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*A manuscript*

**Salyakhov Eldar Fanilevich**

**THE IMPACT OF SMALL BUSINESS ON THE STATE AND DYNAMICS OF  
LOCAL LABOR MARKETS IN THE RUSSIAN ECONOMY**

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entrepreneurship)

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Scientific supervisor: **Safiullin Lenar Nailevich**  
doctor of economic sciences, full professor,  
Kazan (Volga region) Federal University,  
Head of Department of Economic Methodology and History

Official opponents: **Zagidullina Gulsina Mansurovna**  
doctor of economic sciences, full professor,  
Kazan State University of Architecture and Construction,  
Head of the Department of Economics and Entrepreneurship in Construction

**Sidorchuk Roman Realdevich**  
doctor of economic sciences, associate professor,  
Russian University of Economics named after G. V. Plekhanov,  
Professor of the Department of Marketing

External reviewer: **Ufa state University of Economics and service**

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Scientific Secretary of the Dissertation board, candidate of economic sciences, associate professor



G.N. Ismagilova

## I. GENERAL OUTLINE OF THE DISSERTATION

**Relevance of the research.** Quantitative and qualitative indicators reflecting the state of the labor market, are at the same time the efficiency indicators of the investment, organizational and financial potentials of the home territory of human resources and the national economy as a whole. They describe the state and direction of development of an entrepreneurial society, whose members, along with the functions of production of final goods (services), connection of production factors, stimulate aggregate demand and the introduction of scientific and technological progress, perform a social function, creating jobs, is what determines the quality and standard of living of the population, the state of human capital. This acts as an objective prerequisite for the formation and implementation of labor potential, on the volume and quality of which depend the economic growth rate and its type.

A feature of the labor market is its localized nature, due to the low mobility of labor resources, as well as not competitive participant's individual segments. In this regard, increasing the importance of regional public administration bodies and bodies of local self-government as subjects of institutional design of local labor markets in the process of development and implementation institutes to ensure their effectiveness on the basis of cultural-historical, ethical, religious and other characteristics of the development site placement. In turn, the involvement of labor resources in the reproductive process as a factor of production and the control object does not allow analyzing socio-economic phenomena without regard to the state of the labor market. Implementation of strategic reference point of development of the Russian society, which consists in the transition to innovation-oriented development model and assuming the substitution and rejection of the raw material orientation of exports, involves the development and implementation of new technologies for the management labor market, which provide the change of its structure in accordance with the requirements of post-industrial economic structure. The solution to this problem, in turn, implies the necessity to change the role of all members of the labor market – Federal and regional public authorities and local governments, businesses, educational organizations, individuals, carriers of human capital.

Analysis of the role of business organizations in the labor market allows making a conclusion about its ambiguous nature, which is determined by many factors, among which: the type of performed economic activity, legal form, level of concentration and centralization of production, etc. In this regard, it is necessary to highlight small businesses as independent participants in the labor market that will help identify characteristics of labor force, changing under the impact of entrepreneurial activity. The interest in such research is increased due to the deterioration of the macroeconomic situation in the aggravation of geopolitical risks, which inevitably has an impact on the state of labor potential of the national economy in general and individual territorial entities.

Understanding the role of small businesses in ensuring sustained macroeconomic dynamics determined the development and adoption of a number of Federal and regional government programs to stimulate economic activity, which provides additional funding for entrepreneurs. Despite sustained interest in the problem of influence of the state on entrepreneurial activity indicators of the labor market development of the scientific community and measures implemented with the aim of increasing the role of small businesses in the process of formation and realization of labor potential, significant changes in the studied sector is not happening. As at 01.01.2014 in Russian Federation registered 2063.1 thousand small businesses which employing more than 10775.2 thousand people. The number of small businesses, excluding micro-enterprises grew by 2.3% from 229.1 thousand subjects in 2010 to 234.5 thousand actors in 2013, while the number of micro-enterprises has increased by 29.2% with 1415.2 thousand in 2010 1828.6 thousand to thousand subjects in 2013 that led to an increase in the number of employed in small business . However, the share of employment in this sector in the Russian Federation, despite some increase, is about 15% whereas the similar indicator in developed countries is much higher. The ambiguity of the role of small businesses in the development of local labor markets determined the choice of the dissertation, its theoretical and practical significance.

**Previous studies.** In its development of the theory of entrepreneurship went through a series of stages. The interpretation of entrepreneurship as the burden of risk and uncertainty was proposed by R. Cantillon in the eighteenth century and has continued in the work of L. Mises, and F. Knight. Entrepreneurship as a combination of production factors was analyzed in the works of representatives of classical school of political economy (J. B. Say, A. Smith, etc.) and found a development within the neoclassical tradition (J. B. Clark, A. Marshall and others). Representatives of the marginalist currents have devoted their research to explaining the sources of profit related to profit as payment for the risk of doing business, characterized by creative nature (G. Mangold, Th.G.fon Thunen, etc.). Entrepreneurship as innovation (A.Schumpeter, etc.) was considered in conjunction with factors of progressive development of society. Problems of state regulation of entrepreneurial activity presented in the framework of the Keynesian course in which special attention is paid to socio-psychological type of a business entity. The interpretation of entrepreneurship as a set of arbitrage transactions (I. Kirtsner, F. fon Hayek, etc.) made it possible to supplement the composition of the entrepreneurial functions. Entrepreneurship in relation to innovation management was investigated in the works of P. Drucker and others. The revealed regularities of the development of business structures were adapted to the peculiarities of the Russian economy in the period of formation of market structures, as reflected in the works of A. V. Busygin,

A. N. Bulankina, N. V. Kalenskaya, N. M. Mamedov, V. A. Roubaix, F. M. Rusinova, N. Z. Safiullin, L. E. Slutsky, A. Yu. Chepurenko, A. A. Sousa, A. Y. Yudanov, etc.

