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### SOCIO-ECONOMIC FACTORS OF SMALL BUSINESS TRANSFORMATION IN MODERN CONDITIONS (on the example of the city of Moscow)

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#### **INTRODUCTION**

**Relevance of the research topic.** It was not accidental to address the topic of the development of Russian small business on the eve of the thirty-year anniversary of market reforms and programmes to support entrepreneurship in Russia. Currently, small business in Russia is still experiencing difficulties in solving key problems of formation, support and development. The issues of entrepreneurial activity of citizens, their involvement in the social labour environment of small business, socio-economic factors affecting the process of small business development are increasingly attracting the attention of researchers. However, if at the first stages of market reforms in the 90s of the last century entrepreneurial activity can be interpreted as a forced response to the dire economic situation in the country (unemployment, low wages), then in the subsequent periods of economic stabilisation there is a need for a comprehensive analysis of the factors that influence the processes of small business transformation.

In the conditions of cardinal political changes, the socio-economic development of the state is associated with many different difficulties. Small business, as an integral part of the economy of many developed countries of the world, regulates a wide range of social functions: from solving tasks in the sphere of employment of the population and meeting its needs to the implementation of a citizen's professional potential; reducing social tension due to competition for economic and labour resources of citizens and, accordingly, the growing demand for them.

Among the numerous studies of small business (economic, social, legal and others), the issues related to professional and personal characteristics of entrepreneurs and their employees have not been sufficiently studied to date. The problems of small business development are not only economic, but also social, so it is necessary to analyse: socio-cultural and business qualities of small business owners and employees, behavioural models built by them in the process of interaction, synchronisation of interests, etc. In the author's opinion, various public and private projects to support small business cannot be fully implemented without taking into account subjective and objective factors that qualitatively affect its social transformation.

At the same time, socio-professional competences, motivations and conditions of interaction of representatives of all social groups included in the social structure of small business,<sup>1</sup> perception of their positions, satisfaction with the conditions and results of labour remain out of sight for understanding the process of formation and development of small business. Therefore, it is extremely important to take into account many social aspects of small business functioning: complex living environment, legal consciousness of citizens, quality of labour force, working conditions and remuneration, ownership of the common cause, planning horizons and others.

Megacities, as centres of attraction of financial and labour resources, play a key role in the national economy. They also demonstrate the maximum results of small business activity. Nevertheless, on the scale of a megacity, a number of issues concerning the efficiency of small business functioning as a result of the influence of the main regulatory factors on it require additional study.

Thus, the relevance of the study is determined by the need to analyse and comprehend the transformation of small business as a process of radical change in the consciousness of its participants, reflected in the culture of behaviour and perception of business norms, in the conditions of the megacity, its content elements, as well as the need for scientific substantiation of the solution of the main socioeconomic problems of the development of this business.

**Degree of scientific development of the research topic. The** entrepreneurial layer was the subject of research of foreign classical scientists - sociologists and economists, such as T. Hobbes, M. Weber, T. Veblen, W. Zombart, R. Cantillon, J.M. Keynes, K. Polanyi, A. Smith, J.-B. Say, J. Schumpeter. And also domestic - I.T. Pososhkov, S.I. Bulgakov, M.I. Tugan-Baranovsky and others.

<sup>&</sup>lt;sup>1</sup> Polanyi K. The Great Transformation: Political and Economic Origins of Our Time. SPb.: Aleteia, 2002. 320 p.

Due to the interdisciplinary approach to analysing the research problem, the following typology of the research base has been used in this paper:

1. The concept and content of entrepreneurship are presented in the works of D.V. Byshov, V.V. Guliaeva, A.V. Gusev, V.O. Klyuchevsky, A.I. Kravchenko, S.K. Nikitina. The works of such classics as L. Brentano, J.K. Galbraith, V. Zombart, N. Smelser are devoted to the development of the sociological orientation of the study of the business layer. The direction of the economic component of the scientific categories "entrepreneurship", "small business", their structure and content, are expressed in the works of K. Marx, A. Marshall, F. Hayek and supplemented by S.Yu. Leontiev, N.A. Pavlyuk, F.E. Sheregi.

2. *The sociological aspect of* this phenomenon was considered in the works of scientists: M. Weber, W. Zombart, J. Schumpeter, S.N. Bulgakov, M.I. Tugan-Baranovsky. The socio-economic nature of research is traced in the works of domestic scientists, where the place of the modern entrepreneurial layer in the social structure of the transforming Russian society is analysed, these are the works of L.I. Abalkin, A.V. Vilensky, T.I. Zaslavskaya, Yu. Radaev, N.M. Rimashevskaya, J.T. Toshchenko, A.Yu. Chepurenko, O.I. Shkaratan.

3. *The socio-stratification aspect of* this problem was considered by such sociologists as Z.T. Golenkova, N.I. Lapin, T. Parsons, M.N. Rutkevich, P. Sorokin, W. Warner.

The analysis of scientific literature on the subject allows us to assert that, despite the presence of a large number of works on small business, social and labour relations of its subjects, their socio-demographic and socio-professional characteristics require additional analysis. The issue of the importance of small business development and the peculiarities of its functioning in the conditions of megapolis also remains relevant. In this regard, we propose an attempt to generalise the long-term period of research of small business subjects and their employees, focused on understanding the reasons for their changes.

The scientific problem of the study is determined, on the one hand, by the actualisation of the tasks of small business development in the megacity, and, on the

other hand, by the lack of clear definitions of the elements of the socio-stratification structure, their transformation as a result of social interactions of small business with its internal and external environments.

**The object of** the thesis research - small business in a highly urbanised society (Moscow) with its inherent socio-economic functions and changes in development after 1991.

The subject of the dissertation research is processes of transformation of small business entities, changes in their position and characteristics in the internal and external environment of activity.

The aim of the dissertation research is to identify trends in the development of small business in large cities of the Russian Federation and the factors influencing their formation.

In order to achieve the goal, the following **objectives** need to be addressed:

- define the concept of a entitysmall business ;

- to identify the specifics of these subjects, as well as the organisational structure of small businesses;

- to study the current state of small business from the perspective of sociodemographic and socio-professional characteristics of its managers and employees ;

- determine socio-economic, legal and psychological factors of functioning and transformation of small business and their impact on the change of the social structure of this business;

- identify the features of interaction between managers and employees of small businesses in the conditions of various социзосіо-cultural and socioeconomic changes;

to substantiate effective ways of solving social problems of small business functioning in a highly urbanised society.

**Hypothesis of the research.** The transformation (cardinal positive changes) of small business is based on the professional activity of all its participants (total human capital) - small business subjects, working staff, as well as the built model of communication between them. Social responsibility of small business subjects is

formed as a result of constant stimulating influence of the state mechanism of regulation and control.

**Theoretical and methodological basis of the research.** In the dissertation work as a theoretical and methodological basis of the study are used conceptual ideas and principles contained in the works of classics and contemporaries of foreign and domestic sociology: M. Weber, W. Zombart, J. Schumpeter, T.I. Zaslavskaya, V.V. Radayev, V.A. Yadov. Radaev, V.V. Radaev, V.A. Yadov. The theoretical works of sociologists were used: class theory of K. Marx, theories of stratification of M. Weber and P. Sorokin, the theory of entrepreneurship of J. K. Galbraith, the analysis of economic activity from the standpoint of social theory of N. J. Smelser, the theory of social interaction of G. Simmel and social exchange of J. Homans and others. The concept of social system by T. Parsons, structural functionalism, and the theory of social interaction by G. Zimmel and social exchange by J. Homans and others were reflected. Parsons, R. Merton's structural functionalism, A. Smith's concept of "economic man", A. Marshall's foundations of microeconomics, T. Veblen's forms of social behaviour.

The source and empirical base of the dissertation research is the data of the Federal State Statistics Service for 2009-2019 on the development of small business in Russia, as well as normative-legal documents of the state, regional and local levels that influence the support and development of small business, its protection in the conditions of the megacity - Moscow.

1 The empirical base of the research is represented by *primary data* collected, processed and analysed in the course of the thesis work. It is also represented by the results of the author's sociological studies: 1) "Social and professional characteristics of Moscow entrepreneurs", 2013-2017 (mass survey of Moscow entrepreneurs by quota, multi-stage sampling, N = 525 people); 2) "Social portrait of the Russian entrepreneur" (mass survey of Moscow university students by random sampling, 2015-2017, N = 1 05 people); 3) "Socio-economic problems of entrepreneurial activity" (telephone interview by stratified random sampling of landline numbers of commercial companies in Moscow with small business owners of the metropolis,

March-April 2019, N = 218 people); 4) "Conditions and nature of labour of small business employees" (express survey of Moscow small business employees, 2013-2018, quota sample, N = 175 people, 45 small businesses); 5) "Social protection of entrepreneurship in the conditions of the megacity" (associative interview with small businesses of Moscow. Moscow on a "nested" sample, 2016-2017, N = 61 people); 6) Mass survey of Moscow entrepreneurs on a quota, multi-stage sample, 2018-2019, on the basis of business forums "Transformation", N = 184 people; 7) Minisurveys conducted by the author in 2019-2021 on the basis of the capital's centres My Career, My Work (employment centres) and Professional (training centre) among job seekers (quota attribute - work at small businesses in Moscow, N = 284 people).

2. In addition, the dissertant used the results of applying the method of *secondary analysis of* sociological data collected by scientists in the course of various projects of such representative analytical centres as VTsIOM, FOM, RBC, Romir, PwC, NAFI, Avtostat, Rosbalt, RIA-rating and others.

The scientific novelty of the study consists in the following:

- the concepts of "marginalised business", "marginalised worker", "desperate worker", "autonomous worker" were introduced;

- the interrelation and mutual influence of personnel policy and corporate culture on the qualitative composition of the main social groups in the modern structure of small business in Moscow and entrepreneurial potential of the enterprise have been revealed;

- the influence of social factors on the quality of transformation of small business and entrepreneurial activity has been proved;

- criteria for assessing the quality of entrepreneurial activity, as well as criteria for assessing the social rating of an entrepreneur are proposed;

- effective ways of small business functioning from the point of view of its social security in the conditions of megapolis are proposed.

#### Main scientific results.

The peculiarities of the process of transformation of small business in the megacity have been revealed. They consist in the preservation of traditional management and personnel practices, characterised by weak social consolidation of the main participants of this form of business, their socio-professional heterogeneity, as well as unstable civil modality of their legal consciousness. There is a high demand of entrepreneurs for young, ambitious workers motivated to work in conditions of multitasking and labour overload, and a steady trend towards cooperation with employees who are not selective in choosing their professional preferences and working conditions, the main share of which are socially unprotected groups of citizens (young people, non-residents, migrants). It has been revealed that every second employee of small businesses in Moscow faces discrimination of labour rights (informal employment, depreciation, chronic fatigue, etc.). In addition, there is a growing share of workers who are highly dependent on life circumstances (material and housing obligations). The author calls such workers "desperative". The resource potential of the regions is still the basis for personnel renewal: from 46% to 78% of employees are commuters from other constituent entities of the Russian Federation and neighbouring countries. The main strategy of small business in Moscow is the strategy of low planning horizons and survival: in conditions of their professional and economic insolvency, the owners and employees of small businesses are more and more often using hidden forms of contingent labour - outsourcing, outstaffing, intermediary schemes of hiring and remuneration of labour, and avoidance of fulfilling their labour obligations. As a consequence, more than 95% of small businesses from their total number are microenterprises, which indicates that the minimization of the role of the state, which sets the standard of socio-economic growth model through incentive, legal and control mechanisms in the development of the liberal model of market economy, leads to the formation in small business and society as a whole adaptive monopoly of low standards of quality

of life (security, working conditions, products, services, etc.), excluding the development of civil society and small business<sup>2</sup>.

The author's classification of the main participants of small business in the megacity is presented. It consists in the formation among them of entrepreneurs of "forced necessity", working as self-employed both in administrative (managerial) and line positions, which is a reflection of the state of the professional worker in the absence of proper state regulation of his social guarantees, as well as the need of the worker in self-fulfilment and social justice<sup>3</sup>.

In this regard, the author's concept of fair remuneration of wage workers in small businesses is justified and formulated. It can be presented as follows:

Salary + incentive bonus to make up for the free resource (time, material costs, effort).

The author proceeds from the idea that development as a progressive process is associated with self-esteem (image), motivation, favourable environment (social environment), the level of goods and services offered (and consumed). Possessing the necessary free resource, which implies the possibility of material accumulation (investment), as well as sufficient time and energy for development, allows to form a growth environment motivated to develop professional competences, generate ideas and produce demanded goods and services. Capitalisation of material resources and professional competencies allows us to talk about the progressive development of business and the formation of the middle class<sup>4</sup>.

<sup>&</sup>lt;sup>2</sup> Nikonov V.A., Voronov V.V. Small business in Moscow and changes in the labour attitudes of its participants // Vlast. 2022. № 1. P. 177-185.

<sup>&</sup>lt;sup>3</sup> Nikonov V.A. Self-employment of citizens: a promising transition from adaptation to the market to a full-fledged small business // The Future of Sociological Knowledge and the Challenges of Social Transformations (to the 90th anniversary of the birth of V.A. Yadov): collection of materials based on the results of the International Scientific and Practical Conference (Moscow, 2019). M.: FNISZ RAN, 2019. P. 763-768.

<sup>&</sup>lt;sup>4</sup> Nikonov V.A. Middle class as a basis for the development of entrepreneurship in Russia // Scientific discussion: issues of sociology, political science, philosophy, history: Collection of scientific articles on the materials of L international scientific and practical conference. Moscow: Izdvo "Internauka", 2016. No. 5. P. 120-129.

#### The main points put forward for defence.

1. The evolutionary nature of transformation processes in small business is slowed down by both external factors (political, socio-economic) and internal factors (value, professional). Thus, in Moscow, as the centre of attraction of labour force, the structure of small business is dominated by high differentiation of social groups with their low interaction. In this regard, the building of corporate culture and professional ethics in the small business environment, which are necessary for the successful construction of the work process, is in an undeveloped state. Lack of social partnership, avoidance of legal obligations towards employees and the state become the dominant corporate culture of many small business organisations in Moscow.

2. The shadow labour market, arising as a result of poor social protection of citizens, supports the necessary conditions for the existence of small business in Moscow, aggravating certain social risks - solvency, human rights, employment. The main part of the labour force in small business neglects career expectations and basic specializations for the sake of higher wages and favourable environment, showing high adaptability to the forced nature of work, while losing the effectiveness of professional potential.

3. Unfair and weak competition (primarily in terms of the quality of goods and services offered and labour conditions) are among the main reasons for the low degree of small business development in Russia. With further stimulation of selfemployment ("entrepreneurial spirit") by the state and observance of legal guarantees for self-employed citizens, the share of the latter will steadily grow due to the low social protection of hired workers in small business organisations.

4. High internalisation among small businesses and working personnel is due to the crisis of interaction and trust both between them and in relation to the state mechanisms of social support. Social security of small business subjects in the megacity correlates with economic, legal, social, cultural, mental-psychological and geographical factors. The transformation of small business is possible under the condition of optimising the social protection of its subjects and employees, as well as strengthening the social block of federal programmes for small business development, while increasing the effectiveness of state (public) regulation, control and responsibility systems. A necessary condition for the qualitative transformation of small business in Russia is the emergence of a significant share of the middle class among the population as the most selective and demanding consumer environment; a sufficient condition for transformation is the emergence of civil society.

**Compliance of the dissertation topic with the requirements of the passport of the VAK speciality.** The research was carried out within the framework of scientific speciality 5.4.2. Economic Sociology. The theme of the research p.p. 4. Motivation of economic activity, 5. Socio-economic groups, structures and institutions, 6. Economic behaviour, 8. Social control in the economy, 11. Social problems of employment, 12. Social and labour mobility, 13. Social protection in the system of economic relations, 26. Social conditions of entrepreneurial activity and self-employment.

The reliability and validity of the results of the dissertation research are achieved by the consistency of the theoretical and methodological foundations used, the integrated application of sociological approaches, the combination of quantitative and qualitative research strategies, as well as the correct application of the legal framework, sociology, statistics on the issues of entrepreneurship as a social phenomenon and the nature of socio-stratification changes in the business layer in the megacity.

The scientific and practical significance of the research consists in the fact that the conceptual and categorical apparatus of the branch sociology of entrepreneurship has been expanded through the author's interpretations of certain concepts. The structure of socio-demographic and socio-professional characteristics on small business issues is developed, which can be used in further research.

The programme and tools of the conducted sociological research can be used to diagnose the degree of development of the small business layer not only in the conditions of a megalopolis, but also in various subjects of the Russian Federation. The formulated provisions can be used in scientific and pedagogical activity, in the process of teaching relevant disciplines of universities, such as: "Sociology of labour", "Qualitative methods of sociological research", "Economic sociology", "Anti-crisis management", "Regional economics", "Regional sociology", "Research of socio-economic and political processes", and others.

The proposed recommendations and conclusions contained in the thesis can be considered as a basis for further scientific research in the field of sociology, economics and public administration, as well as used for further optimisation and development of legislation in the field of socio-economic regulation.

