Research of Small Business as a Factor in Sustainable Development of the Country's Economy

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Abstract: The development of small and medium-sized businesses is a key factor in stimulating economic activity, increasing investment attractiveness and improving the socio-economic situation in the regions. This is especially true for regions that are at the stage of active reconstruction and modernization of the economic system, such as the Chechen Republic. The article is aimed at conducting a comprehensive analysis of the dynamics, composition and structure of small and medium-sized businesses in this region in order to identify significant changes, as well as determine the factors contributing to the development of this sector. The study uses both quantitative and qualitative methods of analysis, which allows us to get a more complete picture of the state of small and medium businesses. It is important to note that support and development of small and medium entrepreneurship is not only a regional task, but also a key area of state policy in the field of economic growth and social stability. In the context of the Chechen Republic, where both economic and social aspects of development are important, the results of the study can become the basis for further improvement of the economic situation and improvement of the population's standard of living. An effective strategy for supporting and stimulating the growth of small and medium entrepreneurship can radically change the structure of the regional economy, attract additional investment and create new prospects for business.

1 INTRODUCTION

The development of small and medium-sized businesses (SMEs) is relevant for all regions of Russia, since a number of key regional problems still remain, despite serious steps to improve the situation [Support for Entrepreneurship, 2024; Portal for support of small and medium-sized businesses, 2024; Development of small and medium-sized businesses, 2024]. At the same time, such enterprises are developing unevenly geographically (Table 1).

Table 1: Number of small and medium-sized businesses by federal districts of Russia in 2022 (compiled by the author based on [Unified Register of Small and Medium-Sized Businesses, 2024]).

Federal District	Number of enterprises
Central Federal District	1 923 190
Northwestern Federal District	682 158
Southern Federal District	684 095
North Caucasian Federal District	208 712
Volga Federal District	1 044 196
Ural Federal District	503 494
Siberian Federal District	612 866
Far Eastern Federal District	30 531

An analysis of the presented data on the number of SMEs in 2022 by districts of Russia revealed that there were 5.97 million such organizations in total, with the North Caucasian Federal District accounting for 4% of the overall structure, which corresponds to the last place in the district ranking. It is worth noting some similarity in this regard between the regions of Russia. Nevertheless, we will further study this

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particular federal district, since there is a surge of business activity there, especially in the Chechen Republic, where the largest construction program in Russia is underway.

2 RESEARCH METHODOLOGY

The methodology of the article is based on an analysis for a detailed study of key trends in the development of small and medium businesses in the Chechen Republic. Particular attention is paid to determining the structural features of small and medium businesses, such as industry distribution, territorial concentration and forms of ownership. The use of an inductive approach also allows us to formulate hypotheses about the importance of small and medium businesses for economic growth not only of a particular region, but also of the country as a whole. Induction, in this case, helps to move from specific observations and conclusions to general patterns, which is important for building a theoretical basis for the study.In the process of work, key aspects of the development of small and medium-sized businesses in the Chechen Republic were identified. The analysis showed that small and medium businesses play an important role in shaping the local economy by creating jobs, promoting innovation growth and maintaining a high level of entrepreneurial activity. The structure and composition of small and medium-sized businesses in the republic demonstrate diversity in industries: from trade and services to the manufacturing sector. The study also pointed out existing barriers, such as limited access to credit resources and the need to improve infrastructure, which are common problems for many regions of Russia.The results of the study are an important tool for a wide range of stakeholders, including researchers, politicians and business representatives. For politicians and government agencies, the results can serve as a basis for the formation of small and medium-sized business support programs aimed at reducing administrative barriers, simplifying tax regulations and improving access to financing. For researchers, this study is of interest from the point of view of studying regional features of small and medium entrepreneurship development and their impact on the regional economy.

3 RESEARCH RESULTS

Considering the North Caucasus Federal District, we will study the structure in relation to the number of SMEs in the regions of Russia (Table 2).

Table 2: The structure of the number of small and medium-sized businesses by regions of the North Caucasus Federal District in 2022 (compiled by the author based on [Small and Medium-Sized Businesses in Russia, 2023]).