Until the mid-twentieth century, small business is not performed as an independent object of study and was interpreted as a form of doing business. The increase in the share of results of functioning of small enterprises in gross national product of the state determined the need to fully explore its features, as reflected in the writings of G. Berl, P. Vail, D. Gammon, M. Mascone, D. Stanworth, W. Hoyer, etc., which were mainly devoted to the problems of management and marketing. Structural transformation of the Russian economy led to the emergence of works by Russian authors related to various aspects of small business. Among them are works by T. A. Alimova, A. N. The Assaul, V. V. Asaul, A. O. Blinov, O. B. Braginsky, V. V. Busareva, E. M. Buchwald, V. M. Vasiliev, V. A. Vilensky, T. G. Dolgopiatova, G. M. Zagidullina, L. I. Ivanova, A. V. Orlova, V. F. Presnyakov, Yu. P. Panibratov, L. N. Safiullin, R. R. Sidorchuk, etc.

Certain aspects of the functioning of the labour market in relation to the management of employment presented in the works of E. M. Abraham, D. Birch, S. Y. Barsukova, B. D. Brieva, E. De Soto, V. M. Zherebin, T. I. Zaslavskaya, G. B. Kleyner, A. E. Kotlyar, D. S. Lvov, V. V. Radaev, N. M. The Rimashevskaya, O. V. Staroverova, V. N. Titova, E. V. Fakhrutdinova, A. Yu. Shevyakov, Yu. V. Yakovets and others.

Institutional approach to the interpretation of entrepreneurial activity and labour market developed by R. I. Kapelyushnikov, V. G. Kholodnaya, D. North, A. N. Oleinik, V. L. Tambovtsev, V. B. Tareev, O. Williamson, etc.

Despite the considerable number of works which present certain aspects of the functioning of small business and its role in the development of industrial markets, we should recognize the presence of ambiguity in the mechanism of its influence on directions of development of labor potential. This has determined the choice of objectives, tasks and structure of the dissertation research.

**Aim and objectives of the research.** The aim of the research is scientific substantiation of theoretical and methodical approach to content and tools impact small business entities on the state and dynamics of local labor markets, as well as in developing practical recommendations aimed at the development of the mechanism of interaction of small business and labor potential of the territory.

Realization of this aim involves execution of the following tasks:

1. To identify the causes of transformation of small businesses into relatively autonomous members of a local labor market and to formulate the functions they perform in this market.

2. To justify contradictory effects of small business organizations on the state and dynamics of the local labor market.

3. To determine the content of institutional traps as inefficient institutions that give rise to the duality of the role of small business entities as subjects demand on the local labor market.

4. To offer a methodical approach to the assessment of the impact of small business development on the level of employment in Russian regions.

5. To develop the rating of Federal districts according to the localization of employment based on the calculation of the coefficient of localization of employment in sphere of small business.

6. To formulate theoretical and methodological approach to the areas of small business development with regard to its impact on the state and dynamics of the local labor market.

**The objects of research** are small business structures in relation to local labor markets.

**The subject of research** is a set of organizational-economic relations with the participation of small business entities and entities of local labor markets in the modern Russian economy.

**Theoretical and methodological basis** steel hypotheses and concepts generated in the framework of the theory of entrepreneurship, theories of state regulation of economy, theories of the labor market, general systems theory, theories of socio-economic forecasting and programming, etc.

To confirm the working hypothesis in this thesis used a systematic approach to the analysis of economic phenomena and processes, as well as methods of analysis of statistical and economic abstract-logical, experimental methods, and methods to develop targeted programs, design engineering and expert methods. The validity of the copyright provisions is confirmed by the use of methods of economic-mathematical modeling (regression analysis, etc.), as well as case studies of municipalities, tabular and graphical methods.

**Information base of the research consists of** was the data of Federal state statistics service, statistical data of the Ministry of economic development of the Russian Federation, the Ministry of labor and social protection, Ministry of economy of the Republic of Tatarstan (RT), Ministry of labor, employment and social protection, Russian public organization of small and medium entrepreneurship "OPORA of Russia", the data of the National report in the framework of the international program GEM "Global entrepreneurship monitor (Russia, 2012)".

Regulatory frameworks are legislative acts and regulatory documents on issues of business regulation and the labor market in the Russian Federation and its regions, among them: the Civil code of the Russian Federation, Federal law No. 209-FZ of 24.07.2007 "About development of small and medium entrepreneurship in the Russian Federation", RF Law N 1032-1 from 19.04.1991 "About employment in Russian Federation" etc.

As information sources used the statistics which were published in scientific monographs and periodical literature, articles of domestic and foreign scientists, materials of scientific conferences, and information resources of the Internet.

**The content of the research** corresponds to p. 8 Economics of entrepreneurship: 8.6. Formation and development of different forms of entrepreneurship: legal; scale of business activity (small, medium, large enterprise); business activity (production, trade, financial mediation, etc.), business functions; 8.8. State regulation and support of entrepreneurial activity, (essence, principles, forms, methods); the main directions of formation and development of system of state regulation and support of entrepreneurship; 8.14. The organization of the system of interaction large and small business. Formation and development of entrepreneurial networks based on their economic feasibility. Passport VAK of the Ministry of Education and science of the specialty 08.00.05 – Economics and national economy management.

**Scientific novelty of the research lies in** scientific substantiation of theoretical and methodical approach to content and tools impact small business entities on the state and dynamics of local labor markets, as well as in developing practical recommendations aimed at enhancing the role of small businesses in this market that is specified in the following provisions:

1. It is proved that the transition from standardized to individualized production in the conditions of formation of post-industrial economic structure and strengthening of qualitative heterogeneity of the business community leads to the transformation of small businesses into relatively Autonomous members of a local labor market, dynamics of volume of demand for labor which provides the quantitative (total employment change as the difference between the number created and the number of liquidated jobs) and qualitative (structure of employment, flexibility of relations involving the state, trade Union organizations, employers 'and workers' adaptability to changing environmental factors) of transformation; proven essential autonomization of small business structures in the local labor market are the economies of scale, the development of individualized demand for final goods (services), rapid return on advanced capital, the development of information and communication technologies (ICT), which is a prerequisite for distributed employment, self-employment and freelancing.