Approbation of the work. The results of the research and practical recommendations were reflected in reports at the following international and local scientific-practical conferences: 1) XVI-th International scientific-practical conference "Young scientist: challenges and prospects" (Moscow, 2016); 2) L-th International scientific-practical conference "Scientific discussion: issues of sociology, political science, philosophy, history" (Moscow, 2016.); 3) International Scientific and Practical Conference "Modern Scientific Research: Current Issues, Achievements and Innovations" (Penza, 2016); 4) III-th International Competition "The Best Scientific Article - 2016" (Penza, 2016); 5) V-th International Scientific and Practical Conference "Science and Education: Preserving the Past, Creating the Future" (Penza, 2016); 6) International Scientific and Practical Conference "Science and Education: Preserving the Past, Creating the Future" (Penza, 2016).); 6) International Scientific and Practical Conference "Economics in the conditions of socio-technogenic development of the world" (Bryansk, 2016); 7) VII-th "Grushinskaya Sociological Conference" (Moscow, 2017.); 8) XVII International Scientific and Practical Conference "Socio-Economic Sciences and Humanities Research" (Novosibirsk, 2017); 9) XII "Sorokin Readings" (Moscow, 2018); 10) International Scientific and Practical Conference "The Concept of Sustainable Development of Science in Modern Conditions" (Kazan, 2018).

On the subject of the dissertation 12 scientific articles with a total volume of 10.8 p.l. have been published, including 6 - in the Russian editions of the VAK list.

The dissertation was discussed and recommended for defence at the meeting of the Department of the Centre for the Study of Russian Regions of the Institute of Sociology, FNISC RAS.

The structure of the thesis consists of an introduction, two sections, three chapters, a conclusion, a list of references, and appendices.

## CHAPTER 1. THEORETICAL AND METHODOLOGICAL FOUNDATIONS SMALL BUSINESS RESEARCH

# 1.1. Sociological approach to the study of the concept of entrepreneurship

The centuries-long history of the development of entrepreneurship and the formation of the corresponding social strata of society, as evidenced by the analysis of classical and modern sociological and economic literature undergoes significant changes in the forms of expression and structural characteristics. The scientific dispute about the very concept of "entrepreneur" is still invariably conducted.

The essence of the latter was initially considered in classical philosophical sources. The English philosopher Thomas Hobbes linked entrepreneurship and human labour from the perspective of state attention to them, stressing that entrepreneurship through labour brings social good: «...all kinds of trades, navigation, farming, fishing, and all branches of industry should be encouraged...»<sup>5</sup>.

Most researchers argue that the term "entrepreneur" itself originated with the Irish economist R. Cantillon, who in his book "An Essay on the Nature of Commerce in General" attempted to characterise a person who exposes himself to the risk of erratic income.

The term "entrepreneur" ("entrepreneur", French) was borrowed from French and as an economic definition first appeared in the "General Dictionary of Commerce"<sup>6</sup>, published in Paris in 1723 and, due to its extremely broad content, immediately became the subject of research of many economists. Cantillon included not only merchants, artisans and farmers, but also robbers, beggars and other persons with uncertain earnings in the category of entrepreneurs, emphasising that an entrepreneur does not necessarily have to produce anything or engage in entrepreneurial activity only with his own money. The entrepreneurial function,

<sup>&</sup>lt;sup>5</sup> Hobbes T. Leviathan, or Matter, Form and Power of the Church and Civil State / Op. in 2 vols. V.2 M., 1991. 736 p.

<sup>&</sup>lt;sup>6</sup> Brulon S. Extract of Savariev's Lexicon of Commerce. S.Pb: Tipography of the Academy of Sciences, 1742. 1072 p.

according to Cantillon, is clearly distinct from that of a capitalist or manager, and is concerned solely with bearing the burden of risk<sup>7</sup>.

Scottish economist and philosopher Adam Smith considered the entrepreneur as a key figure of competitive economy, the owner and organiser of the introduction of advanced technologies. In his main work "An Inquiry into the Nature and Causes of the Wealth of Nations" A. Smith pointed out the fundamental properties of human nature, which are most fully revealed in the activities of entrepreneurs in a competitive economy. Entrepreneurs are agents of progress of the socio-economic system, owners of capital, assuming the risk of economic activity, and profit is their interest<sup>8</sup>.

The French economist J.-B. Say considered an entrepreneur a person who undertakes "at his own expense and risk" to create any product suitable for his own use. In his works "Treatise of Political Economy" (19803) and "Complete Course of Political Economy" (1828) Say set out a developed theory of production and distribution, assigning an important role to the entrepreneur himself, whose main function was to coordinate the factors of production (land, capital, people), including not only labour, but also scientific knowledge necessary to organise the production process<sup>9</sup>.

D. Ricardo saw the entrepreneur as a rational person, taking risks for the sake of commercial profit and the realisation of conceived goals, and fulfilling the role of a capitalist-investor<sup>10</sup>.

The American sociologist T. Veblen, a representative of the economic branch of institutionalism, regarded the entrepreneur as an idle class, "captains of industry", appropriating the best part of the products of social production, interested only in making profit through buying and selling operations. The main interest of

<sup>&</sup>lt;sup>7</sup> Cantillon R. Essay on the nature of trade in general terms // World Economic Thought. Through the prism of centuries. Moscow: Mysl, 2004. V. 1. P. 269-278.

<sup>&</sup>lt;sup>8</sup> Smith A. Studies on the nature and causes of wealth of nations. Moscow: Eksmo, 2009. 956 p.

 <sup>&</sup>lt;sup>9</sup> Say J.B. Treatise on Political Economy / Compiled by M.K. Bunkin. M.K. Bunkin. Moscow: Delo, 2000. 232 p.
 <sup>10</sup> Ricardo D. Collected Works. SPb., 1908. 302 p.

entrepreneurs, emphasised Veblen, is focused on the purchase and sale on the market of "paper titles of property" and, to a lesser extent, on economic efficiency<sup>11</sup>.

A significant contribution to the development of the theory of entrepreneurship and the formation of business layers was made by M. Weber's work "Protestant ethics and the spirit of capitalism", where capitalist entrepreneurship is the embodiment of the rational organisation of free labour, and the use of the possibilities of entrepreneurial spirit. The entrepreneur-capitalist, as a bearer of rationality, cannot deny the existence of morality and ethics in the world of business<sup>12</sup>.

According to the German economist W. Sombart, the entrepreneur must have a capitalist spirit, be a conqueror, a merchant-organiser, his main goal is "the pursuit of prosperity and growth of his business". «Entrepreneurial natures are men with a pronounced intellectual and revolutionary endowment, which they must possess beyond the ordinary degree...»<sup>13</sup>.

At the heart of entrepreneurial activity is human potential: a person makes a meaningful decision to engage in entrepreneurship and realises it in the process of working on his/her business project. In this regard, it is appropriate to note the necessary socio-personal and professional qualities that entrepreneurs should possess, their motives and socio-psychological attitudes.

From the point of view of the representative of the classical theory of entrepreneurship, Austrian sociologist and economist J. Schumpeter, an entrepreneur can be called a person who realises new opportunities, combinations, innovator of his business: "... entrepreneurs are economic entities whose function is to realise new combinations and who act as active subjects of the enterprise". Schumpeter theoretically expands the circle of entrepreneurs to include all those who perform the above function, i.e. not only individuals, but also organisational employees,

<sup>&</sup>lt;sup>11</sup> Veblen T. Theory of the idle class. M., 1984. 183 p.

<sup>&</sup>lt;sup>12</sup> Weber M. Protestant ethics and the spirit of capitalism // Selected works: transl. from German. // Under the general editorship of Y.N. Davydov. M.: Progress, 1990. 808 p.

<sup>&</sup>lt;sup>13</sup> Sombart W. Bourgeois: Etudes on the history of spiritual development of modern economic man / Transl. from German; edited by Y. N. Davydov, V. V. Sapov. Moscow: Nauka, 1994. 154 p.

economists, lawyers, financiers and many others. In addition, the scientist separates such concepts as "capitalist" and "entrepreneur", the peculiarity of the latter as a social group is their small number: «... entrepreneurs are a special type of people inclined to innovative activity, who are always a minority. The majority is never capable of innovative activity»<sup>14</sup>.

The classic of economic science J.M. Keynes singled out the entrepreneur as the main figure of the capitalist economy, advocating the improvement of the state policy of economic regulation. Keynes saw a socio-psychological type of businessman, with inherent qualities such as the ability to correctly correlate consumption and saving, the ability to take risks, innovation, activity, the spirit of confidence in the prospects<sup>15</sup>.

The representative of the Austrian school of economics F.A. Hayek, singling out entrepreneurship as the driving force of market mechanisms, as the fighters for fair competition, advocated unlimited freedom of entrepreneurial activity while maintaining the market order<sup>16</sup>.

The scientist-economist I. Kirzner considers the entrepreneur as a person who makes decisions in the unequal real state of the market economy, in conditions of unequal distribution of prices. The entrepreneur, according to Kirzner, has a heightened "sensitivity" to profit opportunities, playing on the price difference of resources<sup>17</sup>.

Continuing the traditions of institutionalism in economics, John K. Galbraith, separating the functions of capital owners and representatives of "technostructure", identifies the concepts of "management" and "entrepreneurship", arguing that technostructure monopolises markets, subordinating price formation mechanisms, so the state of imperfect competition provides the seller with the opportunity to manipulate prices, making a profit<sup>18</sup>.

<sup>&</sup>lt;sup>14</sup> Schumpeter J. Theory of Economic Development. Moscow: Progress, 1982. 410 p. P.169-178.

<sup>&</sup>lt;sup>15</sup> Keynes J.M. General Theory of Employment, Interest and Money. Moscow: Helios-ARV, 2002. 352 p.

<sup>&</sup>lt;sup>16</sup> Hayek F.A. Competition as a procedure of discovery // ME&MO. 1989. №12. P.6-14.

<sup>&</sup>lt;sup>17</sup> Kirtsner I. Competition and entrepreneurship. Chelyabinsk: Sotsium, 2010. 272 p.

<sup>&</sup>lt;sup>18</sup> Galbraith J.K. Economic theories and goals of society. Moscow: Progress, 1976. 390 p.

Π. Drucker, in turn, developed the idea of the need to improve the knowledge of the entrepreneur and his ability to develop, noting that only a person whose business creates "a new market, forms new customers" can be called an entrepreneur. In his opinion, entrepreneurship is a specific social activity necessarily associated with innovation, giving resources new properties in order to create benefits. The innovative nature of the entrepreneur activates new market opportunities by combining factors of production<sup>19</sup>.

A key role in entrepreneurial activity was assigned by the Nobel Prize winner in economics M. Allais. Using the methods of economic-theoretical and comparative historical analysis, the scientist proved that only market competition can be economically effective, under which it is possible to ensure real social progress<sup>20</sup>.

P. Hizrich, an American professor of entrepreneurship, identifies entrepreneurship as "the process of creating something new, undoubtedly something of value", and the entrepreneur as a person who takes all the financial, psychological and social risks and is rewarded with money and satisfaction. In his view, an entrepreneur is "a person who spends all the necessary time and effort, assumes all the financial, psychological and social risks, and is rewarded with money and satisfaction"<sup>21</sup>.

The first Russian author who studied entrepreneurs is I.T. Pososhkov, who in 1724 prepared his famous work "The Book of Scarcity and Wealth", published in 1840, which proclaimed the equality of economic opportunities for representatives of all estates, including entrepreneurs. In fact, this work laid down new ideas about social protection of entrepreneurial strata<sup>22</sup>.

Sociological studies of entrepreneurship of the early twentieth century are represented by Russian scientists M. I. Tugan-Baranovsky<sup>23</sup> (on cooperation as a

<sup>&</sup>lt;sup>19</sup> Drucker P. Market: how to become a leader. Practice and principles. M., 1992. 349 p.

<sup>&</sup>lt;sup>20</sup> Allais M. The only criterion of truth is agreement with the given experiments // ME&MO. 1989. № 11. P.34-39.

 <sup>&</sup>lt;sup>21</sup> Hizrich R. Entrepreneurship, or how to start your own business and achieve success. M.: Progress-Univers, 1991.
 159 p.

<sup>&</sup>lt;sup>22</sup> Pososhkov I.T. The book about scarcity and wealth. Moscow: Ekonomicheskaya gazeta, 2011. 424 p.

<sup>&</sup>lt;sup>23</sup> Tugan-Baranovsky M. I. Social bases of co-operation. M.: Ekonomika, 1989. 509 p.

form of organisation of entrepreneurial activity) and S. N. Bulgakov (regarding the spiritual side of economic activity, considering the creative component as fundamental). N. Bulgakov<sup>24</sup> (regarding the spiritual side of economic activity, considering the creative component as fundamental).

Academician L.I. Abalkin singled out as one of the most important attributes of an entrepreneur "orientation towards achieving commercial success, responsibility for the independence of his decisions, as well as their consequences"<sup>25</sup>

Sociologist I.V. Dolgorukova, defines small business "as a form of manifestation of social relations that can contribute to increasing the material and spiritual potential of society"<sup>26</sup>, while pointing to the lack of attention to the formation of this social institution on the part of the state and public organisations, which prevents small business from developing as effectively as it does in developed countries"<sup>27</sup>.

Researcher G.B. Kosharnaya, emphasised that business entities have a certain social responsibility, which is linked to the morality and culture of society, and this social service is a prestigious and respected sphere of activity. The socially responsible policy of a businessman reflects the moral climate of society, expressed in intolerant attitude to fraud, as well as respect for human dignity<sup>28</sup>.

The post-perestroika period of entrepreneurship, the place and role of business layers in the Russian economy were most fully reflected by Russian sociologists O.V. Kryshtanovskaya<sup>29</sup> and T.I. Zaslavskaya<sup>30</sup>.

V.V. Radaev devoted a number of works to the study of groups of entrepreneurs, their socio-demographic and professional characteristics, as well as

<sup>&</sup>lt;sup>24</sup> Bulgakov S.N. Philosophy of Economy. Moscow: Nauka, 1990. 413 p.

<sup>&</sup>lt;sup>25</sup> Abalkin L.I. Notes on Russian entrepreneurship. Moscow: Progress-Academy, 1994. 128 p.

<sup>&</sup>lt;sup>26</sup> Dolgorukova I.V. Small business as a social institution in modern Russia: sociological analysis: dissertation. ... candidate of sociological sciences: 22.00.04 / Dolgorukova Irina Vladimirovna. M., 2006. 180 p. P.12-20.

<sup>&</sup>lt;sup>27</sup> Ibid.

<sup>&</sup>lt;sup>28</sup> Kosharnaya G.B. Social responsibility of business entities: history and modernity // Izvestia Vuzovia Vuzov. Volga region. Social Sciences. 2014. №1 (29). P.100-108.

<sup>&</sup>lt;sup>29</sup> Kryshtanovskaya O.V. Transformation of the old nomenclature into the new Russian elite // Social Sciences and Modernity. 1995. № 1. P.51-65.

<sup>&</sup>lt;sup>30</sup> Zaslavskaya T.I. Business layer of the Russian society: essence, structure, status // Social Sciences and Modernity. 1995. №1. P.17-32.

the motives of entrepreneurial activity, raising the issue of "forced entrepreneurship" <sup>31</sup>. Highlighting the social significance of entrepreneurship, E.N. Fetisov and Y.G. Yakovlev defined it as an important factor of social progress, and entrepreneurs themselves as "pioneers of the formation of civil society"<sup>32</sup>.

In the work "Entrepreneurship as a Special Kind of Activity", researcher V.G. Smolkov characterises the entrepreneur as an "enterprising person", but with a negative connotation, highlighting his motivation for super profits and monetary gain<sup>33</sup>.

D.N. Diakonenko understood small business entities as "institutional units that meet the system of financial and economic (number of employees, total revenue, size of assets) and financial and political criteria (structure of authorised capital, share of small businesses in a particular industry, profitability of assets and products)"<sup>34</sup>.

Sociologist Y.V. Bystritskaya expanded the ideas about the content of the spheres of activity of small business representatives, pointing to the form of its social organisation - "small enterprise" - as a self-organising small target group, the functioning of which is based on formalised social relations and interactions<sup>35</sup>.

A retrospective of definitions of entrepreneur and entrepreneurship shows that, starting from Hobbes and Cantillon, almost all definitions contained the concepts of risk, responsibility, innovation and progress, creativity and, finally, significance for economic development. We can agree with the classical definition of the economist M.G. Lapusta that "entrepreneurship is a phenomenon reflecting the whole set of relations (economic, social, organisational, personal, etc.) associated with the organisation by entrepreneurs of their business, production of goods

<sup>&</sup>lt;sup>31</sup> Radaev V.V. Economic sociology. Moscow: Aspect Press, 1998. 368 p.

 $<sup>^{32}</sup>$  Fetisov E.N. On the social aspect of entrepreneurship. Conceptual introduction to the problem // SOCIS. 1993. Nº 1. P.24-30

<sup>&</sup>lt;sup>33</sup> Smolkov V.G. Entrepreneurship as a special kind of activity // SOCIS. 1994. №2. P.15-22.

