals or legal entities, connected with an increased risk, based on the use of innovative ideas, the main purpose of which is to maximize profits in the manufacturing process and sale of goods.

Keywords: entrepreneurship; economic cooperation; small business; enterprise.

In the words of M. Amsterdam: “Business – is the art of getting money from someone’s pocket without resorting to violence” [3, p. 10]. Except large business there is also a small business. Many authors use the term “small business”, which is understood as a private enterprise, based on the entrepreneurial idea of having a sufficiently high-risk established in order to obtain profits.

More complete and correct notion is reflected in the term “entrepreneurship”, which implies a strong focus of entrepreneurial activity of individuals or legal entities, connected with an increased risk, based on the use of innovative ideas, the main purpose of which is to maximize profits in the manufacturing process and sale of goods, as well as work sequencing and rendering of services, taking into account social and ecological components of economic activity of individu-

als or legal entities, with the compulsory respect for norms of legislation.

Through the world there exist different approaches to the classification of “entrepreneurship” and criteria of the reference of “a small business”. The most frequently the following criteria are used: the number of employees of a small enterprise (the average number of full-time employees and employees, working part-time); the size of the chapter capital; financial indicators of small enterprises (the amount of net profit, the amount of gross income, asset's turnover); type of activity of the enterprise.

According to the law, the criteria for the classification of enterprises to a small business should be reviewed every 5 years [2]. Statute of the International Organization of Economic Cooperation and Development uses the following criteria for inclusion in small enterprises:

1) an enterprise including 19 employees – is very small;

2) from 20 to 99 employees – small;

3) between 100 and 499 employees – the average;

4) and more than 500 employees – large [6].

The main aims of a small business include: innovative growth and development of industries, regions and the state as a whole; increase the level and living standard of the population of the regions and the state as a whole; the composition and stable translation development of the innovation model of economy of the state as a whole.

In accordance with established goals, a small business in the Russian Federation is urged to solve the following tasks: to define factors of innovative growth of large, medium, small business and also to determine force of impact of each factors and characters making effects on the increase of living standards and quality of life of the population and to describe possibilities of a broadening of a middle-class.

The value of a small business can be considered through different points of view, depending on impact on the economic development of the industry, region and state. We may view the meaning of a small business from administrative, economic, social, ecological and strategic standpoints.

In the opinion of A. Vilenskiy, the distinctive feature of the interpretation of “a small business” is considered from the position of the involvement of the society, in terms of its performance in economy, where the term “a small business” is mainly under con-

sideration of economic and legal contexts [7].

From the economic point of view, “a small business” can be specified as group of business entities, playing an important role in decision-making of appointed economic goals, also fulfil essential functions in economy, and therefore their activity is encouraged with the whole system of measures of the Government support.

The social approach to the idea of a small enterprise is characterized as small enterprises, which carry out certain responsibilities in the community and economy of the nation. This point of view is especially significant because it plays a very meaningful role in the solution of the social problems of commonwealth.

From the ecological standpoint, small business can be defined as a small enterprise, using innovative practice, protecting environment from pollution. Also innovations allow to recycle waste or to introduce non-waste technologies.

The selection criteria for the identification of business or enterprise to the small one should be determined by the main features and purposes of a small business. The system of objectives should correspond to the interests of the region, state and society in general and small enterprises. The formation of the system of objectives is caused by probability of any conflict of the region, small enterprises, government and society in general, and the necessity of their coordination.

Many believe that an enterprise value of the business is the first in the hierarchy of small business goals [5]. All other objects act only as factors of

growth in the market capitalization. The main purpose of a small business is to improve the well-being of the entrepreneur and his family and to satisfy his ambitions and expectations. In particular, these purposes stimulate entrepreneurs to start their own business in a particular area amongst current economic and social conditions.

However, not every small business could be useful for society and interesting for government. A small enterprise in comparison with large or medium ones will produce less in absolute terms [1, p. 8]. Regarding a low number of employees, business transformation from large enterprise to a small one, while retaining business profile and its employees, does not offer results for state and society.

This conversion does not generate new jobs, products and services. In this case, the fundamental objective of small enterprise establishing is to receive additional tax benefits and support from the state. Thus, it can be said that small business development would also allow solving social and environmental issues, as it has more significance for state and society than the economic component of the small business.

On the issue of deepening contradictions within the global economic and financial crisis, business fraud as the most widespread type of crime in modern stage of economic development, we need to support innovation-driven activity [4]. Especially the development of hi-tech entrepreneurship will make possible to overcome crisis with low losses and to improve the sit-

uation in future. Due to stimulus programs for small business, regardless of the direction of its activity, we solve the issue of unemployment. But that is not the only problem facing small business. By encouraging the development of small innovative industries, it is possible not only to increase employment, but also to stop the market decline and to ensure the progressive development of economy.

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