2. Revealed a dual influence of small-business organizations on the status of the local labor market: on the one hand, the small businesses provide a relatively higher growth rate of employment, the emergence of new forms of employment (freelance), the formation of process and product innovations, the partial substitution of the social functions of the state in respect of employees with disabilities in the context of deteriorating macroeconomic conditions and the reduction of budget financing, the formation of the middle class; on the other hand, they do not have the

capacity to implement socially responsible behavior, initiate conservation characteristic of the industrial and pre-industrial economic structure the employment structure, which causes a relatively lower level of labor productivity, creates prerequisites for the formation of discriminated enclaves (marginal) social groups, informal employment, illegal economic subculture, focused on different types of redistribution and (or) production

3. Determine the content of institutional traps as inefficient institutions that give rise to the duality of the role of small business entities as subjects demand on the local labor market and include "corruption trap", "traps sectoral focus", "trap of shortage of working capital" that has allowed to make conclusion about necessity of formation of new and implantation of national and local import regulatory, governing and educational institutions

4. The methodical approach to the assessment of the impact of small business development on the level of employment in Russian regions was offered. This approach involves the calculation of the degree of localization of employment in small enterprises, correlation analysis of factors of employment in small business, factorial regression the assessment of the impact of small business on the quantitative indicators of the state of the local labor market.

5. The rating of Federal districts according to the localization of employment was developed. It had been based on the calculation of the coefficient of localization of employment in the field of small business which enables adapted to the peculiarities of the regional formations of measures aimed at strengthening the role of small enterprises as subjects demand on the local labor market

6. We has formulated theoretical and methodological approach to the development directions of small business, which is based on the distinction of its objective (due to the specifics of small business) and subjective (due to statutory representations entrepreneurs) features that allowed us to identify measures to overcome negative effects of participation of small business entities as a subject of demand on the local labor market, including the development of forms of interaction small and large businesses (outsourcing, franchising, subcontracting, entrepreneurship, incubators, satellite form of joint activities, etc.), as well as measures aimed at their prevention (investment in human capital as a factor of overcoming of institutional traps of small business, etc.).

**Theoretical and practical significance of the research** lays on the further development the theory of entrepreneurship in terms of clarifying the content of the mechanism of the impact of small business entities at the state of the local labor market. The thesis presents the theoretical concepts, methodological approaches and practical proposals aimed to stimulate entrepreneurial activity, increase of employment and quality of life. Methodical recommendations aimed at improving instruments of influence of small business on the quantitative and qualitative

indicators of the labor market, improving employment, reducing informal employment can be used in the development of regional programs for entrepreneurship development. The proposed development and recommendations of the author can be used in educational activities of higher educational institutions specializing in the training and retraining of highly qualified personnel for enterprises, public authorities and local self-government when reading the course "Fundamentals of entrepreneurship" and others.

**Approbation of the research results.** The main provisions of the research and conclusions of the thesis are outlined, discussed and approved at international, national and regional scientific and scientific-practical conferences, including international scientific-practical conference "Management of intellectual property as factor of increase of efficiency of development organizations" (Kazan, 2013), international scientific-practical conference "Effective management of sustainable development territory" (Kazan, 2013), the IX international scientific-practical conference "Marketing and society" (Kazan, 2014).

On the topic of the dissertation research published 20 scientific publications with a total volume of 10.1 l. p. (aut. – 8,01 p. l.), including 4 scientific articles in the journals "Journal of law, Economics and sociology", "Questions of Economics and law", "Economic science", included in the list recommended by the Higher Attestation Commission of Russia of Editions for publication of materials of doctoral and candidate's dissertations and 5 articles in journals indexed in international citation-analytical database Scopus.

The main conclusions are used for the activities of the Ministry of economy of the Republic of Tatarstan in the development of sectoral and integrated programs of socio-economic development, as well as in the educational process Kazan (Volga region) Federal University, which is confirmed by certificates of introduction.

**The structure of the research** is determined based on the goals and tasks set in the thesis. The work consists of introduction, three chapters, containing 9 sections, conclusion, and list of references, appendixes, tabular and graphic material.

*In the introduction* the urgency of a dissertation topic, reveals the extent of the problem in the works of Russian and foreign scientists, defines the purpose, tasks, object and subject of research, theoretical and methodological basis of the thesis, information base of the research presented scientific novelty and practical significance, approbation of results of research and its structure.

*In the first Chapter "Theoretical and methodical bases of research of small entrepreneurship in the modern market economy"* defined the categorical and terminological instruments for the study; identified the stages of formation of small business in modern Russian economy; comparative analysis of theoretical approaches to the role of small business in sustained development of modern economy.

*In the second Chapter "Analysis of the impact of small business on the state of the labor market in the modern Russian economy" the peculiarities of local labor markets with emphasis on the role of small business structures; a methodical approach to the assessment of the impact of small business development on the level of employment in Russian regions; developed the rating of Russian regions taking into account the dynamics of indicators of the impact of small business on the state of the labor market.*

*In the third Chapter, "Forms and methods of state regulation of local labor market taking into account the role of small businesses in its development" the analysis of the content of the regional regulatory measures aimed at increasing employment in small business development and local labor markets; author formulated recommendations for their improvement; presents development forecasts of the local labor markets in relation to the indicators of the state of small business.*

*In the conclusion there are main conclusions and results of dissertation research.*

## **II. MAIN SCIENTIFIC RESULTS**

**1. It is proved that transition from standardized to individualized production during formation of post-industrial economic structure and strengthening of qualitative heterogeneity of the business community leads to the transformation of small businesses into relatively autonomous members of a local labor market**

In the conditions of formation of a postindustrial economic structure, characterized by the transition from standardized production, to individualized, increasing the level of informatization of the economic space and its slavishly, enhanced by a qualitative heterogeneity of the business community, which leads to the transformation of small businesses into relatively autonomous members of a local labor market. This is reflected in a relatively higher degree of price elasticity of demand on the local labor market compared with the demand elasticity for medium and large businesses, due to time-sensitive managerial decision-making and creates the preconditions for the use of the small business sector as a built-in shock absorber in the crisis and depression of the medium-term economic cycle. The realization of the demand for labor by small businesses leads to the formation of the middle class, which is characterized by the presence of specific vocational and career status reflecting the volume and quality of accumulated human capital, subjective identification as members of social strata, economic activity, feature savings strategies, including the strategy of deferred consumption, the savings as a source of income and investment. Small businesses (startups, etc.) implement a steady demand for media intellectual and creative resources, which are dominant among the

production factors of innovative business structures. It ensures the participation of small enterprises in the innovation cycle, becomes a necessary condition of scientific and technical transfer and implementation of innovative strategy of the development of the economy. Employment in small business and self-employment are the source of the increase in real incomes, which stimulates the increase in consumer spending and contributes to the formation of effective demand. Small business stimulates entrepreneurship, provides for the formation of General and specific professional competences, stimulates human capital accumulation as a condition of development of labor potential of the individual business structures and site placement of subjects of entrepreneurship.