Region	Number of enterprises
Republic of Dagestan	43 358
Republic of Ingushetia	5 352
Kabardino-Balkarian Republic	19 275
Karachay-Cherkess Republic	11 865
Republic of North Ossetia - Alania	16 373
Chechen Republic	18 225
Stavropol Krai	94 264

The conducted analysis of the data on the number of SMEs by regions of the North Caucasus Federal District showed that in 2022, 208,712 SMEs operated in this territory, while the Chechen Republic ranked 4th in this indicator, accounting for 9% of the overall structure.

Let us separately study the number of self-employed in Russia by federal districts (Table 3).

Table 3: Number of self-employed by federal districts of Russia in 2022.

Federal District	Number of self-employed
Central Federal District	2 261 033
Northwestern Federal District	696 829
Southern Federal District	723 032
North Caucasian Federal District	500 917
Volga Federal District	1 076 380
Ural Federal District	471 962
Siberian Federal District	608 977
Far Eastern Federal District	222 345

The conducted analysis of the data on the number of self-employed persons by federal districts of Russia revealed that their number in 2022 was 6.56 million, while the North Caucasian Federal District occupied 8% of the overall structure, which corresponds to 6th place in the district ranking. Let us study the data by regions of the North Caucasian Federal District (Table 4).

Table 4: Structure of the number of self-employed persons by regions of the North Caucasian Federal District in 2022.

Region	Number of enterprises
Republic of Dagestan	211 554
Republic of Ingushetia	9 633
Kabardino-Balkarian Republic	55 926
Karachay-Cherkess Republic	15 281
Republic of North Ossetia - Alania	25 247
Chechen Republic	96 586
Stavropol Krai	86 690

The conducted analysis of the data on the number of self-employed people by regions of the North Caucasus Federal District showed that in the Chechen Republic there were 96,586 self-employed people in 2022, which is 19% of the overall structure of the North Caucasus Federal District, making the region second in this indicator.

Considering the dynamics of the number of small and medium-sized businesses in the Chechen Republic in 2022, some growth can be noted (Figure 1).

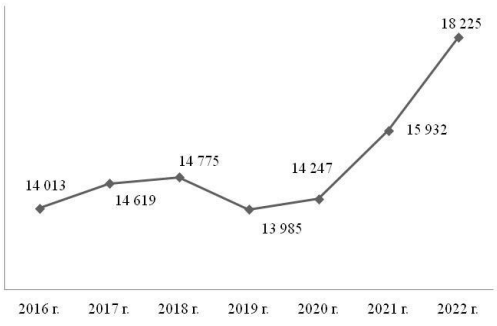

Figure 1: Dynamics of the number of SMEs in the Chechen Republic in 2016–2022 (compiled by the author based on [Small and Medium-Sized Businesses in Russia, 2023])

The conducted analysis of the data on the number of small and medium-sized businesses in the Chechen Republic in 2016–2022 showed that over the past year the growth rate of the number of small and medium-sized businesses was 14.4%, and for the entire period under study – 30.1%. Noting the structure of the number of small and medium-sized businesses in the Chechen Republic through the prism of the organizational and legal form, it should be noted that the situation is similar to the all-Russian trends (Figure 2).

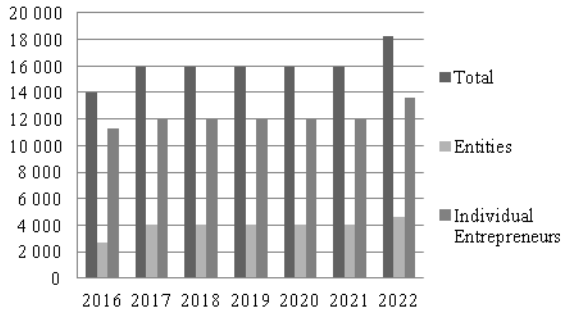

Figure 2: Structure of the number of small and medium-sized businesses by organizational and legal form in the Chechen Republic in 2016–2022 (compiled by the author based on [Unified Register of Small and Medium-Sized Businesses, 2024]).

The conducted analysis of the data on the number of small and medium-sized businesses by organizational and legal form in the Chechen Republic showed that throughout the entire period, the number of individual entrepreneurs prevailed over the number of legal entities. In 2022, the role of individual entrepreneurs increased. It is also worth noting the absolute prevalence of microenterprises in the structure of small and medium-sized businesses in the Chechen Republic throughout the entire period, which cannot be said about the structure of the average headcount of employees of small and medium-sized businesses in the Chechen Republic in 2022 (Figure 3).