<sup>&</sup>lt;sup>34</sup> Dyakonenko D.N. Financial support of small business subjects' activity: autoref. diss. ... candidate of economic sciences: 08.00.10 / Dyakonenko Dmitry Nikolaevich. Krasnodar, 2012. 30 p.

<sup>&</sup>lt;sup>35</sup> Bystritskaya Yu.V. Organisational culture of small enterprises: sociological aspect: autoref. diss. ... candidate of sociological sciences: 22.00.08 / Bystritskaya Yulia Viktorovna. M., 2001. 25 p.

(performance of work, rendering of services) and obtaining the desired result in the form of profit (income)"<sup>36</sup>.

As for Russian entrepreneurs, according to many researchers, they have always been characterised by high adaptability, efficiency, pronounced leadership qualities, persistence and desire to earn money. To a large extent, relying on the initiative and unconventional thinking of Russian entrepreneurship, the Russian state was able to develop new lands. <sup>37</sup>

The most attractive for this study are the works of scientists containing ideas about the social nature of entrepreneurship and the importance of entrepreneurial activity for society. Attention is drawn not only to the increasing rationalisation of individuals' behaviour, but also to the availability of the necessary social resource. Among them the most famous are such sociologists-economists as M. Weber, W. Sombart, J. Schumpeter. The social foundations of entrepreneurial activity are considered by the dissertant in the framework of their social significance, usefulness and potential for socio-economic development. This explains the interest in the researchers of classical sociology of entrepreneurship.

Thus, according to M. Weber, the basis of professional activity of an entrepreneur should not be the accumulation of capital as such, but, on the contrary, the pursuit of profitability and rationality of economic management should prevail. This is achievable with orientation not on practical, but on ideal goals, containing the recognition of high moral value. The prestige of an activity is determined by its social utility.

At the same time, W. Sombart, considering the social characteristics of the entrepreneur, believes that in addition to having a "holy economics", combining thrift and rationalisation, it is necessary to have a "business morality", reflecting trustworthiness and punctuality in the performance of obligations, etc.

<sup>&</sup>lt;sup>36</sup> Lapusta M. G. Entrepreneurship: textbook. Moscow: INFRA-M, 2012. 608 p. P. 12

 <sup>&</sup>lt;sup>37</sup> Bessolitsyn A.A. History of Russian entrepreneurship. Moscow Financial and Industrial University "Synergy",
 2015. 400 p. P.55

The works of J. Schumpeter, the founder of the sociology of entrepreneurship, are of particular interest for this paper. Schumpeter, who considered the creation of "new combinations" in production that give an advantage over competitors as the main task of the entrepreneur leading to qualitative social transformations. Such "innovative" activity is correlated with the production of a new good or the creation of a fundamentally new quality of known goods, the introduction or development of fundamentally new. J. Schumpeter considers the need for "creative destruction" as the basis of qualitative changes in entrepreneurship - the activity of entrepreneurs aimed at "opening new markets, internal and external", "the development of economic organisation from the handicraft workshop and factory to large concerns"<sup>38</sup>.

The properties of an entrepreneur presented in various concepts can be summarised and formulated as follows: an *entrepreneur is an initiator who independently organises and carries out at his/her own risk social and economic activities aimed at obtaining profit or personal income.* 

At the same time, the entrepreneur's activity is also characterised by common features: "independence", "initiative", "innovation", "responsibility" and "risk".

Many sources provide quite similar definitions of entrepreneurship: one of them understands *entrepreneurship* as "a form of manifestation of social relations arising as a result of initiative activity of individual or collective economic entities in the spheres of production, distribution and consumption of material and spiritual goods, aimed, as a rule, at obtaining profit (income) and carried out in their own name, at their own risk and under their own property responsibility"<sup>39</sup>, in other sources - as "independent initiative activity of citizens and their associations aimed at making profit"<sup>40</sup> or as "initiative, within the framework of the current legislation,

<sup>&</sup>lt;sup>38</sup> Schumpeter J. A. Schumpeter. Capitalism, Socialism and Democracy: Transl. from Engl. M.: Ekonomika, 1995. 540 p.

<sup>&</sup>lt;sup>39</sup> Dictionary-reference book on economics / Compiled by. L. P. Kurakov, V. L. Kurakov. Moscow: Helios ARV, 1999. 462 p. P.244

<sup>&</sup>lt;sup>40</sup> Explanatory Dictionary of Management / Compiled by S.N. Petrova et al. S.N. Petrova et al. M.: ALANS, 1994. 252 p. P. 127.

activity on creation, functioning and development of the enterprise, with the purpose of selling the produced products (services) and making profit"<sup>41</sup>.

Nevertheless, it is not quite correct, in our opinion, to consider *entrepreneurship* as a special type of activity aimed at profit making and based on independent initiative, responsibility and innovative entrepreneurial idea without a certain social role.

In our opinion, the extent of the social role of entrepreneurial activity is inextricably linked to the social policy of the state, whose main task is not only to "harmonise social relations, ensure political stability and civil harmony"<sup>42</sup>, but also the emergence of social resources aimed at shaping the spiritual and personal growth of citizens. Thoughtful analysis shows that overcoming individual commercial pragmatism is possible thanks to a purposeful state policy motivating to the value of creative labour. M.F. Chernysh rightly believes that the main task of the social state is to protect a person as much as possible from the risk of being humiliated by poverty by guaranteeing equal rights and opportunities<sup>43</sup>. The opportunity to utilise their potential due to competent social policy, rather than due to the prevailing socio-economic circumstances.

Here it is appropriate to mention *voluntary entrepreneurship*, based on a person's conscious choice as a result of having a certain entrepreneurial potential (starting opportunities, hereditary environment, mindset) and *forced entrepreneurship*, *i.e. by* necessity (for example, as a result of growing material obligations in conditions of low earnings). Practice shows that the process of formation of a certain entrepreneurial mindset in citizens is possible as a result of both favourable and unfavourable circumstances. In any case, as noted by M.F. Chernysh, having embarked on the path of entrepreneurship, a person (entrepreneur)

<sup>&</sup>lt;sup>41</sup> Sociology: Encyclopaedia / Compiled by A.A. Gritsanov et al. A.A. Gritsanov et al. Minsk, 2003. 1312 p. P. 784.

<sup>&</sup>lt;sup>42</sup> Social policy: paradigms and priorities / edited by V.I. Zhukov. Moscow: Izd-vo MGSU "Soyuz", 2000.312 p. P.10. <sup>43</sup> Round table. Discussion of the article by A.A. Yakovlev "Where is global capitalism going?" // The World of Russia. Sociology. Ethnology. 2022. №3. P.18-22.

must possess "outstanding abilities, either innate or acquired through long and painstaking work"<sup>44</sup>.

In addition, the presence or absence of "entrepreneurial spirit" in the population remains the most important condition for the development of small business in the country. In one of his last interviews Vasily Leontiev insisted: "Russia will be put on its feet by the spirit of entrepreneurship - there are no other means". Further developing his idea of the importance of frequent entrepreneurial initiative, he, in turn, emphasised the need for state regulation, arguing that "the adversarial market mechanism functions under strict state control"<sup>45</sup>.

At the same time, while agreeing with the need for state regulation of the market, we should avoid its radicalism, manifested in the dominance and total control of the state, loss of public confidence in the authorities and, as a consequence, a decline in social activity.

Hence the need for a comprehensive study of the factors affecting the transformation of small business. We have chosen the system approach as the basis of methodological research, taking into account that it does not exclude other methods of cognition. Considering small business as a certain system, we take into account the impact of both external and internal factors that affect its functioning in one way or another.

Despite the fact that many social scientists, including O. Comte, G. Spencer, V. Pareto, etc., adhered to the system approach in science, we are particularly close to the theory of T. Parsons, which allows us to describe the structure and mechanisms of interaction between individuals and groups, to assess the degree of their influence on each other<sup>46</sup>. Of particular interest is the ability of Russian small business to function long enough to achieve a certain balance between business interests and ways to achieve them in the conditions of unfavourable socio-economic reforms.

<sup>&</sup>lt;sup>44</sup> Ibid.

<sup>&</sup>lt;sup>45</sup> Leontiev V.V. Economic essays. Theories, research, facts and politics. Moscow: Politizdat, 1990. 415 p. P. 15-17.

<sup>&</sup>lt;sup>46</sup> Parsons T. The concept of society: components and their relationships // Theory and History of Economic and Social Institutions and Systems. M., 1993. P. 94-122.

Considering employment as the most important sphere of social responsibility of small business, the author considers it appropriate to study in more detail the issues of labour relations in small business: conditions of employment, work and remuneration, corporate culture, fair competition, etc.

## **1.2. Economic and legal foundations of small business structure** and characteristics of small businesses

The study of methodological foundations of entrepreneurship laid by many foreign and Russian scientists-economists, sociologists, philosophers-shows that the formulation of scientific categories of "entrepreneurship" and "entrepreneurial activity" have different subject areas. Economists define "entrepreneurship" as an organisational and economic form of business, historians - as a professional organisation, sociologists - as a social institution, philosophers - as a set of relations regarding the attainable interaction of people in the material sphere, legal scholars as an organisational and legal form of business.

In modern Russia there is a formal justification of this concept, according to paragraph 1 of Article 2 of the Civil Code of the Russian Federation: "entrepreneurial activity is an independent, carried out at one's own risk activity aimed at systematic profit from the use of property, sale of goods, performance of work or provision of services by persons registered as such" [2].

The diversity of types of entrepreneurial structures is generally of an informal nature, manifested in three organisational forms of entrepreneurship: individual, partnership and corporation, which, in turn, are divided into two groups - private and public. The first group includes individual entrepreneurs and partnerships, and the second group includes corporations.

Researchers [34, 35, 86, etc.] note the possibility of new forms that contribute to the well-being of citizens related specifically to small business.

In science the identity of the concepts of "small entrepreneurship" and "small business" is rooted, the analysis of which shows that the distinguishing feature of these definitions is the category of "profitability", without taking into account the "social component of economic activity inherent in the concept of "entrepreneurship", as well as the lack of aspiration of "small business "to become a link between large and medium-sized businesses, and society in the face of the consumer" [90, p.18].

In other words, the category "small business" is more related to the financial side of the activity, while the concept of "small business" is defined by the role, place and its structural correlation with large and medium-sized businesses.

The legal characteristic of small business entities indicates certain activities of an individual or legal entity aimed at making profit by providing services to the public or selling goods.

In the first half of the 1990s, the criteria for classifying enterprises as small businesses in Russia were repeatedly changed as new laws on small business came into force. In 1995, in accordance with paragraph 1 of Article 3 of the adopted Federal Law of the Russian Federation "On State Support of Small Business in the Russian Federation", the criterion for the share participation of subjects in the charter capital was established (no more than 25% of subjects), as well as the average number of employees for different industries: in industry, construction and transport - no more than 100 people, in science and technology and agriculture - no more than 60 people, in wholesale and retail trade - 50 and 30 people, respectively [5].

The legal criteria that referred entrepreneurs or organisation to small business entities were further presented in the federal law No. 209-FZ of 24.07.2007, aimed at the development of small forms of entrepreneurship in the country [7].

In accordance with the Resolution of the Government of the Russian Federation dated 13 July 2015 No. 702 [14], the Resolution of the Government of the Russian Federation dated 04.04.2016 No. 265 [15] and amendments to the Federal Law dated 24 July 2007 No. 209-FZ "On the development of small and medium-sized businesses in the Russian Federation" [7], small businesses today

include legal entities and entrepreneurs officially entered in the state register and meeting the following requirements [7], small businesses today include legal entities and entrepreneurs officially entered in the state register and meeting the following requirements:

1. "The share of participation of state-owned companies in the authorised capital of the company does not exceed 25%, foreign and domestic companies - 49%;

2. The number of employees, including part-time and probationary employees, for the past year does not exceed 100;

3. Revenue for the previous year, excluding VAT deduction, according to the financial statements does not exceed the amount of RUB 800 million. With effect from 1 August 2016, while the above amount remains unchanged, the financial indicator has been set as the limit of revenue for the previous year: all 'business income' for tax accounting according to the tax return".

On 1 August 2016, a unified register of small and medium-sized enterprises (SMEs) was established. It is formed by the Tax Service independently, based on the reporting of small businesses: information on income; average number of employees; data from the Unified State Register of Legal Entities and the Unified State Register of Individual Entrepreneurs; information from other state bodies [67].

Within the framework of optimisation of issues of interpretation of the concepts of small, medium and microenterprise since January 1, 2005 all states of the European Union in accordance with the EU Commission Recommendation 2003/361/EC of May 6, 2003 have switched to common rules of attribution of enterprises to small or medium-sized businesses [214].

Despite the lack of a clear differentiation of micro- and small enterprises, for example, in the USA, the largest number of small businesses are enterprises with the number of employees not exceeding 9 people [72, p.15]. In foreign economic literature there is a much clearer distribution of the concepts of "business" and "entrepreneurship" and, respectively, "small business" and "small entrepreneurship". The terms "entrepreneurship" (entreprenurship) and "entrepreneur" (entrepreneur) are

used in these sources when the special nature of the entrepreneur's activity, i.e. innovative, creative approach to business is emphasised. Thus, entrepreneurship is understood as economic creativity rather than simply the pursuit of maximising profits.

As mentioned above, by *small business* we understand entrepreneurial activity provided for by the current legislation, meeting the criteria established by the state and fulfilling socio-economic functions in society: providing employment for certain groups of the population in conditions of uncertainty in the development of society. In this regard, small business entities are individuals and legal entities that conduct social and economic activities within the legal framework and meet the requirements of the established criteria.

It is necessary to note the emergence of a subgroup of small businesses microenterprises. Despite the rather extensive history of their spread throughout the world, the study and implementation of relevant support programmes for microenterprises is often attributed to the USA. In Russia, microenterprises are mainly individual entrepreneurs, but according to the existing legislation, they can also include peasant farms and even limited liability companies. The main thing is that the average number of employees should not exceed 15 people during the reporting period, and the proceeds from the sale of products, excluding VAT, should not exceed 120 million roubles.

In this study, a comparative analysis was performed to summarise the data on small business entities in developed countries (Table 1).

Small business entity	Average number of employees for the previous calendar year	Sales revenue excluding VAT for the previous calendar year	Share of third parties in the company's authorised capital	Country (commonwe alth of countries)
Microenterprise	no more than 15 people	RUB 120 million.	no more than 49%	Russia

Table 1 - Small business entities and eligibility criteria

Small business	not more than 100 people RUB 800 million.		no more than 49%		
Microenterprise	no more than 10 people 2 million euros		no more than 25 per cent	European	
Small business	no more than 50 people	10 million euros	no more than 25 per cent	Union	
Microenterprise	no more than 9 persons	-	-	U.S.A.	
Small business	no more than 500 people	7 million USD.	-		

*Source:* calculated by the author on the basis of the above-mentioned statistical data of the EU, USA and RF [72, 94]

Table 1 shows that in Russia the European model of attributing business entities to small business is applicable. In general, the world experience of small business development shows that the share of the population engaged in this activity is more than 50% in developed countries, and the degree of development of this social stratum serves as a catalyst for innovation and regional economic growth.

Entrepreneurial activity can be carried out not only by private individuals and their associations, but also by state enterprises. In this regard, it is customary to distinguish between "public" and "private" entrepreneurship.

State entrepreneurship, in fact, fulfils social functions, carrying out and implementing solutions to certain socio-economic tasks aimed at supporting vital enterprises and economic sectors in energy, transport, science, etc. However, guaranteed state aid and, as a consequence, low probability of bankruptcy leads to low readiness of state enterprises for market competition, profitability and quality of production organisation, and the lack of economic independence and dependence on management decisions of higher state bodies leads to less flexible and quick management reactions compared to private entrepreneurship.

The latter is carried out on behalf of a private enterprise or entrepreneur. Private business, independently directing its activities, is guided by the needs of the market and the fastest possible extraction of profit, taking into account the consequences of risks. Possessing their own property, individual (private) entrepreneurs carry out their activities exclusively on a commercial basis, while a state legal entity may carry out its activities on both commercial and non-commercial basis.

Despite the existing differences between public and private entrepreneurship, their key principles are largely identical: initiative, responsibility, and the pursuit of maximum profit are assumed.

The implementation of state entrepreneurship in the legal field is possible only as a legal entity, while one of the organisational and legal forms of directly private entrepreneurship is an individual entrepreneur (IE) - a natural person.

At the same time, choosing the organisational form of a particular entrepreneurial activity, it is necessary to proceed from the totality of subjective opportunities of the entrepreneur and objective reality. In this regard, the division of forms of entrepreneurship into "organisational-legal" and "organisational-economic" proposed by S.A. Vydrin deserves attention. The former includes partnerships, societies, co-operatives, while the latter includes concerns, associations, consortia and financial-industrial groups<sup>47</sup>.