As non-price factors of demand of small businesses in the Russian labor market, have a significant effect on its changes, are: the factor of loyalty of the regional state administration bodies and bodies of local self-government to the development of small business; the factor of industry specialization site hosting small business structures (regions dominated by economic activities characterized by high capital intensity of jobs, investment cycle, the uniqueness of individual units with large unit capacity and technological impossibility of separating them from the enterprise structure, characterized by a low employment rate in the small business sector); the factor of labor mobility. The factor of cooperation of small businesses with large businesses has a significant impact on the dynamics of employment in small businesses in States with a developed market, but in the Russian economy, he has not had a proper impact on the demand for labor

**2. Revealed a dual influence of small-business organizations on the status of the local labor market.** Small businesses provide a relatively higher growth rate of employment. At the same time, the share of employed in small entrepreneurship in Russia is significantly lower than the same indicator in countries with a developed market, due to the effect of cultural, historical, institutional, economic, and other factors. Features of culture of the Russian society (on the typology of G. Hofstede) are the basic factor of organizational behavior, which is characterized by high level of collectivism, a large power distance, avoidance of competition and uncertainty, a focus on short term results, the dominance of femininity. Small business creates the preconditions for the development of self-employment, as well as for the implementation of non-standard forms of employment (freelancing) in the context of growing labor mobility. The ability of small businesses in terms of accounting the individual characteristics of the native workforce and in replacing the hierarchical forms of the organization of the labor process and the dispersed network are reflected in the distributed economy that creates good conditions for small business social functions in respect of employees with disabilities. This is particularly important in the context of deteriorating macroeconomic conditions and the reduction of budget financing.

Study of the role of small businesses in the Russian labor market allows to make a conclusion about its negative role in the preservation of the employment structure characteristic of the industrial and pre-industrial economic structure, as reflected in the high share of employed in trade circulation. There is a very weak orientation of small business to participate in innovation programs of scientific research and development. The share of small businesses engaged in science and innovation in Russia is significantly lower than the similar indicator in the developed economies. Educational and qualification structure of employed in small business is characterized by the predominance of semi-skilled personnel. This is the reason for lower level of productivity (in comparison with the same indicator in the sphere of big business). Disparities persist in employment rates in some Russian regions, which contribute to the polarization of national economic space. Failure to comply with requirements and norms of labor protection and safety in the workplace is the cause of the relatively high probability of accidents at production, resulting in bodily injury (injury). Formalization of labor relations with the participation of small businesses involves a high level of transaction costs that makes presence in this sector a significant amount of informal institutions. This creates the preconditions for the formation of discriminated enclaves (marginal) social groups, informal employment, illegal economic subculture, focused on different types of redistribution and (or) production, occur in a multicultural organization, requiring the use of tools of cross-cultural management.

**3. There was determined the content of institutional traps as inefficient institutions that give rise to the duality of the role of small business entities as subjects demand on the local labor market.** The essence of "institutional traps" as inefficient, self-reinforcing norms is destructive of institutions and their interaction, hence the duality of the role of small business entities as subjects demand on the local labor market. The paper identified a number of institutional traps in the system of institutions of small business. "Trap of corruption" is rent-seeking behavior of the bureaucratic apparatus of state control, pursuing group interests, hence the lack of formal equality between economic entities. In Fig.1 we show the mechanism of self-reproduction "trap of corruption".

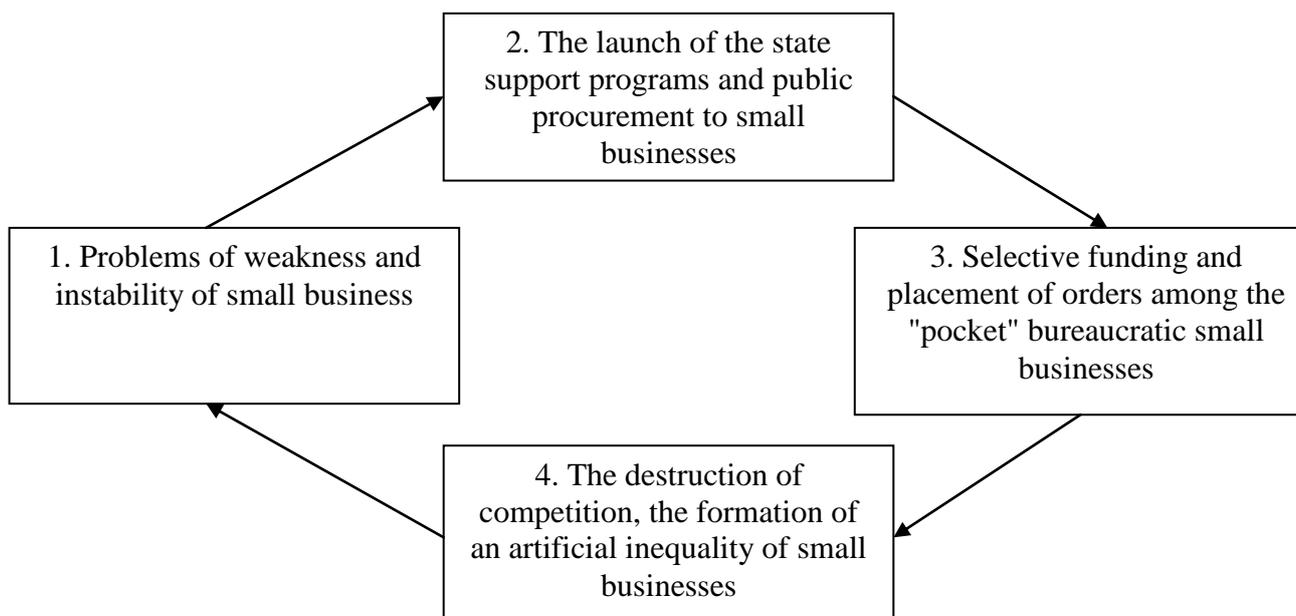


Fig. 1. The mechanism of the corruption trap of small business

Among the areas where the largest spread of the corruption phenomenon in Russia include access to state and municipal contracts, conducting financial and other forms of control of entrepreneurs, the use of the infrastructure, obtaining government support (subsidies, premises on preferential terms, etc.), the implementation of judicial protection, customs procedures, entering into an employment relationship with individuals-nonresidents of the Russian Federation, etc. the Trap of corruption leads to the uneven development of small entrepreneurship in the Russian regions, and, therefore, is the cause of differentiation of indicators of the state of local labor markets.

