

## Small Business as a Factor of National Economy Development

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### ***Abstract***

*the article analyzes the fact that small and medium-sized businesses play a very important role in the economy, their development affects economic growth, accelerates scientific and technical progress, fills the market with goods of the necessary quality, and creates additional jobs.*

**Keywords:** *small business, entrepreneurship, market economy, economic development, small business problems.*

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One of the most urgent directions of economic growth in recent years is the development of small business. The development of small business is the basis for the social restructuring of the society and the transition to the economic development of the entire economy of the country. Despite the difficulties and failures encountered in the development of small business, this direction is achieving growth rates, solving economic, social, scientific and technical problems. These and other economic and social functions of small business include its development in the category of the most important state tasks, making it an integral part of the reform of the country's economy. If we consider the expanded concept of small business, it is a mobile set of legal entities and individuals – small entrepreneurs who are not part of monopolistic structures and play a secondary role in the state economy compared to them. In the narrow sense, a small business is a commercial private enterprise that meets the individual criteria for each state and sector defined in relevant regulatory documents of state importance.<sup>1</sup>

Small business objectively exists and develops as a relatively independent branch of the modern market economy. Small enterprises are of great socio-economic importance, because they ensure socio-political stability, can mitigate the consequences of structural changes, quickly adapt to changing market needs, make a significant contribution to regional development, and are able to design and use technical and organizational innovations.<sup>2</sup>

Small enterprises are completely independent and the most typical form of organizing the economic life of society in the conditions of a developed market economy. They have their own characteristics, advantages and disadvantages, which are only related to the internal laws of development. Mainly operating in a certain local market, quick response to changing market conditions, narrow specialization in a certain segment of the goods and services market, direct contact with the consumer, the need for relatively small initial capital - these are the characteristics of small enterprises. These are advantages that increase the stability and survival of enterprises as a structural element of the economy.

However, under certain conditions, such characteristics have negative significance, hinder the development of a particular enterprise and threaten its existence. The flexibility of small business, its mobility allows to quickly adapt to changes in the external environment, but it is especially vulnerable to changes in market conditions, changes in local business conditions, dynamics of general socio-economic and political conditions. Relatively small capital narrows the scope of production, limiting the ability to attract additional resources when needed. The limited scale of production and the small number of employees determine the simplicity and efficiency of enterprise management. However, the combination of the functions of the owner and manager, the establishment of personal relations with the employees of the enterprise, which is characteristic of small enterprises, reduces the costs of management.<sup>3</sup>

<sup>1</sup> Osnovy predprinimatelskoy deyatelnosti: ekonomicheskaya teoriya: ucheb. posobie / pod ed. V. M. Vlasova. – M.: YUNITI, 2000.

<sup>2</sup> Kovaleva N. V., Surovtseva E. S., Khokhlova S. A. Postroenie sistemy effektivnykh vnutriorganizatsionnykh kommunikatsiy na osnoe indikatorov // Vestnik Instituta drujby narodov Kavkaza Teoriya ekonomiki i upravleniya narodnym hozyaystvom. – 2015. – No. 2 (34). – P. 5.

<sup>3</sup> Aluyan S.V. Problemy sotsialno-ekonomicheskogo razvitiya regionov Rossii // Materialy VI Mejdunarodnoy nauchno-prakticheskoy konferentsii "Actualnye problemy obespecheniya ustoychivogo ekonomicheskogo i

Small business performs a number of important economic and social tasks. Along with tax benefits for budgets at all levels, small business develops the economic sector, creates additional jobs, stimulates competition:

- small business participates in the formation of budgets at all levels. In addition to making direct contributions to the budget from enterprise revenues, small business entities are a source of employment and income for the population, and help collect taxes directly from individuals.

- small business plays an important role in the development of the state's innovative economy, investing in high-tech production sectors that require science.

Basically, they are supported by the government in the form of subsidies, additional subsidies, etc. Reconstruction of small business in an innovative direction prepares the ground for the development of large technical enterprises that contribute to the growth and development of the entire national economy.<sup>4</sup>

Small business serves to create new jobs, ensure employment of the population, and as a result, unemployment decreases. It should be noted that small business provides employment to socially unstable segments of the population, in particular, young people, immigrants and others. It is in these enterprises that they gain experience, knowledge, career growth and self-realization. Also, the development of small business in the country is of great economic importance due to the following circumstances:

- small business makes it possible to fill all markets of the country and fully satisfy the population's needs for goods and services;

- creation of small firms does not require large investments and a long period of their construction;

- small business development is one of the effective directions of anti-monopoly policy and ensuring competitive environment;

- it is easier to manage small enterprises, it is not necessary to create complex management structures for them;

- small firms can quickly and cheaply re-equip, introduce and test new technology, implement partial or full automation of production, achieve the optimal combination of automated and manual labor;

- small business development can solve or mitigate the problem of unemployment to a great extent.

Small business is an integral part of the market economy. It is characterized by special mobility, flexibility and high efficiency. The social importance of small business has other different shades. The development of small business serves the development of positive processes in the economy, the democratization of society, the increase of its political weight in the international arena, which, in turn, brings not only political but also economic dividends to the state. Many characteristic features of small business are directly related to the main problems

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sotsialnogo razvitiya regionov". – 2014. – No. 8. – P. 115-116.

<sup>4</sup> Aluyan V. S., Sheludko E. B. Ustoychivoe razvitie regionalnoy ekonomiki: problems and perspectives // Ekonomika i predprinimatelstvo. – 2015. – No. 3 (56). - P. 241-243.

that prevent the development of normal market relations and private entrepreneurship in general. Therefore, in the near future, it is necessary to implement comprehensive measures for the rapid and effective development of small business.

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