The focus of entrepreneurial activity is differentiated by the types of such activities: production, commercial trade, provision of various services, financial and consulting. One of the popular forms of business entities in Russia among representatives of small business is "limited liability company" (LLC), which has significant advantages compared to other organisational and legal forms (857791 entities at the end of 2019). Thus, economic societies, production and consumer co-operatives, peasant (farm) farms and individual entrepreneurs can be classified as legal entities of small business.

Physical entities of small business are individual entrepreneurs (IE). An entrepreneur engaged in *production activities is* mainly oriented to the process of production of products, goods and services for the purpose of further sale, and his

<sup>&</sup>lt;sup>47</sup> Vydrin S.A. The essence of entrepreneurship: concept and types // Izvestiya VolgGTU. 2007. №7. P.49-51.

motive is the extraction of monetary profit. The subject of *commercial entrepreneurship is* characterised by intermediary-speculative activity, which involves obtaining benefits as a result of selling goods and services at a higher price. A *financial entrepreneur* (banker, auditor, insurer, leasing specialist) uses money and securities as an object of purchase and sale, realising them to buyers through sale or on credit, while making a profit from interest and surplus capital. An *entrepreneur consultant* carrying out consulting activities provides paid consulting services in the areas of finance, management, human resources, marketing, real estate and others.

Highlighting the socio-economic role of small business, the author, first of all, seeks to analyse the employment situation of socially vulnerable groups of the population, in particular, young people, women, the disabled, immigrants, etc. It is at small businesses that these social groups often acquire experience, knowledge, determine their future career paths. It is at small business enterprises that these social groups often acquire experiences further ways of their professional growth.

However, modern Russia is significantly behind developed countries in terms of employment in small business. For example, by 2012 the average number of people employed in small business was more than 10.4 million people, it was 15.3% of the economically active population. Small and medium-sized enterprises together employed 18.1%, while in the USA this indicator was 70%, Japan - 78%, Italy - 73%, France - 54% [34, p.15].

It is obvious that the process of deindustrialisation of many Russian regions, whose small businesses have failed to become the most important sector of the regional economy, has affected employment in the form of spontaneous attempts to fit into the global market.

As can be seen from Table 2, the most favourable conditions for small business development are in the Central District of the Russian Federation.

Federal District /subject of Russia	Number of MPs at the end of 2018, th.	Number of MPs per 10,000 people	Average number of employees, thousand people.	Turnover of small Enterprises, billion roubles.
Central	937,3	238	3423,9	24238,8
г. Moscow	526,9	418	1464,0	16006,9
Northwest	371,5	267	1217,4	4977,8
г. St. Petersburg	234,4	444	621,3	3317,5
Southern	226,3	138	878,7	2803,2
North Caucasian	53,9	55	253	927,0
Privolzhsky	484,0	163	2098,6	5863,0
Uralsky	254,5	206	886,1	3004,3
Siberian	322,5	167	1164,8	3631,5
Far Eastern	118,8	192	462,0	1808,6
TOTAL for the Russian Federation	2659,9	181	10719,9	53314,2

Table 2 - Main indicators of small enterprises by districts of the RussianFederation as of 1 January 2019. [160]

Russia's small businesses are geographically unevenly distributed: almost half of entrepreneurs are concentrated in the Central (31%) and Volga (18%) federal districts. Most small businesses operate in wholesale and retail trade, repair of motor vehicles and motorbikes (60.4% of the total turnover of small enterprises), manufacturing industries (10.4%), and construction (7.5%) [212].

At the beginning of 2019, according to the analytical assessment of Sberbank of the Russian Federation, Russian microbusinesses have an average of three employees each, small companies have 27 employees each, while individual entrepreneurs rarely grow to medium-sized businesses - in June 2019 there were only 316 such organisations [154].

According to the Unified Register of Small and Medium-Sized Enterprises (SMEs) of the Federal Tax Service of Russia as of December 2022, of the 5969048 small businesses, 95.7% of the total number are microenterprises. Small enterprises account for 4%, and the smallest number is medium-sized enterprises - no more than 0.3%.

This distribution of SMEs (Figure 1) clearly shows the lack of guaranteed mechanisms and conditions necessary for the development of small businesses to the level of medium-sized companies. This to a certain extent explains the fact that citizens' interest in small business in Russia has fallen: "only 12% find it attractive (for comparison, in the United States 57% of the population wants to own their own company)" [148]. [148]. The indicator of the attractiveness of Russian small business for talented employees remains at a low level: 32.94 points (Russia ranks 109th out of 125) [235].

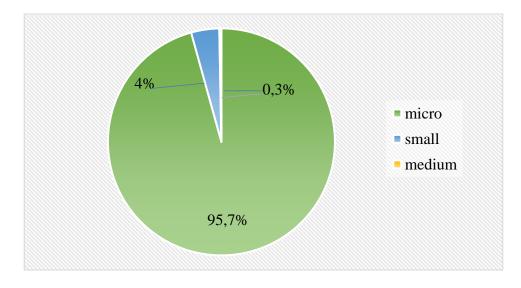


Figure 1 - Distribution of SMEs in Russia in 2019 (according to the statistics of state registration of the Federal Tax Service of the Russian Federation)

The specific feature of small business in all Russian regions, according to A.V. Vilensky, is "an extremely high prevalence of forced entrepreneurship in it" [50, p.10].

The need to find a livelihood with the most profitable form of realisation of labour potential increasingly turns many citizens towards small business, which is called self-employment. The self-employed are entrepreneurs willy-nilly, not all of them have entrepreneurial qualities (ability to take risks, adaptability to non-standard situations, efficiency, pronounced leadership qualities, etc.).

*The self-employed* are individuals who carry out independent labour activity (without hiring workers) for primary or supplementary employment. In 2019, the

share of the self-employed in the total employed population of Russia was 22%, with a significant part of them being in the shadow sector - 64% (about 10-11 million self-employed citizens) [139, p.68].

The professional and personal characteristics of employees of Russian small businesses also deserve the closest scrutiny. Thus, a number of recruiting companies note a long-term decline in the level of qualified personnel training in Russian companies. According to the employee skills index, Russia ranks 27th among 33 countries of the world [236].

Small businesses with a craft form of labour organisation, where original products made by hand and not on a factory scale are produced and sold, face difficulties. It is known that the global market for handicraft ("kraft") products is steadily growing. According to analysts, the revenue from the sale of handmade goods in 2020 was 718 billion dollars. The governments of many countries realise the significance of this trend and pay attention to supporting and regulating craft activities. In Russia, only one article in the law "On the Development of Small and Medium-Sized Enterprises" and several provisions of the law "On Folk Art Crafts" deal with it.<sup>48</sup> Nevertheless, the greatest readiness for an entrepreneurial career is demonstrated by young people, mainly residents of large cities and regional centres, and, as researchers note, "the reserves for replenishing the ranks of entrepreneurs are mainly among the self-employed" [212].

Small business is considered as a developing self-organising system, formed under the influence of both external and internal factors, reflecting the system of socio-economic interests of the state and entrepreneurial structures. Renewed market relations and infrastructure of the Russian market, stable political and economic environment, rational system of taxation and crediting, legal, socio-cultural, natural and geographical factors - all this forms an integral socio-economic space to ensure the necessary life activity of the entrepreneur.

<sup>&</sup>lt;sup>48</sup> Craft business. How to earn while sitting at home? 15.04.2021. URL: https://otronline.ru/programmy/prav-da/kraftovyy-biznes-kak-zarabotat-sidya-doma-50342.html (accessed 26.08.2021)

#### **Conclusions:**

1. Small business is an entrepreneurial activity stipulated by the current legislation, which meets the criteria established by the state and fulfils the social and economic function of providing employment for the population. At the same time, the social responsibility of small business consists not only in providing jobs, but also in the formation of business ethics that excludes infringements of vital interests of society: unemployment growth, labour discrimination, unfair competition, consumer deception, etc. The social responsibility of small business is not only in the provision of jobs, but also in the formation of business is not only in the formation of business of society.

Small business subjects (entrepreneurs) are individuals and legal entities conducting social and economic activities within the legal framework. From the point of view of sociology, a small business subject is an individual citizen or a voluntary association of citizens who carry out socio-economic activities related to profit making and have the right to make key decisions taking into account the sociocultural identity.

Studies of small business representatives have shown that Russian entrepreneurs have more pronounced independence and autonomy compared to representatives of other countries, as well as a strong psychological defence against social disapproval. This was facilitated not only by the unbalanced market, lack of real and consistent support from the state, but also by the open opposition of business to strict state regulation of entrepreneurial activity.

2. The most common among small businesses in Russia are microenterprises, which are characterised by the predominance of activities in the sphere of circulation: trade and services. In recent years, young people's activities in the sphere of production have been trying to develop in cities: small craft production of original goods ("craft" entrepreneurship): clothes, jewellery, cakes, beer, wood crafts and others. Urban youth are forming a new craft youth entrepreneurial subculture characterised by horizontal mobility, blurring of boundaries between work and leisure, and active development of informal education.

3. Developed market relations and market infrastructure, stable political and economic environment, rational system of money circulation and crediting, legal, socio-cultural, natural and geographical factors - all these factors have formed an integral favourable socio-economic space to ensure the necessary life activity of the entrepreneur.

4. The predominant socio-economic indicators of small businesses in the Central District of the Russian Federation and especially in Moscow against the background of other districts allow us to give a qualitative assessment of the state of small business in the metropolis. The main socio-economic indicators of small businesses in the Central District of the Russian Federation and especially in Moscow against the background of other districts allow us to give a qualitative assessment of the state of small business in the background of other districts allow us to give a qualitative of the state of the state of small business in the megacity, to trace the transformation of its social structure taking into account regional specifics.

### CHAPTER 2. SOCIAL CONDITIONS AND FACTORS OF SMALL BUSINESS TRANSFORMATION IN MEGACITY CONDITIONS

### 2.1. Current state of small business in megacity conditions (on the example of Moscow)

Moscow is the largest economic centre of the country. In terms of a number of key indicators - industrial production, trade, and services - the Russian capital consistently leads among the constituent entities of the Russian Federation. However, in the world rating of the best cities to live in, Moscow ranks only 68th out of 140. The multifactor analysis took into account security, the state of the economy, infrastructure, ecology, etc. [237].

The sectoral structure of Moscow's economy is characterised by the presence of an almost complete range of enterprises of different types of ownership. More than one million legal entities operate in Moscow: they work in different sectors, jointly creating the gross regional product (GRP) of the city. According to the Department of Economic Policy and Development of Moscow, over the last 10 years the level of GRP in the capital (per capita) has risen to 1.5 million roubles. - this is about 2.5 times higher than the average for Russia [106].

In terms of consumer spending in 2020 (USD 172.5 billion), Moscow ranks third among European cities and is among the top twenty largest consumer markets in the world. Moscow's retail turnover exceeded RUB 4.5 trillion (USD 77.5 billion) in 2016. Moscow accounts for 16% of Russia's retail trade turnover. The average per capita cash income of the population in the city of Moscow at the end of 2020 was about 75.6 thousand rubles per month [132].

Moscow, being the main centre of attraction of labour force as a region with a high level of economic development, nevertheless ranks 14th in the rating of regions with the highest negative dynamics of "registration" of enterprises. The number of closed enterprises in 2019 here is 2.77 times higher than the number of created enterprises in 2018. The annual growth rate of the number of individual entrepreneurs in Moscow, by which the capital ranks first in Russia, is also accompanied by a significant increase in the reverse processes.

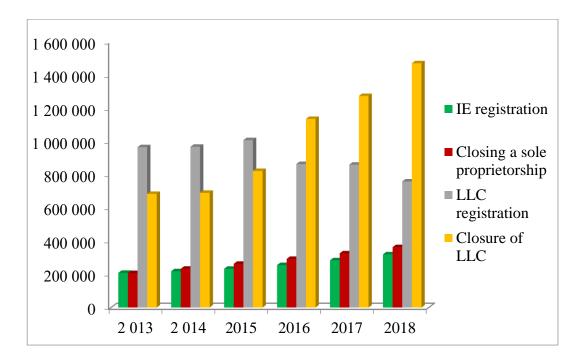


Figure 2 - Dynamics of the number of small businesses in Moscow for the period 2013-2018 (according to the statistics of state registration of the Federal Tax Service of the Russian Federation).

Despite the fact that the official bodies of the Federal Tax Service and statistics are quite evasive in commenting on the reasons that cause entrepreneurs to stop their business, the author's sociological surveys revealed the following main difficulties of running a small business in Moscow in 2019 (Figure 3). Imperfect legislation and, as a consequence, the difficulty of its perception, administrative pressure, and high tax charges still cause a lot of complaints from entrepreneurs.

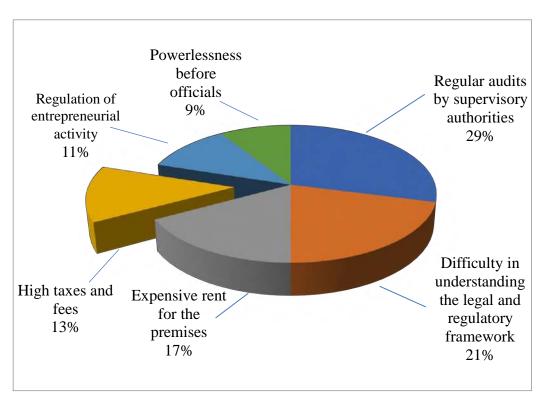


Figure 3 - Distribution of respondents' answers to the question "What difficulties do you experience in doing business in Moscow?" in 2019, in % of the total number of respondents (N= 184)

The speculative nature of market relations (enrichment by taking advantage of the difference in prices of goods for a certain period of time) in Russia due to the instability of the economy does not motivate small businesses in Moscow to produce: the development of the production potential of small businesses is associated with high material costs, long payback periods, economic risks associated with the uncertainty of sales outlets, administrative pressures, lack of investment funds and financial subsidies, the influence of external economic conditions, as well as the impact of the economic situation in the country.

As before, the most common areas of small business in Moscow are trade (49%) and services (33%) (construction, consulting, transport, etc.) (see Fig. 4).

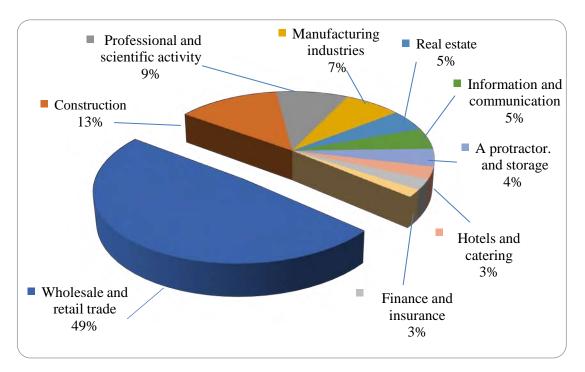


Figure 4 - Distribution of small businesses in Moscow by sector in 2019 (according to the data of Moscow City State Statistics Committee)

At the same time, 2.5 million people work in small business in Moscow, which is more than 35% of the entire labour force of the capital, i.e. every third person working in Moscow [53]. According to the results of 2021, more than 860 thousand self-employed citizens (more than 22% of self-employed citizens of the Russian Federation) are registered on the territory of Moscow [39]. The calculation of the percentage of labour migration from the countries of the former socialist camp in the capital's small business still causes difficulties for the official authorities, because the procedure of their official employment is quite burdensome for the employer.

The analysis of the number of small businesses in Moscow showed the following picture (Table 3).

41

Number of small		Of which:				
enterprises at the end of the	Year	Total	legal	entity	IF	•
year			micro	small	micro	small
Subjects		740450	501515	46961	191309	665
Employees, persons.	2016			2106370		
Product types						
Subjects		781826	515079	45797	220263	687
Employees, persons.	2017			2215335		
Product types				372		
Subjects		785454	490022	41713	252965	754
Employees, persons.	2018	2196999				
Product types		746				
Subjects		822997	509697	40660	271886	754
Employees, persons.	2019			2173378		
Product types				820		
Subjects		718108	386187	33381	297504	1036
Employees, persons.	2020			4430793		
Product types				2518		
Subjects		765821	384101	33162	347261	1297
Employees, persons.	2021			4152749		
Product types				3064		
Subjects		820736	409549	33809	375753	1627
Employees, persons.	2022			1918338		
Product types				1862		

Table 3 - Summary table of small business statistics for the city of MoscowFor 2016-2021.

*Source:* according to the Unified Register of Small and Medium-Sized Enterprises (SME) of the Federal Tax Service of Russia, January 2022.

The majority of small business representatives in Moscow are citizens engaged in entrepreneurial activities with short-term economic strategies, repeatedly changing the direction of their activities, name and status of their legal entity due to certain difficulties of socio-economic nature (high tax and credit rates, low purchasing power of the population, the dominant position of large retail chains, etc.).

Transformation of small business in Moscow. In this section of the study, will be considered from the point of view of the impact of social, economic, legal, political, informational, educational and psychological factors. *The economic factors* we will include the economic situation in the region under study, inflation rate, state policy in the sphere of economy (antimonopoly and tax regulation, state of financial and credit institutions, foreign trade operations), development of the region's infrastructure, state of scientific and technical potential of the region, investment attractiveness, consumer demand. An indicative factor in the region's economy is the rating of its attractiveness in human and financial resources (Table 4).