"Trap industry focus small business" is associated with a high level of monopolization of a significant number of industrial markets and high transaction costs of contractual relations with the state authorities (public organizations) – participants of programs of development of subjects of small business. Significant shares of the Russian enterprises of small business are trade and repairs (39 %), business services and real estate operations (20.4 %)<sup>1</sup>. The share of enterprises in the sphere of construction, agriculture falls, while the share of small enterprises in traditionally monopolized industries (mining, health, education, etc.), in science and innovation remains low.

"The trap of shortage of working capital for business development" can be described as the low availability of borrowed financial resources due to the lack of liquid collateral and credit history, complicates the access to Bank credit (Fig. 2).

<sup>1</sup> According to the Federal state statistics service / URL: <http://www.gks.ru/>. 01.04.2015.

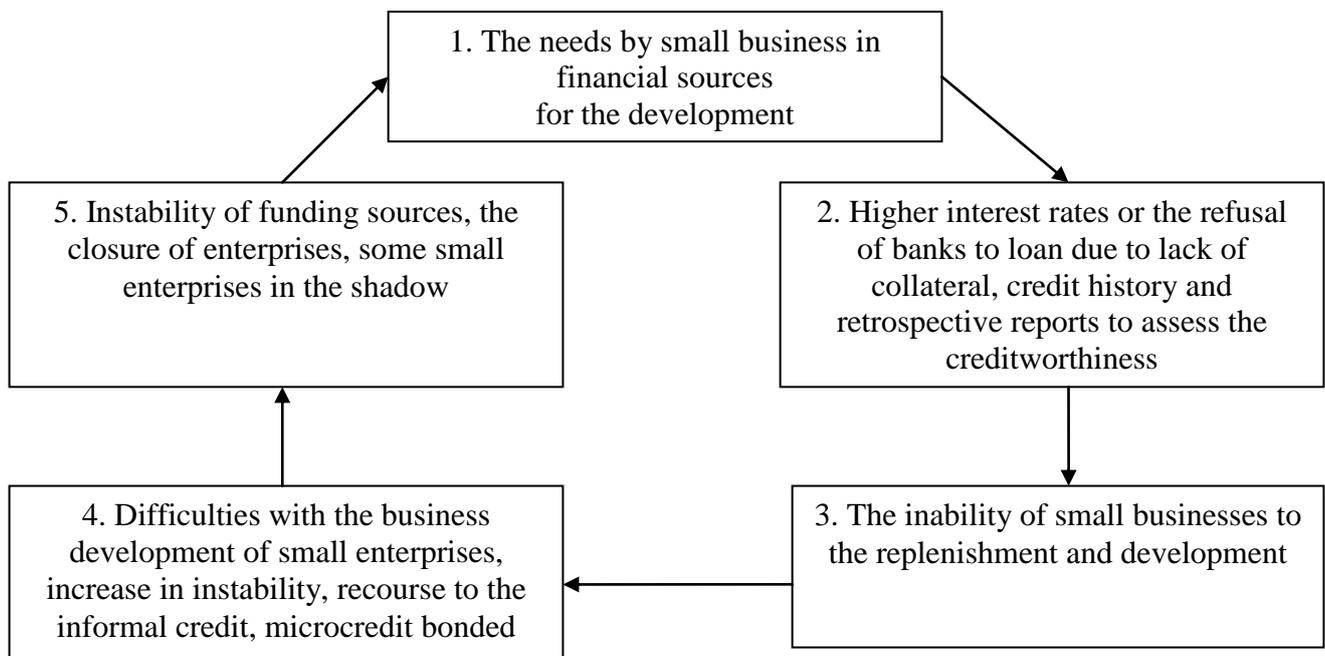


Fig. 2. Self-replication mechanism of "The trap of shortage of working capital for business development"

These institutional traps arose as a result of the misalignment of the interests between small businesses and other economic agents, but also because of the different short-term and long-term interests of small business. They prevent the development of small business and limit its positive impact on the dynamics of indicators of local labor markets in the modern Russian economy.

**4. We have proposed the methodical approach to the assessment of the impact of small business development on the level of employment in Russian regions.** The assessment of the impact of small business development on the status of the local labor market carried out taking into account the dynamics of indicators of the economic situation, the loyalty of local authorities to small business, demographic situation, and welfare. As indicators of the state of the local labor market are the changes in the numbers of unemployed in the region ( $X_{10}$ ), change the number of economically active population of the region ( $X_{12}$ ). As indicators of economic conditions are changing the number of small businesses in the region ( $X_3$ ), change in the amount of turnover by small businesses in the region ( $X_1$ ), the change in the volume of investments into fixed capital of small businesses ( $X_2$ ), the change in the volume of turnover by small enterprises in construction ( $X_4$ ), change in the amount of turnover by small businesses in trade ( $X_5$ ), change in the amount of turnover by small manufacturing enterprises ( $X_6$ ), the change of the specific weight of profitable small businesses ( $X_8$ ). As indicators of loyalty of the regional state administration bodies and bodies of local self-government to business development are indicators of changes in the share of contracts concluded for the supply of goods, performance of works and rendering services to subjects of small business for the state needs ( $X_7$ )

and the change in the volume of foreign investments in the region ( $X_{13}$ ). As indicators of the demographic situation and living standard of the local community are the indicators of migration population growth ( $X_{11}$ ), the change in average per capita income of the region's population ( $X_{14}$ ), the change in the consumer price index ( $X_9$ ).

Preliminary analysis of the mutual influence of indicators on the example of the Republic of Tatarstan for the period from 2003 to 2012 was performed using the matrix of pairwise correlations (table 1).