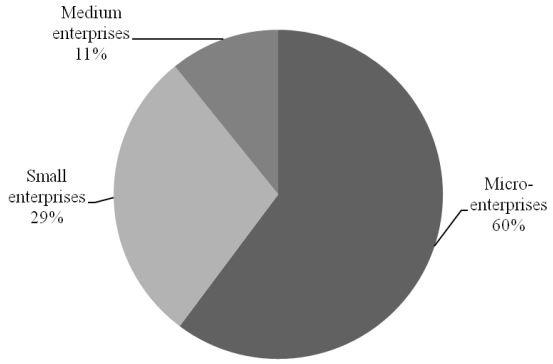

Figure 3: Structure of the average headcount of employees of small and medium-sized businesses in the Chechen Republic in 2022 (compiled by the author based on [Continuous statistical observation of small and medium-sized businesses, 2023]).

The conducted data analysis showed that there is a prevalence of the number of employees of small and medium-sized businesses in micro-enterprises in the structure of all employees of small and medium-sized businesses in the Chechen Republic in 2022. At the same time, medium-sized enterprises, despite their small number, employed 2,504 employees in 2022. Next, we will analyze the dynamics of the average headcount of employees of small and medium-sized businesses in the Chechen Republic (Figure 4).

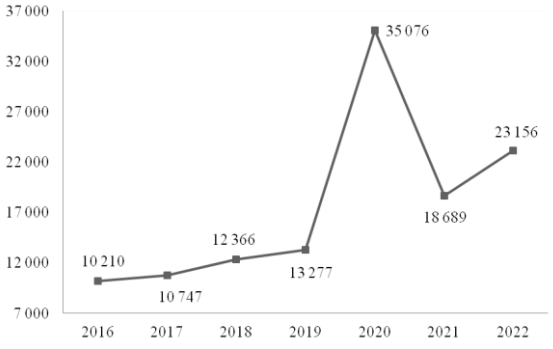

Figure 4: Dynamics of the average number of employees of small and medium-sized businesses in the Chechen Republic in 2016–2022.

The conducted analysis of the dynamics of the average number of employees of small and medium-sized businesses in the Chechen Republic showed that the growth rate compared to 2021 was 23.9%, and compared to 2016 - 30.1%. It is interesting to note that the share of those employed in small and medium-sized businesses from the total number of people working in the economy of the Chechen Republic in 2022 is 8%. Next, we will study the industry structure of small and medium-sized businesses in the Chechen Republic in 2022 (Figure 5).

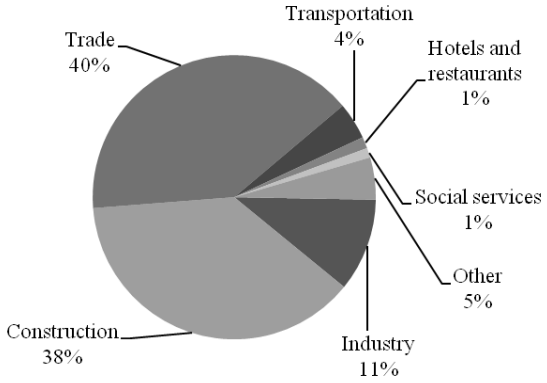

Figure 5: Sectoral structure of small and medium-sized businesses in the Chechen Republic in 2022.

The analysis showed that trade and construction occupy a dominant share in the structure of the number of small and medium-sized businesses in the Chechen Republic in 2022, amounting to 40% and 38%, respectively. Moreover, this proportion has been maintained for many years. It is these organizations that use borrowed financial resources to the greatest extent to conduct their activities (Figure 6).