Table 4 - Rating of	of socio-eco	onomic attrac	tiveness o	of the cit	v of Mosco	w. 2018.
	100010 000				<i>j</i> = 1.10000	,

Name of criterion	Value/location 2018 г.
Average per capita income of the population per month, rub.	59203/4
GRP per capita, rub.	1103453,3/6
Consumption capacity of the population:	
- retail trade turnover, mln RUB	4282410/1
- volume of paid services per capita, rub.	134180/1
- volume of transport services per capita, rub.	49704/1
Employment rate	75,1
Investments:	
- in fixed capital, mln. rub.	1703085/2
- balance of foreign investments, RUB mln.	11809/1
Staffing Capacity:	
- Number of educational organisations of higher education and scientific organisations	179/1
- output of bachelors, specialists, masters, thousand people.	219,1/1
-number of entrepreneurs per 10,000 persons of population	71,8**/87
Other	
- average rental cost of retail space, RUB thousand/square metre	56,24
- average rental cost of office space, RUB thousand/square metre	27,0

*Source:* Summarised data compiled by the author based on the results of a mass sociological survey and data from Mosgorstat, as of January 2018. [131]

In 2017, the Russian Presidential Academy of National Economy and Public Administration compiled the rating "Innovative Business in Russian Regions", based on the results of which it assessed the concentration of resources for the development of high-tech industries, allowing to evaluate the attractiveness of a particular region for business. According to the results of the rating, Moscow ranked first. The top five most attractive regions also included St. Petersburg, the Moscow Region, the Republic of Tatarstan and the Nizhny Novgorod Region [76].

Despite the high, according to D. Badovsky, politicisation of voters in megacities and their more rationalised attitude to elections [108], the author's sociological research has established that entrepreneurs are rarely politically active, fearing serious consequences from administrative and law enforcement agencies. The political situation in the country is regarded as stable, but does not bring any significant positive changes in the socio-economic development of the country. Among the existing political parties, 82% of the interviewed businessmen do not see a party capable of radically affecting the situation of small business in the country and attribute this to the low social activity of the main masses of the population and the unlimited administrative resource of the authorities on the employees of state and budgetary bodies. Only 5% of respondents were able to name specific political parties and socio-political associations that support entrepreneurs in Russia. In part, these data correlate with the opinion of a number of researchers about the reasons for the defeat of the entrepreneurial bloc in the parliamentary elections of 2016. [129, c.221].

The negative image of Russia abroad and the inconsistency of the authorities in shaping the image of a country capable of protecting its citizens are of serious concern to entrepreneurs.

Despite the fact that of the 65 parties registered by the Ministry of Justice of the Russian Federation as of June 2018, 92.4% are located in Moscow, entrepreneurs of the capital do not show an active interest in the processes of a political nature [182].

Many respondents from among entrepreneurs believe that the solution to many economic issues of both small businesses and the state as a whole lies in the political sphere. They associate the improvement of the investment climate and the protection of entrepreneurial property rights, as well as the issues of corruption, illegal entrepreneurship, and economic crime with the political will of the state authorities. 76% of entrepreneurs assessed the political system as unsuitable for the development of the state's economic potential. Businessmen expressed critical forecasts, linking the situation with Russia's growing international isolation, lack of political freedoms and the absence of effective mechanisms for influencing the authorities. They pointed to the cronyism of monopolies, lack of justice and irresponsibility of the authorities, coupled with low efficiency of leadership.

As follows from the results of another global survey "Company Confidence Barometer" conducted by the EY audit and consulting group, 84% of CEOs of Russian companies are ready to give up some assets due to their inefficiency or any identified risks. At the same time, the main market activity is related to the sale of small businesses, and at the moment supply exceeds demand: only 32% of investors are ready to invest in new projects. Geopolitical tension was named by 55% of respondents in Russia as the main risk threatening business development [33].

In addition, growing ethnic crime in the capital, which encroaches on the economic and legal security of entrepreneurship in the region, is a growing concern among representatives of small businesses in Moscow. For the most part, businessmen also link this problem to political solutions to migration processes, noting unfavourable Moscow districts in terms of the distribution of major migration flows: north-eastern, south-eastern, southern and south-western districts.

At the same time, the distribution of small business entities in Moscow is currently in no way related to the national-territorial identity of the district, but rather depends on the place of residence and the financial capabilities of entrepreneurs.

The analysis of statistical distributions of the number of small business entities allowed the author to correlate their percentage ratio by administrative districts of Moscow (Table 5).

No. n/a	Name of the district	Square, square kilometre	Population, persons	Population density, persons/sq km	Number of IB subjects, thousand / %
1	Eastern district	154,84	1507198	9734,19	66,3166/10,1
2	Western district	153,03	1368731	8943,95	71,5694/10,9
3	Zelenogradsky District	37,20	239861	6447,89	9,1924/1,4
4	Northern district	113,73	1160576	10205,02	61,7204/9,4
5	North-Eastern District	101,88	1415283	13891,26	61,0638/9,3
6	North-West district	93,28	990696	10620,56	37,4262/5,7
7	Central District	66,18	769630	11630,14	129,3502/19,7
8	South-East district	117,56	1385385	11784,52	65,66/10,0
9	South-West district	111,36	1427284	12816,59	58,4374/8,9
10	Southern District	131,77	1776789	13483,72	70,2562/10,7
11	Novomoskovskiy District	361,36	216709	599,7	21,0112/3,2
12	Trinity district	1084,34	122522	112,99	
13	TOTAL:	2526,53	12380664	4950,06	656,6

# Table 5 - Number of small business entities by districts of Moscow, 2017-2018.

*Source:* Compiled by the author according to the data of Mosgorstat [131] and GBU Small Business of Moscow, 2017-2018. [158]

This is partly due to the fact that in megacities it is much more difficult to bring business to an acceptable level of profitability. However, a number of other reasons play a more important role, according to the thesis.

For example, more than 40% of surveyed entrepreneurs believe that there are industries in the region where access is artificially hindered due to the influence of big business. According to the OPORA RUSSIA survey, about 83% of small and medium-sized companies have encountered problems at the entrance to large retail chains. The main difficulties are related to the required volume of supplies, unprofitable purchase price, long deferred payment, retailers' requirements to production, certification, logistics and brand recognition [40].

The inflated rental rate (in 2020. - 4750 rubles per 1 square metre per year [Resolution of the Moscow City Government of 03.12.2019 No. 1598-PP] leads to the fact that small businesses are gradually leaving the capital. In addition, the high

rent as a result is also reflected in the cost of products. It is difficult for small entrepreneurs to compete with large retail chains.

On 1 July 2015, representatives of small businesses lost their pre-emptive right to buy out leased premises if they are owned by constituent entities of the Russian Federation and municipalities.

In addition, organisations applying the simplified taxation system (STS) are now obliged to pay property tax based on its cadastral value. Also, a trade levy has been introduced in cities of federal significance (Federal Law No. 382-FZ of 29 November 2014), with the rate being set by the constituent entities of the Russian Federation per quarter per trade object or per its area. They will be limited only by the estimated value of a patent issued for three months (Article 415 of the Tax Code of the Russian Federation), which is undoubtedly a serious blow to the development of small business in Moscow.

Moscow entrepreneurs attribute the main share of costs after renting premises to interaction with the authorities. Moscow ranks first in Russia by the number of officials per 1,000 people - 121.3 people [138]. Our sociological survey revealed that only 2.7% of small businesses are confident in the legal possibility to defend the legitimate interests of their business in Moscow against the will of the regional authorities.

Small business owners note a noticeable increase not only in tax administration, but also in the number of negative court practice in tax disputes. According to the research by PwC, rating of the effectiveness of regional tax policy in 2017, Moscow takes the leading position, however, the issues of reducing the tax burden are still key for Moscow entrepreneurs [166].

The President of the Russian Federation, having assessed the current situation in the issues of effective co-operation and protection of representatives of domestic business, introduced a new state position in the country representing their interests - the Ombudsman for Entrepreneurs' Rights. The legal status of the Commissioner for the Protection of Entrepreneurs' Rights in the city of Moscow and his Office is determined by the Law of the city of Moscow from 30.10.2013  $N_{\rm P}$  56 "On the

Commissioner for the Protection of Entrepreneurs' Rights in the city of Moscow" [25].

During the entire period of work of the Moscow business ombudsman, 2,880 appeals of entrepreneurs were recorded to him, 79% of which are related to administrative offences. The largest number of appeals (34%) comes from the Central Administrative District of the capital. Among the spheres of legal relations on the merits of appeals the leading ones are property and land relations (24%), services (19%) and trade (18%). According to the results of proceedings with appeals of entrepreneurs in more than a third of them (31%) there was no confirmation of offences committed by them [183].

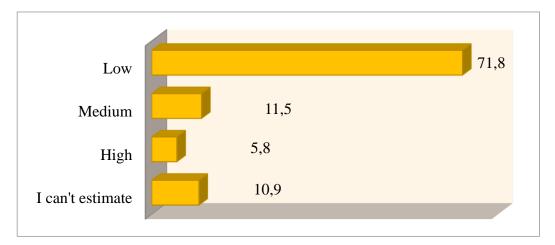
According to the monitoring of openness of public authorities in Moscow, conducted by researchers of the Russian Academy of National Economy and Public Administration in June 2015 among entrepreneurs and academic experts, the openness index was 48 points out of 100 possible, which was characterised by them as low. The most pressing issues remained in the field of public procurement and transparency of competitive procedures, as well as informing entrepreneurs about benefits, subsidies and conducted inspections [105].

According to the Federal Antimonopoly Service (FAS), competitive procurement conducted for the needs of state-owned companies "in 95% of cases is an imitation of bidding", which indicates the imperfection of legislative regulation of procurement procedures and is a serious obstacle for small businesses to sell their products on the market [52].

According to the author's interview conducted with Moscow small business owners in 2019 (N = 218)<sup>49</sup>, respondents assessed the level of their legal protection as low. The main claims related to objective requirements of controlling authorities to the work of the business, issues of criminal prosecution (including due to conflict of interest), compensation of material costs in connection with dishonest

<sup>&</sup>lt;sup>49</sup> Telephone interview with small business owners of the metropolis by stratified random sampling of landline numbers of commercial companies in Moscow "Socio-economic problems of entrepreneurial activity" // Author's research, March-April 2019, N = 218 people.

entrepreneurship (evasion from fulfilment of partnership obligations, ignoring the requirements of judicial authorities, etc.) and illegal business activities. In the majority of entrepreneurs' answers legal protection should be aimed at ensuring economic protection of business. The legal environment determines the effectiveness of entrepreneurial activity, excluding illegal redistribution of property, raiding and promotes the development of a market society, free from paternalistic attitudes. Liberalisation of the market in the author's understanding is based on the inviolability of private property, free fair competition, excluding administrative pressure and ensured by the rule of law.



The results of the interviews are presented in Figure 5.

It is characteristic that despite the existing deficit of communication between entrepreneurs and authorities, the majority of surveyed entrepreneurs (85%) tend to believe that it is practically impossible to achieve any significant support without patronage in government structures. First of all, entrepreneurs refer to this issue as the problems of settling economic disputes and legal protection of business.

More than 78% of the surveyed respondents do not consider it possible to conduct business planning for a period of more than two years. They see the main reason for this in the inconsistent government policy towards them, the low possibility of realising their rights, interests and influence, as well as the lack of

Figure 5 - Distribution of responses of small business owners in Moscow regarding the level of their legal protection, 2019, % of the total number of respondents (N=218).

constructive interaction with the authorities. At the same time, as a rule, entrepreneurs prefer not to enter into disputes with the state, which, coupled with the low efficiency and quality of state administration on the ground, creates a lack of healthy competition.

Sociological surveys allowed to identify economic risks to which small businesses in Moscow are exposed (Figure 6).

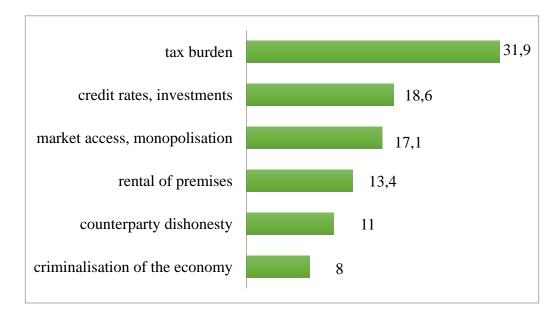


Figure 6 - Economic risks of Moscow entrepreneurs (based on responses of small business owners in Moscow, 2019, % of total number of respondents, N=218).

The problem of counterparties' bad faith is one of the key issues in ensuring the economic security of an entrepreneur. For example, the Federal Tax Service may exclude from expenses for profit tax purposes and from deductible VAT amounts the amounts paid under contracts with companies whose state registration has been invalidated. Such a development is also possible in cases of non-payment of input VAT by an unscrupulous counterparty, if it is not listed in the Unified State Register of Legal Entities (USRYUL/EGRIP), if it does not submit reports to the tax inspectorate, etc. The Federal Tax Service has the right to impose a tax deduction for input VAT. In addition, the Federal Tax Service has the right to charge a bona fide entrepreneur a fine for receiving an unjustified tax benefit. It all comes down to the fact that when choosing a counterparty, the organisation should have exercised due diligence, which, according to the Ministry of Finance of the Russian Federation, consists in certain verification measures.

The market for illegal businesses and services is constantly expanding. This primarily includes trade, private car transport, medical and construction and finishing services.

According to a preliminary estimate by Y. Polupanov, Director of the Department of Financial Monitoring and Currency Control of the Bank of Russia, the shadow trade turnover of the main wholesale and retail markets in Moscow ("Food City", "Sadovod" and "Moskva") is about 600 billion rubles per month, reaching 20-25% of the monthly retail trade turnover in Russia [201].

Violators of unauthorised trade are brought to administrative responsibility under Articles 6.3, 14.15 of the Code of Administrative Offences of the Russian Federation, however, despite all the efforts of law enforcement agencies, it is not possible to completely eliminate such trade. Fines levied on traders actually have no effect on the situation due to their low economic sensitivity [16].

Another important factor is the *psychological* component. A number of authors consider social security directly from the position of psychological science - it is "the creation of internal psychological comfort, maintenance of confidence, minimisation of anxiety, satisfaction with interpersonal interaction" [254, p.128]. [254, c.128]. This is explained by several subjective and objective reasons.

Firstly, Moscow is the most populated and densely populated (in terms of population density) region of Russia - according to Rosstat, the megacity has 12,380,664 people with a density of 4,834.31 people per square kilometre. This significantly exceeds other densely populated regions, for example, in the federal city of St. Petersburg - 3,764.49 people/km<sup>2</sup> [160].

Secondly, entrepreneurial activity, in addition to many uncertainties and obligations, is associated with a number of other stressful moments. Thus, for example, most entrepreneurs associate the periodicity of their negative psychological state, among other things, with the aggressive rhythm of the megalopolis and, in particular, with uncontrollable processes of an external nature: the general atmosphere of impersonality and tension among citizens, widespread repair and construction works, traffic congestion, the impossibility of resolving most disputes in a pre-trial procedure, deviant behaviour in a multicultural society. In addition, no less significant influence on the psychological state of a person is exerted by climatic conditions of the region: air temperature, length of daylight hours, number of sunny days per year, etc.

Nevertheless, there are also positive aspects of entrepreneurial activity in Moscow. The motives for the attractiveness of working in business in a megacity are well known: economic development of the region, financial opportunities of citizens, developed urban and social infrastructure, development prospects, etc. The main and primary motive for moving to the megapolis is attributed by most aspiring entrepreneurs to its opportunities, primarily in the most demanded types of small business - services and trade.

Thirdly, Moscow has the largest number of carriers of selective demand. The selectivity of Moscow consumers and their demand for the quality of various products makes entrepreneurs in a highly competitive environment reckon not only with the preferences of consumers, but also with their tendency to assert their legal rights. In this case, we should talk about the formation of a certain consumer culture in Moscow, which is based on the ability of citizens to actively analyse and monitor goods, services, prices, and interact with public authorities.

*Environmental protection*. Russians find Moscow the least attractive from the point of view of environmental situation: 78% of respondents noted better ecology in the regions [171]. According to a number of foreign researchers (USA, Japan, Sweden and Norway), Moscow produces 99.5 megatons of carbon dioxide annually [168]. This is due in no small measure to the huge car fleet of the capital: 7.2 million cars are registered in Moscow and the region, and 3.6 million cars move around the city every day [96]. In addition, according to the statistics of the Avtostat analytical agency, 42% of the capital's car fleet does not exceed the Euro-3 environmental class, while in the Moscow region - 49.5% [186].

*Information and educational security.* Recently, Moscow has made significant progress in the development of electronic services, which led to the first place in the UN rating [107]. The average cost of broadband Internet access in Moscow is less than in most megacities of the world, and the quality of access is comparable to Singapore and London. Moscow is ahead of most Russian regions in terms of penetration of mobile communications and fixed broadband Internet access [193]. As a result, the possibility of receiving information support in Moscow through Internet access is practically everywhere and is limited only by the device model and the user's traffic.