Table 1

The matrix of pairwise correlations of indicators  
of state small business, Tatarstan Republic

	Y	X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	X <sub>4</sub>	X <sub>5</sub>	X <sub>6</sub>	X <sub>7</sub>	X <sub>8</sub>	X <sub>9</sub>	X <sub>10</sub>	X <sub>11</sub>	X <sub>12</sub>	X <sub>13</sub>	X <sub>14</sub>
Y	1,00														
X <sub>1</sub>	0,90	1,00													
X <sub>2</sub>	0,96	0,89	1,00												
X <sub>3</sub>	0,88	0,90	0,78	1,00											
X <sub>4</sub>	0,83	0,75	0,85	0,60	1,00										
X <sub>5</sub>	0,96	0,96	0,97	0,86	0,80	1,00									
X <sub>6</sub>	0,95	0,88	0,98	0,81	0,75	0,96	1,00								
X <sub>7</sub>	0,01	0,20	-0,06	0,00	0,25	0,05	-0,10	1,00							
X <sub>8</sub>	0,86	0,65	0,82	0,65	0,78	0,79	0,80	0,00	1,00						
X <sub>9</sub>	-0,61	-0,68	-0,42	-0,78	-0,34	-0,57	-0,44	-0,25	-0,43	1,00					
X <sub>10</sub>	-0,32	-0,43	-0,40	-0,09	-0,56	-0,43	-0,35	-0,66	-0,35	0,20	1,00				
X <sub>11</sub>	0,58	0,47	0,65	0,41	0,65	0,58	0,55	-0,30	0,60	-0,33	-0,32	1,00			
X <sub>12</sub>	0,91	0,70	0,88	0,69	0,81	0,81	0,85	-0,08	0,95	-0,39	-0,23	0,57	1,00		
X <sub>13</sub>	0,69	0,74	0,78	0,55	0,73	0,78	0,67	0,07	0,57	-0,25	-0,33	0,52	0,63	1,00	
X <sub>14</sub>	0,88	0,89	0,82	0,87	0,72	0,88	0,82	0,16	0,73	-0,69	-0,34	0,46	0,74	0,63	1,00

Indicators of communication's narrowness in the correlation analysis reflect the degree of dependence of the variation of the resultant symptom – the dynamics of employment in small business (Y) from variations of traits – factors. The linear correlation coefficient takes values ranging from -1 to +1. Connection between the features measured at the scale of Cheddoc. Values of pair correlation coefficients indicate a very close relationship between the dynamics of number of employed in small business in the economy of Tatarstan with indicators of changes in investment in fixed capital in small business ( $rx_1x_2 = 0.96$ ), changes in the volume of turnover by small businesses trading in the circulation ( $rx_1x_5 = 0.96$ ) and manufacturing industries ( $rx_1x_6 = 0.95$ ), changes in the number of economically active population ( $rx_1x_{12} = 0.91$ ). Weak positive correlation is observed in terms of changes in the share of contracts concluded for the supply of goods, performance of works and rendering services to subjects of small business for the state needs ( $rx_1x_7 =$  amount of 0.118). A marked inverse correlation with the observed rate of change of the consumer price

index ( $r_{x_1x_9} = 0.61$ ). A weak inverse correlation exists in terms of changes in the number of unemployed in the region ( $r_{x_1x_{10}} = -0.32$ ).

The dependence of the factors of changes in the turnover of small businesses in the region and the change in the turnover of small business in sphere of sale of goods and services due to the fact that among small businesses in the region are a significant part of it was the enterprise of the specified sector. In this regard, the model excluded the indices with a large number of values close correlation, and the change in the turnover of small businesses in the region, the change of fixed capital investment in small businesses and changes in the turnover of small enterprises in construction was excluded from the model because of their interdependence. So, indicators of changes in the share of contracts concluded for the supply of goods, performance of works and rendering services to subjects of small business for the state needs (of 0.0118), changes in the number of unemployed in the region (-0.3241), change migration population growth in the region (0.5844) excluded from the model because their influence on the dynamics of employment in small business is negligible.

To study the dynamics of population employment of RT in the small business constructed a regression equation, where the resulting factor is an indicator of employment dynamics in small business in Tajikistan, and as independent variables – the rest are excluded matrix indicators. This study proceeds from the hypothesis of linear relationship between analyzed variables, which simplifies the procedure of calculation and interpretation of regression coefficients. The use of stepwise regression analysis to model has allowed formulating a number of statistically significant regression equations. The equation showing the relationship of employment index's rate of industrial production has the form:

$$Y = 0.686 + 1.141x_3 \quad (1)$$

The regression coefficients are statistically significant by Student's criterion ( $t_{b0} = 1.86$ ;  $t_{b3} = 5.62$ ;  $t_{\text{крит}} = 2.26$ ). Because  $5.62 > 2.262$  the statistical significance of the regression coefficient  $b$  is confirmed (reject the hypothesis of equality to zero of this ratio). Because  $1.86 < 2.262$ , then the statistical significance of the regression coefficient is not confirmed (accept the hypothesis of equality to zero of this ratio). This means that in this case, the coefficient  $a$  can be neglected. The assessment of the reliability of the regression equation in General, and of the measure of correlation strength gives F-Fisher's criterion. According to the results of undertaken analysis indicator  $F = 28.11$ , and the probability of obtaining this value by chance is 0.00071 that does not exceed the significance level of 5%. Therefore, it was confirmed the statistical significance of the equation and the indicator of correlation strength. According to the calculations of this index (coefficient of determination) was 0.78, its value indicates a high, but not close relations of the studied indicator of employment in the field of small business in Tatarstan. Elasticity coefficient, reflecting the impact of a one percent change  $X_3$  to employment, is calculated by the formula:

$$\Theta_i = \beta_i \times \frac{X_i}{Y} \quad (2)$$

where  $\Theta_i$  – elasticity coefficient;  $b_i$  – the regression coefficient when the i-factor;  $x_i$  – the average value of the i-factor;  $Y$  – the average value of the studied index.

For  $X_3$ , the average elasticity coefficient was 0.74, which indicates that increasing employment in small business in Tatarstan on 1% growth in the number of small enterprises in the region by 0.74%.