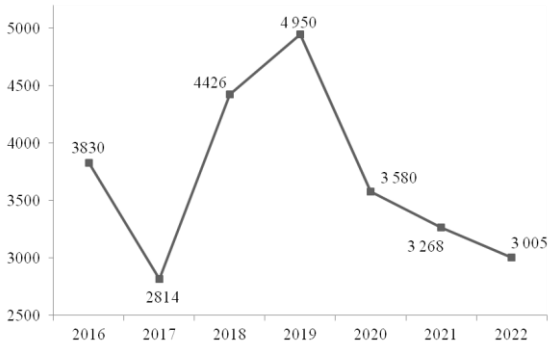

Figure 6: Volume of loans provided to small and medium-sized businesses in the Chechen Republic in 2012–2016, million rubles.

The analysis showed that since 2019 there has been a constant decrease in the volume of loans provided to small and medium-sized businesses in the Chechen Republic, and since 2012 a decrease of 21.5% has been recorded. It is important that Islamic financing is developing in the Republic, given the growing role of the religious factor and the effect of Federal Law № 417 on partnership financing, we can

talk about the growing role of Islamic finance in the coming years.

4 CONCLUSIONS

In conclusion, it is necessary to emphasize that small business really acts as a key driver of sustainable economic development of regions. The data and their analysis demonstrate the importance of small entrepreneurship not only for job creation and employment growth, but also for stimulating economic growth and diversifying the local economy.

Small businesses are flexible and able to quickly adapt to changes in the market environment, which makes them an integral part of the economic structure. Due to their scalability and innovative potential, small businesses contribute to the introduction of new technologies, improving the quality of products and services, and meeting the specific needs of local communities. This is especially relevant for regions striving for diversified growth and reducing dependence on large enterprises or individual industries.

It is also worth noting that small businesses play an important role in the social sphere, influencing the formation and support of entrepreneurial culture in the region. Small business entrepreneurs often work closely with local communities, which helps create sustainable economic ties and improve the quality of life. In the context of global economic changes and challenges, small business is becoming a kind of stabilizer capable of supporting economic activity at the local level, which is confirmed by the conducted research and statistical data.

Thus, the role of small business in the formation of sustainable development of the region is beyond doubt. It provides the basis for long-term growth, economic stability and social integration, and also creates favorable conditions for attracting investment and innovation. For further successful development of regions, it is necessary to continue supporting and stimulating small business, creating favorable conditions for its functioning and growth, which will be the key to stable and balanced development of the regional economy in the long term.

It seems logical to concentrate enterprises in 3 key cities of the Chechen Republic (Table 5).

Table 5: Ranking of commercial enterprises of the Chechen Republic in 2022 by districts (compiled by the author based on [Companies of the Chechen Republic, 2023]).

Region	Total revenue, million rubles	Specific weight, %
Grozny city	247 454	69
Argun city	21 922	6
Gudermes city	19 512	6
Shalinsky district	9 389	3
Naursky district	8 593	2
Grozny district	8 095	2
Shelkovsky district	7 992	2
Urus-Martanovsky district	5 654	2
Kurchaloevsky district	5 344	2
Nadterechny district	5 339	1,5
Achkhoy- Martanovsky district	5 274	1,5
Sernovodsky district	4 845	1
Gudermessky district	4 673	1
Vedeno district	2 070	0,6
Nozhai-Yurtovsky district	462	0,1
Shatoy district	79	0,02
Itum-Kalinsky district	68	0,02
Sharoi district	16	0,00

The analysis showed that enterprises in the cities of Grozny, Argun and Gudermes account for almost 80% of all revenue. At the same time, 5 districts account for less than 1% of the overall structure, and all the rest do not exceed 5%.

Thus, the analysis of the dynamics, composition and structure of small and medium-sized businesses in the Chechen Republic by 2022 yielded the following results:

- there has been an increase in the number of small and medium-sized businesses over the past 7 years;
- the number of individual entrepreneurs from among small and medium-sized businesses prevails over the number of legal entities;
- the dominance of micro-enterprises from among SMEs is clearly expressed in the quantitative aspect;
- over the past 7 years, the average number of SME employees has increased by 30.1%;
- there is a prevalence of the number of employees of small and medium-sized businesses in micro-

enterprises in the structure of all employees of small and medium-sized businesses;

- the share of those employed in small and medium-sized businesses from the total number of people working in the economy of the Chechen Republic in 2022 was 8%; – trade and construction occupy a dominant share in the structure of the number of small and medium-sized businesses in the Chechen Republic in 2022, amounting to 40% and 38%, respectively.

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