Information support for entrepreneurs is provided in the metropolis by a wide range of services provided by various organisations, both governmental (employment centres, Small Business Moscow) and public (All-Russian Association of Entrepreneurs Opora Rossii), non-governmental (chambers of commerce and industry), non-profit (entrepreneurship development centres) and commercial. Information support is provided through consultations on legal and financial support for Moscow entrepreneurs. The main block of consulting is the introduction to state support programmes for entrepreneurship, namely: grants for starting a business, subsidising interest rates on loans, providing subsidies to small businesses, compensating part of the costs associated with training and professional development in the field of entrepreneurship, etc.

Despite the wide range of information provided, the majority of surveyed entrepreneurs of the capital assess the expediency of its receipt according to the final result. For example, 65% of respondents note the relative importance of the information provided, stating that the information support received by them had no practical implementation in the future. Respondents pay attention to the form and quality of advisory services provided. As a rule, according to entrepreneurs, counselling is reduced to the declaration of "simple truths", motivational business seminars and conferences. This result of the survey is partially confirmed by a number of journalistic investigations regarding the effectiveness of the implementation of information support for entrepreneurs in practical business projects [92].

The above factors have an impact on the transformation processes in the social structure of society as a whole. The influence of Russian society on small business is manifested in the socio-cultural, organisational and managerial peculiarities of the latter; in the behavioural reactions of entrepreneurs and their employees to the state regulation of political and socio-economic processes in the country. Taking into consideration the two most widespread spheres of activity of small businesses in Moscow - trade and services, we note a common principle of their structuring in these sectors. Thus, social groups in most of them are formed according to the socio-professional and socio-ethnic principle, with the ethnic aspect most clearly visible in the groups of low-skilled labour. Table 6 presents the most typical structure of small businesses in Moscow.

	Name	
Classes	Social group	Social attribute
Middle class	Entrepreneur	Employer
Owner		
Administration	Functional manager	
	General Director, Chief Executive Officer, Chief Financial Officer, Chief Accountant, department head	Intellectual labour performers (employees)
	Functional Specialist	performers (employees)
Middle level performers	Logistician, accountant, lawyer, engineer, housekeeper	
	Sales Manager	

Table 6 - Structure of small business in Moscow. Moscow, 2018-2019

	Seller	
Lower class (working class)	Driver	Physical labour performers
	Labouror	(production workers)
Lower-level performers	Labourer	

*Source:* based on the results of the author's survey of small business owners in Moscow, 2019, % of the total number of respondents, N=218.

As can be seen from Table 6, in the structure of small business, the author attributes to the middle class the social group of small entrepreneurs (the owner of the enterprise) and the class of executors, i.e. hired workers, differentiated by the level of fulfilment of obligations: upper (administration) and middle. The performers of the lower level are referred to the lower class. The elements of this structure are typical for the majority of small business organisations and practically do not undergo changes, except for qualitative and quantitative filling. In the author's opinion, the ratio of qualitative and quantitative characteristics of the links of the structure, as well as their interaction with each other are the most significant in the process of considering its transformation. In addition, there is a certain status in accordance with belonging to a particular social group, satisfaction with labour activity, and perception of one's own position.

The qualitative composition of the social group depends on the presence of employees with high professional qualities: education, experience, communication skills, value (uniqueness). The most valuable employees in these spheres are considered to be those who have significant commercial communications in the business environment. At the same time, such important qualities of a specialist as education, behavioural culture and mentoring are practically not considered at present. The share of creative performers with high motivation and an important set of professional and personal qualities, both in the opinion of employers and their employees, remains low. It is noteworthy that employers see the reason for this situation in the shortage of specialists, while employees see it in their excess. Thus, more than two thirds of the surveyed employees of small businesses noted the excessive number of specialists with duplicate functions in their organisations. The qualitative composition of small business social groups is often aligned to projects with maximum quick payback, which cannot but be reflected in the overall corporate culture of the organisation and the level of services it provides.

Nevertheless, more than half of the surveyed entrepreneurs are not engaged in building communicative interaction between structural links due to the fact that they do not consider it possible to plan their activities for more than two years. As a result, the social groups of such structures are characterised by a low level of interaction and trust, and employees are often unmotivated.

Of particular interest is the social group - the sales manager. The long-term process of transformation of small business in Russia has affected not only functional responsibilities, but also the status of this social group. Thus, if in the early 2000s the level of a manager was assessed by his or her ability to organise the work of subordinate employees, control and general management, in the last 15 years the duties of most Russian managers have been reduced to searching and attracting customers and selling goods (services). Given the long period of difficult socioeconomic situation in the country, the prestige of this profession began to fall rapidly: unstable salaries are complemented by poor working conditions, lack of career prospects and a general decline in business activity in the country. The shortage of jobs has allowed employers to offer working conditions that resonate more and more with young nonresident citizens. This social group is most clearly represented by people who have an imbalance between professional competences and opportunities for their realisation: 78.4% of managers do not work in their speciality, and more than 54% do not have financial opportunities to change the direction of their activity. As a result of personnel selection based on the disproportion between the needs of the modern economy and professional and personal characteristics of potential employees, this group is increasingly characterised by intellectual stratification, social tension and staff turnover. Among all social groups of small businesses, it is sales managers who, according to the

survey, occupy the leading position in terms of the number of citizens (more than 40%) with long periods of unemployment or hidden employment<sup>50</sup>.

The inflow of labour force involved in the labour market of small businesses is usually formed on the conventional-professional and regional-cultural principles.

Discriminatory aspects of selection of applicants in this group (age, appearance, education) are minimised. The lack of demand and lack of prospects in conditions of acute shortage of acceptable vacancies lead citizens to despair and breakdown of cultural and moral attitudes: the socio-cultural stratum of people involved in small business is increasingly acquiring the features of temporary presence with an uncertain fate. All this affects the quality of work and partnership commitments. Hidden forms of contingent labour - outsourcing, outstaffing, intermediary schemes of hiring and remuneration, employer's withdrawal from labour obligations - are increasingly becoming the main strategy of survival among small business employees in conditions of their professional and economic insolvency. The volume of the grey labour market is growing rapidly. In the period from 2009 to 2020, according to SuperJob analysts, the percentage of citizens willing to work on grey wages practically never fell below 40% [173].

Small business in Moscow is increasingly acquiring features with a negative colouring: it is either forced work (a craft), when instead of growth goals, the preference is given to ensuring an acceptable income, or primitive intermediary activities, the main task of which is momentary profit.

In the author's opinion, cheap and, in fact, legally disenfranchised labour force is a serious obstacle to high-tech innovative production and the inflow of qualified personnel. A management model is being built that is largely indifferent to its object of management. Thus, the majority of employers, according to their personnel services employees, do not have information about their employees regarding family composition, living conditions and place of residence, material wealth, professional

<sup>&</sup>lt;sup>50</sup> Mini-surveys conducted by the author in 2013-2018 at 45 small enterprises of Moscow, quota sample, N = 175 people (employees of small enterprises in the sphere of trade and services (the maximum number of employees of enterprises - 100 people) from among the specialists of sales, marketing, accounting, logistics, warehousing).

interests, etc. In addition, employers do not show interest in their employees. In addition, employers are not interested in the adaptation of new employees and reasons for dismissal of existing employees. In conditions of high deficit of professional attractive vacancies, this is no longer necessary.

In the author's opinion, an *attractive vacancy* is a vacancy that offers official employment in accordance with the labour legislation, a clear function of professional duties, working conditions and remuneration that meet the professional interests of the employee. Practical confirmation of labour conditions, material and career expectations stated in the vacancy is a significant confirmation of its attractiveness. Social and legal guarantees of state vacancies orient a significant number of workers over 40 years of age to prioritise employment in the public sector.

Under the influence of a number of unfavourable factors, first of all, shadow economy, corruption, unsuccessful attempts of pre-trial settlement, lack of fair competition, small business in Moscow is forced to work in the mode of short-term planning horizons and profit extraction, which leads to the emergence of a class of socially unclaimed and unrealised citizens with excessive competence for the occupied (offered) position, with no opportunities for professional and personal growth, implementation of their resource.

Still, according to analysts, VTsIOM, since 2004 (and earlier) there has been a general atmosphere of tension and distrust between entrepreneurs and their employees, which is expressed in the constant request of employees for legal regulation of these relations at the state level [167].

The analysis of the social structure of small business has revealed the peculiarities of its formation on the basis of socio-demographic and professional characteristics of social groups. Among them, age, availability of skills and work experience, willingness to work under the proposed conditions, self-perception of their life status are determinant.

Moscow's small businesses have closed themselves in certain frames of personnel selection: preference is given to citizens characterised by high loyalty and low pretentiousness to working conditions and remuneration. As before, the resource potential of the regions is the basis for personnel renewal: from 46% to 78% of employees are commuters from other constituent entities of the Russian Federation and neighbouring countries [118, p.173].

The process of small business transformation is presented by the dissertant on the basis of a comparison of two time periods in Appendix G. In addition, the author also proposes to consider the transformation processes of small business in terms of the quality of entrepreneurial activity of its subjects - a complex characteristic that reflects three main aspects:

- *socio-cultural aspect* (professional level and spiritual and ethical principles, mission, social significance);

- economic aspect (demand, solvency);

- legal aspect (quality of fulfilment of obligations).

On this basis, we, taking into account the relativity and subjectivity of criteria in assessing business success, will adhere to the position in which business success is determined by the realisation of the set goals, positive development dynamics and social benefit.

On the other hand, a business in which the necessary aspects are gradually lost, we will consider as a business that is on the path of marginalisation. The author considers the main features of a marginalised small business subject to be:

- low demand for the products and services offered (consumers of goods and services are often materially interested persons or buyers with low incomes);

- lack of long-term prospects and low level of entrepreneurial culture (psychoemotional comfort);

- staff turnover as a consequence of the quality of recruitment, staff motivation, and satisfaction with labour conditions and remuneration.

The establishment of such criteria is dictated by the need for a more complete understanding of the current state of small business in the megacity. It should be noted here that for many respondents the issues of self-identification of their status (and the status of their business) cause a lot of contradictory understanding. For example, only 12.3% of the surveyed entrepreneurs recognise their business as successful, but more than half of the respondents (64.2%) refused to recognise it as marginalised. A similar picture emerges in the survey of small business employees regarding their social status. Despite the recognition of their modest incomes, 76.8% of employees refer themselves to the middle class.

Taking into account the debatable nature of the term "middle class", the author, nevertheless, notes its main quality - material security, which allows to lead a lifestyle inextricably linked with high consumer selectivity, the ability to save, invest and fulfil a wide range of needs, motivation for activity and development. In the author's understanding, the formation of the middle class takes place when the main part of it is made up not of dependent bureaucratic apparatus and various departments, but of qualified economically free citizens with high economic and social activity. This category of citizens includes an *autonomous worker* - a socially demanded professional, adapted to market conditions, who is able to independently organise and evaluate his/her work both in employment and as a self-employed person.

The dynamics of interaction between consumers and small businesses in Moscow has been complicated for a long time by the same reasons, which are practically unchanged. Thus, in November-December 2014 in three administrative districts of the capital the author conducted a survey among residents of the metropolis (mixed method, N=375) regarding their experience in interacting with small businesses in Moscow. The main claims of consumers to the small business of the capital were named:

- low quality of fulfilment of obligations 54.7%;
- high prices 23.2 per cent;
- small range of services 16.1 per cent;
- the other 6%.

It should be recognised that despite the unfavourable sequence of socioeconomic factors over the period 2014 -2021, the level of consumer claims to small businesses has only increased. Thus, in February-March 2021, the author conducted a similar study of consumer judgements in two other administrative districts of the capital (mixed survey, N=215). The results of the two surveys are shown in Figure 8.

As can be seen, the main share of claims is distributed on low quality of fulfilment of obligations (quality and time of service provision, compliance with agreements, reclamation work) and high cost of the offered goods (services). In addition, respondents note the lack of a defining, competitive advantage in the range of small business services of one segment. A similar picture is observed in the responses of employees of small businesses, who also have a low opinion of the quality of goods and services provided by their organisations (61.2% of respondents assess the quality of performance as mediocre)<sup>51</sup>.

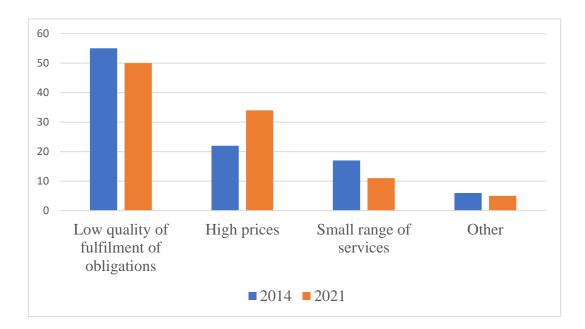


Figure 8 - Distribution of respondents-consumers' answers regarding their claims in interaction with small business enterprises in Moscow. Moscow (according to the author's survey 2014-2021, N=215 people).

According to the results of responses of respondents with small business experience to the question about the reasons for their dismissal (N = 121 in 2014, N = 104 in 2021), still among the main reasons prevail:

<sup>&</sup>lt;sup>51</sup> Mini-surveys conducted by the author in the period 2013-2019 at small enterprises of Moscow and among job seekers on the basis of the Moscow Employment Centre My Work, quota sample, (quota attribute - work (work experience) at small businesses in Moscow), N = 289 people. Moscow), N = 289 people.

- low wages - 64.3 per cent;

- unsatisfactory labour conditions - 42.2%;

- lack of prospects - 38.7 per cent;

systematic disregard for labour legislation and occupational safety standards
 -31.1%;

- other -7%.

The lack of employment alternatives generates a whole segment of employees with signs of professional marginalisation - external involvement in the profession is combined with internal rejection of it. In addition, socially unattractive working conditions often resonate only among employees who are highly dependent on housing conditions, work experience and internal attitudes. The author refers to such workers as *desperative workers*. Desperative workers (from Latin desperatio - hopelessness) are workers who are forced to accept unattractive working conditions because of their strong dependence on a number of socio-economic factors.

The author considers extensive development of small business due to the high concentration of labour migrants to be one of the reasons for the emergence of nondesperative workers as a social phenomenon. The intensity of the inflow of internal and external labour migrants to Moscow makes it possible for employers to build appropriate personnel selection, which allows them to avoid taking actions to improve working conditions for a long time. The share of the guaranteed part of labour remuneration of the majority of small business respondents in 2019 did not exceed one third of their salary<sup>52</sup>.

According to the analysis of ISEPN RAS, in 2018 the share of those entering Moscow for work in the total number of employed people was 22%. Labour migrants prefer the Central Federal District, where almost half of them (49.8%) came in 2019, where Moscow is the undisputed leader in terms of the share of migrant workers

<sup>&</sup>lt;sup>52</sup> Mini-surveys conducted by the author in 2019 on the basis of the Moscow Employment Centre My Work, among job seekers, quota sample (quota attribute - work at small businesses in Moscow), N = 114 people.

among the able-bodied population - 25.1%. In 2019, there was one migrant for every three able-bodied "native" Russians in Moscow [163].

As a result, the most qualified employees who do not agree with the proposed labour conditions are displaced by non-desperative workers. It is obvious that automation and mechanisation of production at these enterprises are given a secondary role. Despite the fact that, according to the Organisation for Economic Co-operation and Development (OECD), Russia ranks sixth in the world in terms of the number of working hours per year (1,972 hours compared to 1,800 hours for the Americans and 1,400 hours for the Germans or Dutch), work efficiency remains at a low level in contrast to Western countries.

The wages offered at small businesses are often non-transparent and highly dependent on a number of external and internal factors (economic, legal, psychological, etc.). In this regard, for many respondents (more than 67%), vacancies in government agencies remain preferable, where the system of salary distribution is clear, stable, and labour and social guarantees have a more protected form.

In this regard, Table 7 proposes criteria for job prestige according to a number of suggested conditions.

Salary level	Level of labour commitments	Level of labour conditions	Job prestige category
	Medium	High	Extremely high
High		High	High
	High	Medium	mgn
		High	
		High	Medium
Medium	Medium	Medium	Weddulli
Wiedduin		Low	
	High	Medium	Low
	man	Low	Low

Table 7 - Categories of job prestige

	High	High	
		Medium	
Low	Medium	Medium	
	High	Low	Extremely low
	Medium	Low	Extremely low

Source: author's elaboration

The criteria for distinguishing categories of job prestige are as follows:

salary: high salary - from 120 thousand rubles per month; average salary
 from 80 thousand rubles per month; low salary - less than 80 thousand rubles.

2. working conditions: high - comfortable workplace, strict compliance with labour legislation, professional involvement and career development, availability of rooms for meals, classes, negotiations (meetings), relaxation, sports, etc.; medium - comfortable workplace, compliance with labour legislation, professional involvement, availability of rooms for meals, changing rooms, etc.; low - not corresponding to average conditions.