The regression equation of the relationship of employment in small business in Tatarstan and changes in the turnover of small enterprises is as follows:

$$Y = 0.609 + 0.617 x_5 \quad (3)$$

The regression coefficients are statistically significant by Student's criterion ( $t_{b_0} = 2.74$ ;  $t_{b_5} = 9.73$ ,  $t_{\text{крит}} = 2.26$ ), and the model is statistically significant by F-Fisher's criterion ( $F = 84.16$ ;  $p < 1.56E-05$ );  $R_2 = 0.9132$ . Elasticity coefficient  $\Theta_5$  is 0.77.

The manufacturing sector is in second place by the number of employed in small business of Tatarstan. The regression equation of the relationship between employment in the field of small business in Tatarstan and the rate of change of the turnover of small businesses in this field is as follows:

$$Y = 1.151 + 0.228 x_6 \quad (4)$$

The regression coefficients are statistically significant by Student's criterion ( $t_{b_0} = 5.903$ ;  $t_{b_6} = 8.67$ ), and the model is statistically significant by F-Fisher's criterion ( $F = 75.15$ ;  $p < 12.41E-05$ );  $R_2 = 0.904$ . Elasticity coefficient is 0.56.

The regression equation of the relationship of employment in sphere of small business of Tatarstan and changes in the percentage of profitable small enterprises is as follows:

$$Y = -7.3932 + 9.4104 x_8 \quad (5)$$

The regression coefficients are statistically significant by Student's criterion ( $t_{b_0} = -3.42222$ ;  $t_{b_8} = 4.77$ ;  $t_{\text{крит}} = 2.306$ ), and the model is statistically significant by F-Fisher's criterion ( $F = 21.79$ ;  $p < 0.001576$ );  $R_2 = 0.7401$ . Private elasticity coefficient is 3.83.

The regression equation of the relationship of employment in sphere of small business of Tatarstan and changes in the consumer price index has the following form:

$$Y = 4.9951 - 3.6303 x_9 \quad (6)$$

The regression coefficients are statistically significant by Student's criterion ( $t_{b_0} = 4.52$ ;  $t_{b_9} = -2.21$ ;  $t_{\text{крит}} = 2.306$ ), and the model is statistically significant by F-

Fisher's criterion ( $F = 4.9$ ;  $p < 0.062272$ );  $R_2 = 0.38$ . Private elasticity coefficient is -0.91.

The regression equation of the relationship between employment in the field of small business in Tatarstan and changes in the number of economically active population of the region is as follows:

$$Y = -43.524 + 43.8123 x_{12}. \quad (7)$$

The regression coefficients are statistically significant by Student's criterion ( $t_{b0} = -5.76$ ;  $t_{b_{12}} = 5.74$ ;  $t_{\text{крит}} = 2.306$ ), and the model is statistically significant by F-Fisher's criterion ( $F = 37.9$ ;  $p < 0.000285$ );  $R_2 = 0.8044$ . Private elasticity coefficient is 17.68.

The regression equation of the relationship between the employment index and changes in foreign investment in the region looks like follows:

$$Y = 1.89 + 0.333 x_{13} \quad (8)$$

The regression coefficients are statistically significant by Student's criterion ( $t_{b0} = 5.3345$ ;  $t_{b_5} = 2.6985$ ;  $t_{\text{крит}} = 2.306$ ), and the model is statistically significant by F-Fisher's criterion ( $F = 7.25$ ;  $p < 0.027134$ );  $R_2 = 0.4754$ . Elasticity coefficient is 0.277.

The regression equation of the relationship between employment in the field of small business in Tatarstan and the change in average per capita income is as follows:

$$Y = 0.815594 + 0.445945 x_{14} \quad (9)$$

The regression coefficients are statistically significant by Student's criterion ( $t_{b0} = 3.734695$ ;  $t_{b_5} = 9.010182$ ), and the model is statistically significant by F-Fisher's criterion ( $F = 82.99542$ ;  $p < 1.69E-05$ );  $R_2 = 0.901094$ . Private elasticity coefficient is 0.69.

This research showed that the profit growth of small businesses due to the reduction in the tax burden and the introduction of additional benefits to ensure a high level of employment in the studied sector, and therefore affects the state of the local labor market in the region.

### **5. We have developed rating of Federal districts according to the localization of employment, based on the calculation of the coefficient of localization employment in the field of small business.**

The coefficient of localization of employment in small business is calculated by the formula 10:

$$K = (\text{ЧЗ}_{\text{МП } i} / \text{ЧЗ}_{\text{МП}}) * (\text{ЧЗ} / \text{ЧЗ}_i) \quad (10)$$

where  $K$  - the coefficient of localization;

$\text{ЧЗ}_{\text{МП } i}$  - the number of employed in small business in the  $i$ -region;

$\text{ЧЗ}_{\text{МП}}$  - the total number of employed in small business in the Russian Federation;

$\text{ЧЗ}$  - total employment in the country;

$\text{ЧЗ}_i$  - total employment in  $i$ -region.

The region as a region with a high concentration of employment in small business, if  $K > 1$  – this indicate a significant role of small businesses in the formation of demand for labor (compared to the structure of demand for labor in the national economy as a whole). Calculation the coefficient of localization of employment in small business in the Russian regions became the basis for the writing of their rating (table 2).

Table 2

The rating of Federal districts according to the localization of employment in small business

Rating	Federal district	The coefficient of localization - K
1.	Northwest	1.16
2.	Central	1.13
3.	Volga	1.01
4.	Ural	0.96
5.	Siberian	0.93
6.	Far East	0.87
7.	South	0.86
8.	North Caucasus	0,54

The highest coefficient of localization of employment in small business has developed in Northwest (1.16) and Central (1.13) Federal districts. In Volga Federal district the coefficient of localization corresponds to the average value. In other districts the concentration of employment in small businesses is below the Russian average. The lowest value observed in the North Caucasian Federal district (0.54).

Similar performance can be obtained for some subjects of Russian Federation and municipalities. The peculiarities of the Federal districts, the Russian regions and municipal entities in terms of characteristics of employment in the field of small business allows you to adapt the state program of employment regulation to the specificity of local labor markets.

**6. The methodological and theoretical approach to the areas of small business development, which is based on the distinction of its objective (due to the specifics of small business) and subjective (due to statutory representations entrepreneurs) features.**

The selection objective (due to the specifics of small business) and subjective (due to statutory representations entrepreneurs) characteristics of small business has enabled us to streamline measures aimed at revitalizing small businesses as carriers of the demand on the local labor market. The study identified measures to overcome (prevent) the negative effects of the participation of small business entities as a subject of demand on the local labor market, including the development of forms of interaction small and large businesses (outsourcing, franchising, subcontracting, entrepreneurship, incubators, satellite form of joint activities, etc.). Generally, you should specify that the direction of integration of large and small enterprises are not

only able to stabilize employment in small business, to balance its structure, but also enhance mutual competitive advantages of small and large firms at the expense of flexibility and adaptability first and financial sustainability. For the effective use of innovative potential of small business it is advisable to encourage the development of different forms of interaction small and large businesses within the implementation of cluster initiatives, value chain, regional innovation systems, etc. implementation of the strategy of neo- industrialization involves the development of measures aimed at exploiting the ability of small enterprises in the development of flexible forms of employment, which is one of the conditions for the implementation of the innovation model of “Triple Helix”, in which the founders of small innovative enterprises performing educational organization.

The presence of subjective features of small business, which limits its subjects in the formation of effective demand in the labor market, necessitates on the part of government bodies and bodies of local self-government in developing relevant programs to include measures aimed at the implantation of the system of values of the perceptions of entrepreneurs corresponding to target reference points of development of modern Russian economy. The realization of paternalistic policy of the state includes the development of Federal state educational standards, providing for the formation of common cultural and professional competences of the learners against the benchmark strategies neo-industrialization, the use of the system of state order for training and professional retraining specialists for the sphere of entrepreneurship. The demand for labor by small businesses, which is the content derived from the demand for final goods, will vary in accordance with the requirements of the modern economy in the event of a change of consumption culture as the dominant program for the use of members of the society of consumer goods. This will allow overcoming the contradictions between the interests of small businesses and other economic agents, which is a prerequisite for exit from institutional traps, because it leads to lower costs for transforming the institutional environment.

The analysis showed that the small businesses are relatively autonomous demand in the labor market that helped to justify a series of measures, directed on increase of volume and change of its structure, and to provide positive dynamics of indicators of the state of local labor markets, the business community and the Russian economy in general.

### **III. MAJOR PUBLICATIONS**

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2. Salyakhov E.F. Directions of state support of small entrepreneurship development in Russia / Salyakhov E.F. // The issues of economy and law. 2013. № 12. P.117-121. 0,94 l.p.

3. Salyakhov E.F. Human capital in modern Russian economy: the dialectic of development / Salyakhov E.F. // Economic science. 2013. №11. P. 35-41. 0,48 l.p.

4. Salyakhov E.F. The unemployment rate in the Republic of Tatarstan as one of the indicators of social disadvantage / Salyakhov E.F., Zagidullina V.M. // The issues of economy and law. 2014. №11. C. 50-52. 0,75 l.p. (aut. - 0,35 l.p.).

#### **Articles in journals indexing in Scopus**

5. Salyakhov E.F. Discrimination and Inequality in the Labor Market / E.F.Salyakhov, E.A.Karasik, A.V.Kamasheva, J.S.Kolesnikova // Procedia Economics and Finance. International conference On Applied Economics (ICOAE). 2013. 0,44 l.p., (aut. – 0,25 l.p.).

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9. Salyakhov E.F. Poverty Overcoming Problems of Russian Population / E.F.Salyakhov, E.A.Karasik, O.V.Yurieva, P.B.Chursin // Mediterranean Journal of Social Sciences Vol 6, 2015. № 3. 0,5 l.p. (aut. – 0,25 l.p.).

#### **Articles in journals, collections of scientific papers, conference proceedings**

10. Salyakhov E.F. Small business: economic essence and social role / Salyakhov E.F. // Modern art of the economy. 2011. №1. 0,63 l.p.

11. Salyakhov E.F. Actual problems of small business's development in modern Russia / Salyakhov E.F. // Proceedings of masters and PhD students of the Institute of Economics and Finance of Kazan Federal University. Kazan, KFU 2012. P.295-299. 0,31 l.p.

12. Salyakhov E.F. Health care as a priority area of social investment / Salyakhov E.F. // Modern art of the medicine. 2012. №2 (4). P.52-54. 0,38 l.p.
13. Salyakhov E.F. Peculiarities of taxation of small business in Russia / Salyakhov E.F. // Modern art of the economy. 2013 №2. 0,25 l.p.
14. Salyakhov E.F. Development tendencies of small forms of business in modern Russia / Salyakhov E.F. // Scientific readings named after A. P. Mischenko: Materials of scientific-practical conference. Kazan, KFU 2013. P.182-184. 0,25 l.p.
15. Salyakhov E.F. The development of human capital in Volga Federal district / Salyakhov E.F. // Human resource management. 2013. № 4, 038 l.p.
16. Salyakhov E.F. Intellectual property protection / Salyakhov E.F. // Management of intellectual property as factor increasing of efficiency development organizations: Materials of the international scientific-practical conference. Kazan, KFU 2013. 0,56 l.p.
17. Salyakhov E. F. The actual issues which relate to state support of small and medium business development in the Russian Federation / Salyakhov E.F. // Modern art of the economy. 2013. №4. 0,56 l.p.
18. Salyakhov E.F. The role of human capital in solving problems of sustainable development in Volga Federal district / Salyakhov E.F., Zagidullina V.M. // Effective management of sustainable development of territories: Materials of the international scientific-practical conference. Kazan, KFU, 2013. P. 295-299. 0,56 l.p. (aut.. - 0,34 l.p.).
19. Salyakhov E.F. Small business as a development institution of employment / Salyakhov E.F. // Marketing and society: Materials of IX international scientific-practical conference. Kazan, "Otechestvo", 2014. P.147-151. 0,48 l.p.
20. Salyakhov E.F. The migration of young people as a socio-economic problem of small towns / Salyakhov E.F. // Migration processes: trends, challenges, prospects: Materials of international scientific-practical conference. Kazan, "Otechestvo", 2014. P.279-283. 0,25 l.p.