3. labour obligations: high - strict requirements to compliance with labour regulations and functional duties of the employee; medium - loyal requirements to compliance with labour regulations and functional duties of the employee.

The majority of small business employees, according to many author's surveys, are in positions that meet low and extremely low categories of job prestige. Hence, there is a need to talk about socially unattractive vacancies, to which we will refer job offers that do not meet the declared interests (requirements) of the majority of applicants in terms of material and socio-professional selection criteria. In general, these are vacancies corresponding to jobs below the average prestige category.

In the author's opinion, the foundational elements of governmental domestic policy are composed of legal and socio-economic components. They adhere to the necessary principles of social justice, including showing respect towards employees, providing fair compensation in accordance with the complexity and responsibility of the work performed, holding equal responsibility for violation of legal norms, and granting equal access to social guarantees such as employment and labour protection, education, health care, and pension provision. These principles ensure a fair distribution of social resources and benefits. The legal framework incorporates legal acts that guarantee rights and social benefits, as well as equal access to their distribution. The socio-economic framework supports the implementation of these rights and benefits with varying degrees of success [115, p. 245].

#### **Conclusions**:

1. Moscow, the largest financial centre of the country, is characterised by the full range of developed infrastructure necessary for business activity and is a city of a separate society. The rating of developed cities of the world shows that Moscow is underdeveloped in terms of providing small businesses with favourable conditions for the development of business activity.

2. Small business reflects, first of all, the level of human resource and managerial and financial literacy of its management, its professional competences. The main quality of a modern small business owner is strategic thinking on business promotion, as well as the ability to form a working team of employees and the uniqueness of the proposed product.

3. Small business organisations are dominated by a high concentration of quickly replenished employees whose professional and cultural level remains unclaimed for a long time for a number of reasons. Small businesses are not interested in their development to the level of medium-sized businesses. Long years of existence in the zone of semi-legal grey activities have led to the adaptation of its financial and personnel policy in the most optimal forms.

4. The transformation of Moscow small business in this section was assessed in terms of social, economic, legal, political, informational, educational, psychological and environmental factors:

- social - it is insufficiently developed, according to social surveys, pension and medical care, lower income and comfortable environment; - economic - inflation rate, imperfect antimonopoly and tax regulation, foreign trade operations, state of financial and credit institutions, decline in consumer demand, criminalisation of the economy, economic sanctions of foreign countries;

- political - lack of political parties and socio-political associations supporting entrepreneurs, systematic defeat of entrepreneurial blocs in parliamentary elections, aggravation of the international political situation affecting the social well-being of citizens, low political activity of the entrepreneurial layer, political indifference of citizens due to the lack of promptness in solving the most acute socio-economic problems;

- legal - regular changes in the legal framework that contradict the logic of the regulatory order, unfairness of counterparties, unfairness and duration of court proceedings, non-transparency and corruption of justice, low legal protection of property, declarative nature of the legal framework for the social protection of entrepreneurs;

- information and educational - unbalanced territorial location of educational centres, insufficient number of youth entrepreneurship support centres, low financial literacy of citizens involved in small business, undeveloped network of electronic document management in the small business environment, geographical disproportions of information accessibility for business, etc.;

- psychological - high population density, social isolation, feeling of impersonality, depressing space around houses, housing problems, high rhythm of life, stress, the problem of overcoming long distances, regular psycho-emotional overload, climate peculiarities;

- environmental - traffic congestion (7.2 million vehicles), widespread construction and renovation, and others.

# 2.2. Socio-demographic and socio-professional characteristics of small business managers

It is necessary to consider the social portrait of a modern Russian entrepreneur - a representative of small business, by analysing both generalized statistical data and the characteristics obtained from the results of studies by individual authors. Researchers, in particular academician T.I. Zaslavskaya, note that "the lack of methodologically reliable socio-economic statistics on the structure of the layer of entrepreneurs, directions and rates of its development, on the features of its regional and population distribution, cultural and age level and the results of its economic activity does not give a complete and objective picture in general" [69, p. 20].

This was due in no small measure not only to the unbalanced Russian market, the lack of real and consistent support from the state, but also to the open opposition of business to strict state regulation of entrepreneurial activity. The instability of social status has developed a special kind of psychological behavioural model in small business entrepreneurs. It is no coincidence that according to the famous Russian entrepreneur D. Potapenko, "an entrepreneur is a psychological characteristic of a person and his attitude to business. Not more and not less" [145, p. 9].

The basis for studying the social portrait of a small business manager, according to the author, should be the motives and nature of the entrepreneur's behaviour, value attitudes, social orientations, etc. In the course of surveys conducted in the reference group of respondents - managers of small businesses in Moscow in 2012-2018 (N = 525) in four administrative districts of the capital, the rating of their motivations for entrepreneurial activity was obtained, presented in Table 8.

Rating	Motive	%	Number, people.
1	High income	41,4	218
2	Self-realisation	25,4	134
3	Justifiable necessity	23,1	121
4	Achieving higher-level goals	6,7	35
5	Providing leisure/entrepreneurship as a hobby, pastime	2,3	12
6	Other	1	5

Table 8 - Motivation for entrepreneurial activity, in % of respondents (N=525)

As can be seen, in addition to the previous aspirations for high income (41%) and self-realisation (25%), justified necessity (23%) was added to the main motivators of small business organisation for the majority of entrepreneurs.

No less important for determining the social portrait of an entrepreneur is the assessment of his/her level of education. According to the results of distribution of respondents' answers regarding their level of education (N=525), 71.3% have higher education (one third of them have two higher education degrees), 23% have secondary vocational and incomplete higher education. These data indicate a fairly high level of education among small business managers in Moscow. Entrepreneurs themselves (63%) claim that the education they have received has partly helped them in the process of entrepreneurial activity. Practical experience gained as an employee in commercial structures plays an important role in this: 73% of small business, but their professional and social competences require constant improvement. At the core of their key skills, 41% of entrepreneurs noted the ability to adapt to the constantly changing socio-economic conditions in the country.

Table 9 presents the dynamics of transformation of socio-professional factors of small business subjects (managers) for the periods 2009-2013 and 2014-2018.

	Comparative period, % of total number		
Criteria	of responde	nts, N =525	
	2009-2013	2014-2018	
Social mobility	Ready to move -	Ready to move -	
(readiness to change place of residence, job)	11.2	32.4	
Duration of entrepreneurial activity	More than 5 years - 25.1	More than 5 years - 17.2	
Flexible skills (soft skills) (willingness to improve)	Ready - 38.6	Ready - 51.1	
Additional labour activity (combining business activities)	Combined - 11.2.	Combined - 17.3	
Labour force requirement	Increased - 24.3	Increased - 11.2	
Employee motivation (readiness for incentives, bonuses)	Ready - 36.2	Ready - 38.2	

# Table 9 - Dynamics of socio-professional characteristics of small business leaders in Moscow. Moscow for 2009-2018.

Source: based on the results of the author's survey of small business owners in Moscow, 2012-2018, % of the total number of respondents, N=525.

More than half of the surveyed entrepreneurs expressed the opinion that higher education and completion of prestigious retraining courses had an indirect impact on their career growth and salary expectations. 34% of entrepreneurs stated that they often rely not only on their knowledge and experience, but also on their intuition in the decision-making process.

The survey was conducted among respondents-entrepreneurs (N=525) quota sampling, organised by the "snowball" method in the AO of Moscow. Sectoral activities of small business representatives are represented by services, transport, trade.

Of certain interest are opinions of managers regarding the significance of their work (business) for society. During the survey of Moscow entrepreneurs on the basis of business forums "Transformation", in the period May-September 2018 (N = 184), the majority of respondents (60.8%) found it difficult to answer definitely to this question, noting the difficulty of assessment by the non-productive nature of their activities.

In addition, more than 78% of surveyed entrepreneurs doubt that their business will have prospects for further development by their closest relatives. In their opinion, the classical continuity of dynastic traditions of entrepreneurship, in modern Russia, has not yet found resonance either among partners or among entrepreneurs' kin.

More than 73% of respondents noted the instability of the state's economic model as the most negative factor of their professional activity, which they have to reckon with. According to entrepreneurs, the uncertainty of future reforms in the socio-economic development of Russian society makes it impossible to realistically assess and forecast future activities for more than two years. In view of this, the overwhelming number of entrepreneurs (82%) do not plan to hire new employees in the near future.

Among the entrepreneurs who have more than 10 employees, only 24% try to build a corporate culture in the work team. At the same time, no more than 32% of managers are ready to discuss the need for such issues. In addition, no more than 11% of entrepreneurs are ready to deal with the issues of adaptation and training of personnel on a regular basis. Social responsibility as the basis of the company's corporate policy is not fundamentally considered by 62% of small business employers.

It should be noted that 46% of small businessmen are more focused on ensuring an acceptable income and are evasive about the development of their business.

In terms of social interaction and solidarity in defending their entrepreneurial rights, respondents did not demonstrate unity of views. 53% of respondents to the question "Are you ready to support the demands of other entrepreneurs in the current social and legal issues of optimising small business in Russia" answered no, while 30.1% of respondents were ready to provide support under certain conditions, with 18% of them on the basis of anonymity.

The comparative analysis revealed by the survey of small business leaders regarding the transformation of the entrepreneurial class over the period from the early 1990s to the present day yielded the following findings.

Table 10 - Distribution of small business managers' answers to the question "How have the conditions of entrepreneurs' activity changed in relation to the period of 1992-2008?

Period	Characterisation
1992 - 2008	<i>Economic factors</i> : desire for creation, high profitability and turnover; high risks of business loss; criminal pressure. <i>Social factors:</i> entrepreneurial spirit, hope for rapid positive change, time of tremendous opportunity, dynamics in all spheres of life, high risk of loss of life.
2009 - 2019	<i>Economic factors:</i> consumer culture, low profitability; high risks of business loss; high tax burden; reporting; administrative pressure. <i>Social factors:</i> scepticism, despondency and calculation; high risks of criminal prosecution; lack of development prospects.

*Source:* Telephone interview with small business owners in Moscow. Moscow on the topic: "Socio-economic problems of entrepreneurial activity", 2019, N = 218 people.

From the presented characteristics of the transformational periods of formation and development of small business in Russia we can conclude that during the period of formation and development of small business in the early 90s, the representatives of this class were characterised by romantic, adventurous sweetness of mind, and their desire to enrich themselves was accompanied by weak knowledge and experience coupled with high risks of losing business and life. However, characterising the period of the last 10 years of socio-economic development of the state, the older generation of small business leaders (over 45 years old) see the loss of hopes for significant opportunities of the post-perestroika period of the 90s in the development of Russian entrepreneurship. They prefer to speak negatively about the current state of entrepreneurship, focusing on the prevalence of pragmatism, the syndrome of the "temporiser" among the entrepreneurial class, the lack of consolidation potential among small business representatives, a general distrust of

government reforms, as well as the underdevelopment of Russian civil society in general.

According to the researcher A.S. Zaitseva, the main difficulty in the implementation of successful business for most entrepreneurs is the lack of their (and applicants for managerial positions) professional competencies in management skills, as well as in creativity, trainability, and communication skills [68, p. 74].

It is worth paying attention to the opinions of entrepreneurs themselves regarding the possibility of becoming a successful businessman in Moscow. The majority of respondents are of the opinion that successful business implementation requires the availability of preferential start-up opportunities (44%), as well as influential patronage from the authorities of organisations.

Table 11 - Distribution of small business managers' answers to the question "What does the realisation of a successful business in Moscow depend on?", in % of respondents (N=184)

Answer options	%
Starting opportunities	44
Influential patronage, favour, connections	29
Experience, mentoring	17
Education	7
Other	3

*Source:* survey of Moscow entrepreneurs by quota, multi-stage sampling on the basis of business forums "Transformation", 2018-2019, N = 184 people.

It is noteworthy that the surveys among both owners and employees of small businesses revealed the prevalence of pessimistic views on the prospect of further co-operation with each other. The main factor here is constant stress and lack of prospects. In addition, 8 out of 10 employees of small business in Moscow could not name commercial organisations that are optimal for the desired employment [114, p. 39].

These data are confirmed by a recent survey conducted by the Public Opinion Foundation (FOM), according to the results of which 62% of Russians believe that the situation in the country is unfavourable for planning their future [130].

The manifestation of social apathy against the backdrop of lack of confidence in the improving situation allowed us to identify a number of social problems, which, according to Moscow small business owners, were most acutely felt in 2019. the priority among them is the fall in consumer demand (37%), as well as the issues of corruption (24%), staff shortage (16%). Figure 9 shows the main options of entrepreneurs' answers.

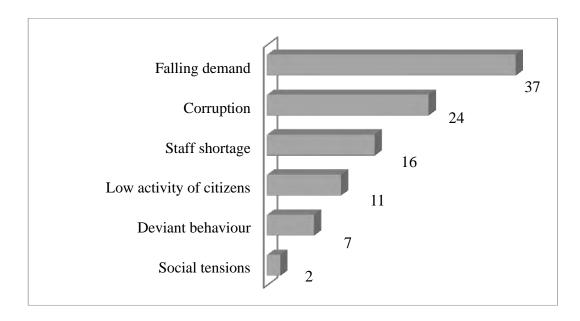


Figure 9 - Distribution of responses of Moscow small business owners regarding their main social problems in 2019, in % of the number of respondents. (*Source:* survey of Moscow entrepreneurs by quota, multi-stage sampling on the basis of the forum-intensive "Transformation", May 2019, N = 104 people).

#### **Conclusions:**

1. The image of the head of a small business organisation in a megacity, his characteristic personality traits have been the subject of research by sociologists and economists. Studies of small business representatives have shown that Russian entrepreneurs have more pronounced independence and autonomy compared to representatives of other countries, as well as a strong psychological defence against social disapproval. To a large extent, relying on the initiative and unconventional thinking of Russian entrepreneurship, the Russian state was able to develop new lands [52, p. 55].

2. The entrepreneur, as an initiator of independent economic decisionmaking, has the characteristic features indicated in the author's four empirical studies. The generalised view of the entrepreneur's image, revealed through respondents' assessments of positive and negative attributes of both the entrepreneur himself and the features of his activities, has determined the following characteristics of the modern portrait of the Moscow entrepreneur in small business:

- positive characteristics in subject-object relations - decency, upbringing and education;

- aspiration to have a stable income - above the average level in the region;

- uncertainty-oriented, leading to conservative management practices and adaptability;

- the level of job maturity often does not match the stated ambitions.

3. The author distinguishes between small business entrepreneurs, small business owners, and small business entrepreneurs. According to the author, entrepreneurs are most flexible in their thinking and have the ability to change, learn, and take risks. Small business owners, on the other hand, tend to conduct their business in a conservative manner, sticking to traditional practices. They favour predictable profits over innovation, standardised management and personnel selection, and restricted communication channels. They tend to work within established fields, trade under recognised brands and frequently choose tried-andtested approaches such as franchising or working in the mass market segment.

Table 12 highlights the author's differentiations between a small business entrepreneur and a small business owner.

Small Business Entities		
Entrepreneur	Small business owner	
Striving for innovation and risk-taking	Striving to maintain previous conservative methods of work	
The company's business model implies a willingness to take on new, often lengthy projects. Development paradigm based on uniqueness and automation of processes.	The company's business model implies high liquidity of goods (services) in the absence of product uniqueness and low planning horizons. Survival paradigm, which is based on business preservation.	
Democratic management style with flexible feedback (both with partners, subordinates and consumers).	Administrative management style with minimal communication and feedback with subordinates and consumers.	
Decision-making autonomy	Decisions are often made under the pressure of external circumstances and recommendations	
Constant striving to implement adaptation, training and incentive programmes. Stake is placed on the development and growth of employees within the company.	Training and mentoring of staff is driven by critical need. The emphasis is placed on recruiting employees with the necessary competences from outside.	

Table 12- Characteristic differences of small business entities in Moscow

Source: analytical development of the author based on the results of surveys of small businesses in Moscow for the period 2010-2022. Source: author's analytical development based on the results of surveys of small businesses in Moscow for the period 2010-2022.

In contrast to the first two, the author views the small business entrepreneur in a somewhat negative way due to his low professional qualities.

A small business entrepreneur (commercial entrepreneur) is a person who personifies his activity solely for the sake of profit. He is characterised by the paradigm of short-term profit, low standards of selection and management of people. Despite his liberal management style, his desire for quick enrichment frees him from moral norms and fear of punishment for ignoring regulations.

4. In Moscow, in the author's opinion, over the period 2014-2022, a noticeable trend of increasing the share of small business owners (from 32% to 41%) and small business dealers (from 44% to 53%) has formed. One of the reasons for this is the increase in the proportion of freelance professionals in small businesses. Professional and personal competences of many representatives of small business

(and their employees) in the conditions of short-term planning and economy on personnel do not have time, as they call it, to mature. Hence the low variability in strategic planning, management, communications, etc. Small business owners are afraid to take risks and play the long game, they do not have time and opportunities to accumulate and apply experience to try again and change.

5. In general, the social portrait of the Moscow entrepreneur was formulated from the position of factor analysis based on three variables: socio-demographic, socio-economic and mental-personal (see Table 13).

Criteria	% of total number of respondents, N = 525		
Socio-demographic			
Paul	Men, 68; Women, 32.		
	22-34 years old - 32;		
Age	35-50 years old - 44;		
	over 51 - 24.		
	Higher - 71.7;		
Education	Secondary vocational education - 22.5;		
	Secondary (general) complete - 5.8.		
Marital status	Officially married - 44;		
Maritar status	Presence of children - 46.		
	Socio-economic		
	Pursuit of high income - 41;		
Motivation for entrepreneurial activity	Justifiable Necessity - 34;		
	Self-realisation - 25.		
Organisational and legal form of doing business	INDIVIDUAL - 76; 000 - 34.		
Number of employees in the	More than 20 people 36;		
Number of employees in the	Less than 20 people 52;		
organisation	No employees - 12.		
	More than 12 hours - 81;		
Average length of working day	Less than 12 hours - 3;		
	Other - 16.		
	IP - 53;		
Main place of work	000-34;		
Main place of work	Budget organisation - 14;		
	Commercial organisation - 7.		
	Flat (property) - 54;		
Housing conditions	House (property) - 12;		
	House (rent, mortgage) - 8;		
	Flat (rent, mortgage) - 26.		

Table 13 - Generalised characteristics of Moscow entrepreneurs, 2018, % of total number of respondents, (N = 525)

Criteria % of total number of respondents, N = 525		
Professional and personal		
Self-identification as belonging to the middle class	Yes - 69; No - 24; It was difficult to answer - 7.	
Professional motives	Increase in income level - 51.4; Economic independence - 22.6; Professional ambitions, presence of power - 12.8.	
Management experience	More than 5 years - 34; less than 5 years - 65.2.	
Self-assessment of personal qualities	Purposefulness; honesty; responsibility; stress resistance	
Striving for self-development	Yes - 77 (reading books, browsing popular science websites, courses and trainings); No - 12; 11 were unable to answer.	
Leisure time	Country holidays with the family - 45; Fishing, hunting - 28; Travel - 14; Other - 13.	
Main source of information	Internet resources - 81; Periodicals - 11; TV and radio broadcasting - 8.	
Sporting activities	Combat - 34; Football - 14; Swimming -12; Fitness - 11; I don't do 29.	
Availability of a car	There are 87 available, of which: -owned - 79; -on lease - 21.	
Participation in charitable activities	Participating regularly - 11; Participate to the best of their ability - 15; Not participating - 32; 42 were unable to answer.	
Recreation, tourism	More than 2 times a year - 12; 1-2 times a year - 38; Less than once a year - 36; Never been abroad - 14.	

*Source*: compiled by the author on the basis of survey data, N = 525

6. In terms of public opinion, the capital and the country as a whole has an unfavourable environment for planning the future of small business due to falling consumer demand, corruption and staff shortages, adventurous behaviour of individual businessmen, high risks of business loss, discouragement amongst managers of small business organisations and even life threatening.

#### 2.3. Properties of the labour force employed in small businesses

The issues of business strata transformation in the context of Russia's unstable socio-economic situation are currently receiving close attention. The aspects that determine the labour employment of the workforce within the framework of its adaptation to the labour market and caused by rapid urbanization look the most relevant today. In this regard, it is expedient to consider the main features of the labour force in small business, mainly employed in the sphere of trade and services. It is noteworthy that the unfavourable economic situation has put many people in front of a choice: to go into self-employment or prefer formal employment. According to the results of mini-surveys conducted by the author in 2013-2018 at several Moscow small enterprises, the most preferable option for many employees is to combine official work with self-employment (41%). However, such combinations in the megacity are fraught with frequent psycho-emotional overload. This was stated by more than half of the respondents who work part-time in their spare time in addition to their main place of work. Undoubtedly, labour conditions have their own imprint. Thus, a study by the Higher School of Economics (HSE) states that non-standard work schedules are widespread, forcing 64% of employees to work "in the evening, at night and on weekends". It is noteworthy that only one third of employees manage to compensate for overtime labour [104, p.226]. In addition, the respondents (62%) note the increased frequency of depreciation of staff on a number of controversial issues, which also negatively affects their financial situation and morale.

The most acute problems arise among employees of small enterprises, affecting the issues of remuneration and remuneration of labour, as well as compliance with labour conditions and safety. It is noteworthy that in modern conditions one of the main motivations of small business employees in Moscow is the desire to maintain the necessary conditions of existence (see Table 14).

As can be seen from the survey results, the overwhelming factor in making a decision to continue fulfilling the labour contract among small business employees

is the need to be solvent, relative confidence in a stable income. It should be noted that the lack of employment opportunities in state organisations at a similar salary is also a hidden reason for working in commercial companies. Thus, more than 43% of respondents admitted that they would prefer employment in state organisations if they had appropriate patronage.

The expected result of this choice of respondents is the formed social policy (programmes) at most public sector enterprises: from material and compensatory (bonuses, wage indexation, compensation for the cost of recreation, etc.) to social and social (volunteering, cultural, professional, sports and charitable events). Also, despite the low assessment of the effectiveness of trade unions by many respondents, their presence at state-owned enterprises is perceived as additional support in disputes with the employer.

Table 14 - Distribution of answers of Moscow small business employees regarding the motivation of their employment at the enterprise, in % of respondents, (N=175)

Answer choice	%	people.
Lack of suitable vacancies	33	45
The need for life support	32	43
Risk of unemployment	17	23
A feeling of reliability, stability	12	16
I can't answer that	6	8
TOTAL:	100	135

*Source:* Mini-surveys conducted by the author in 2013-2018 at 45 small enterprises in Moscow, quota sample, N = 175 people (employees of small enterprises in the sphere of trade and services (the maximum number of employees of enterprises - 100 people) from among sales, marketing, accounting, logistics, warehousing).

One of the reasons for this choice is most often cited as social and labour protection of state employees. Undoubtedly, the influence of the age characteristics of an employee on the duration of stay and change of job. For example, employees in the age category up to 35 years of age noticeably change employers more often than employees of older ages. However, the main reasons for changing jobs among employees of commercial enterprises are low wages, unsatisfactory working conditions (schedule, workplace, atmosphere in the work team), and lack of prospects (Figure 10). At the same time, about 67% of surveyed employees are ready to neglect career expectations for the sake of high salary and favourable working environment. However, more than half of them (52%) are not ready to tolerate rude bosses and overtime work.

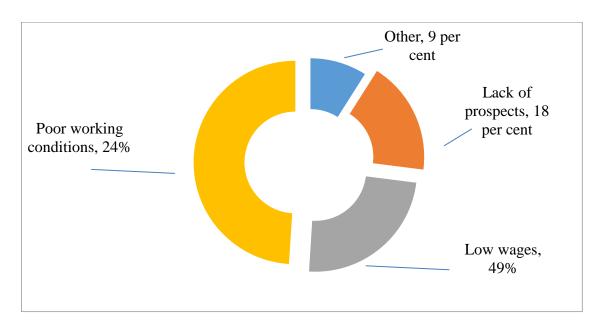


Figure 10 - Distribution of respondents' answers regarding the main factors affecting staff turnover at the enterprise

At the same time, it is worth noting that 97% of commercial organisations, according to employees, do not have trade unions. The overwhelming number of respondents explain this fact by their inexpediency due to the low efficiency of institutions for the protection of workers' rights. Thus, no more than 10% of respondents intend to apply to the state labour inspectorate in case of violation of labour legislation, as well as to the employment service in case of dismissal.

In the author's opinion, the socio-professional traits of small business employees largely prevent them from applying their potential more effectively. This is primarily due to the lack of economic opportunities, the necessary level of qualification, as well as professional (knowledge, skills, abilities) and social (teamwork, communication skills, leadership qualities) competences in the majority of employees.

As a result of observations and numerous surveys, the author established average socio-demographic characteristics of employees of small commercial enterprises in Moscow. These data are presented in Table 15.

Table 15- Average socio-demographic characteristics of employees of small commercial enterprises in Moscow

Small	]	Main socio-den	nographic character	istics of employees	s, %
business entity	Paul	Age	Education	Marital status	Position
IP	Male, 53.1; Female, 46.9.	Under 30 years old - 52.4.	Higher - 32.6; Secondary vocational education - 55.3.	Married - 38.2; Presence of children - 41.3.	Labourer; sales consultant; manager
LTD.	Husband - 43.1; Women - 56.9.	Under 30 years old - 58.4;	Higher - 54.2; Secondary vocational - 41.7.	Married - 32.4; Presence of children - 37.1.	Labourer; sales assistant; manager; administrative officer.

*Source:* mini-survey of Moscow job seekers on the basis of the capital's employment centre My Career, 2021, N = 108 people.

Table 15 shows that the main age composition of employees of small enterprises is young employees not older than 30 years. Despite the fact that most of them (64%) do not have their first employment experience, the staff structure of most organisations limits their career opportunities. It is noteworthy that the share of higher education among young employees (22-32 years old) in LLCs is on average less than 50% and significantly lower than among the older group of employees (33-45 years old), where this indicator reaches 73%. In addition, there is a "qualification hole", which implies a mismatch between an employee's competences and the position he/she holds. Moreover, for the younger group of employees we are talking about the lack of competence, experience and skills. The older group of employees (35 years and older) is represented by a whole range of

different professions that have not found their application. This is partly due to technical progress, but the main reason is the lack of opportunities to receive a decent salary in their speciality, which is seen by the majority of employees (75%). In turn, according to the heads of small enterprises (68%), this problem is of a subjective nature, in particular, the lack of citizens' ability to learn and self-training.

Increasing attention to the problem of employment of Russian citizens by specialities makes us turn to the distribution of specialities of employees of small enterprises with higher education on the example of one enterprise. Table 16 shows the correlation between the professional education (specialties) of the employees of a commercial organisation and their length of service and field of activity.

Table 16 - Generalised distribution of received specialties of employees with
higher education in small commercial enterprises of Moscow on the example of LLC

		Length of service, years		
Name of the group of training directions and specialities	Weight, %	general	speciality	Scope of work
Economics and management	34	9,3	1,34	
Humanities	25	10,4	0,54	
Education and pedagogy	11	9	0,6	Wholesale and retail trade
Electrical engineering, power engineering	9	10	2	
Other	8	8	2,6	

*Source:* survey of Moscow entrepreneurs by quota, multi-stage sampling on the basis of business forums "Transformation", 2018 -2019, N = 184 people.

Employees themselves name the demand for a profession in the labour market, as well as the total number of vacancies and the degree of business activity in the region as the determining factor in finding a job. In addition, the level of wages often plays a key role in the decision to take a job outside their speciality. Nevertheless, in the course of sociological surveys the professional and personal qualities of an employee were identified, which, in the opinion of employees, are the most acceptable for small business employers. Based on the peculiarities of sectoral activities of various commercial enterprises, a clear structuredness in the respondents' answers regarding the qualities of labour force most welcomed by employers attracts attention (Table 17).

Table 17 - Distribution of answers to the question "What are the most significant qualities of an employee that will be in demand with your employer?", in % of respondents, (N=108).

Name of the employee's qualities	Explanation of quality	Weight, %
Versatility	ability for different types of activities, multitasking, stress resistance	42
Communication skills	Ability to establish business relations, loyalty to the company	28
Mobility	ability to search for necessary information and elementary analysis; activity, initiative, frequency of geographical movement.	21
Other		9

*Source:* mini-survey of Moscow job seekers on the basis of the capital's employment centre My Career, 2021, N = 108 people.

The majority of employees (84%), speaking about the increasing demands of management to be more loyal to the company's interests (overwork, combining positions, salary delays and grey payments), attribute this to increased competition among job seekers in the labour market. At the same time, employers, in their turn, increasingly emphasise such advantageous qualities of employees as the ability to learn, quickness to get involved in the work process, availability of practical skills required to achieve the set tasks.

However, it should be recognised that the presence of preferential qualities in the employee of a small enterprise has little impact on the observance of his/her rights in the field of labour protection. Thus, according to surveys, every second employee of a company faces discrimination in labour rights. This, in turn, affects such labour force indicators as turnover rate and replacement rate. A survey of employees of several Moscow small business organisations regarding the processes of hiring and dismissal of employees of the enterprises revealed the following picture: the natural dynamics of personnel in the labour collectives of the majority of enterprises speaks of unfavourable working conditions and increased workload of employees. Despite the positive dynamics of social and labour characteristics of small business employees (Table 18), most of them do not consider these advantages as guarantees against systematic violation of their labour rights and working conditions. Of particular interest in this regard are the statements of employees about the employer's requirement of loyalty to the company, where the main criteria are acceptance of the proposed working conditions, unpretentiousness, and independence in solving work issues.

Table 18 - Dynamics of socio-labour characteristics of the small business labourforce in Moscow for 2009-2018.

	Comparative period, % of total number of		
Criteria	respondents		
	2009-2013.	2014-2018.	
Social mobility	Destate ware 21.2	Ready to move -	
(readiness to change place of residence, job)	Ready to move - 31.2	53.4	
I anoth of annalogue and with the company	More than 5 years -	More than 5 years -	
Length of employment with the company	26.7	14.2	
Flexible skills (soft skills)	Deader 192	Deader 271	
(willingness to improve)	Ready - 18.2	Ready - 27.1	
Additional labour activity			
(availability of part-time work in addition to	Yes - 12.1	Yes - 34.6	
the main job)			
Satisfaction with working conditions	Yes - 24.3	Yes - 21.1	
Labour experience in other areas	Yes - 43.2	Yes - 65.7	

*Source:* Mini-surveys conducted by the author in 2009-2018 at 62 small enterprises in Moscow, N = 391 people (employees of small enterprises in the sphere of trade and services (the maximum number of employees of enterprises - 100 people) from among sales, marketing, accounting, logistics, warehouse workers and other working specialities).

It is also characteristic that the share of official payments for the overwhelming majority of small business employees (94%) does not exceed half of their salary. Moreover, compared to the pre-crisis period of 2013, respondents note

that their labour results are increasingly unnoticed by management and do not affect the amount of remuneration.

At present, there are fair concerns that in order to reduce costs, business owners will want to hire self-employed citizens as employees more often, thus saving on insurance premiums. This, in particular, is confirmed by the participants of the Association of Private Employment Agencies (APEA), who note an increase in the number of requests to hire workers as self-employed [31]. If we take into account the fact that the income from entrepreneurial activity of citizens from 2000 to 2016 in Russia decreased from 15.4% to 7.8%, these statements do not look groundless [136, p.4]. Also for this reason, the processes of transformation of entrepreneurs into the self-employed are predicted. This is especially noticeable among young workers under 30 years of age, whose priorities are more and more often individual assessment of their work, career growth, flexible working hours and social significance of projects.

An obvious factor that can influence the exit from the shadow of selfemployed citizens should be an optimal mechanism for the distribution of budgetary and social resources received as a result of tax payments. For this purpose, first of all, it is necessary to understand the acceptable level of income from which a citizen is ready to pay tax without resorting to various tricks. However, this is where difficulties arise. According to V.E. Gimpelson, Director of the Centre for Labour Studies of the National Research University Higher School of Economics, Russia lacks full-fledged statistics of salaries. The information provided by Rosstat does not take into account the wages of 43 million Russians working at small enterprises [141].

Surveys of employees (including former employees) of small commercial enterprises of Moscow conducted in two periods (2009-2012, N=102 and 2013-2019, N=289) showed the dynamics of employees' needs during these periods. Based on these data, we ascertain the increased need of employees in income, as well as in social security (Figure 11).

The formation of negative subcultures of small businesses most often occurs around ideas reflecting the search for solutions to issues of social justice, as a result of dissatisfaction with the current state of affairs at work: untimeliness and complexity of procedures for official employment and payment of the unofficial part of the salary, uneven labour load, reduction of fixed assets, etc.

And, on the contrary, there is a decline over time in the needs for family, education and leisure. At the same time, there is an almost unchanged need for housing conditions. The transformation of workers' consciousness in the priority values occurs in accordance with the changes in the socio-economic landscape that has developed in the megacity.

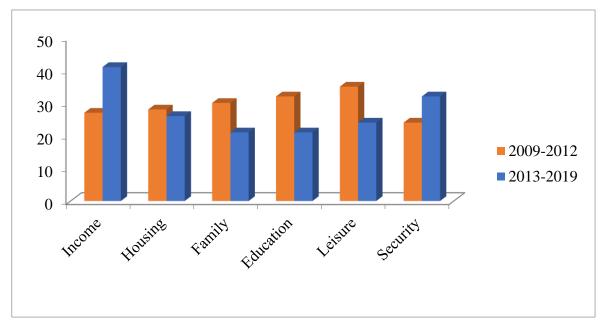


Figure 11 - Dynamics of needs of small business employees for the period 2009-2019.

It also draws attention to the fact that unlike small business owners, who find it increasingly difficult to remain in the middle class segment, small business employees are practically not. Thus, 76% of respondents do not have the necessary amount of money to multiply their capital: saving, investing, etc. Moreover, 51% of respondents have no savings at all. According to them, even the availability of additional income does not allow them to achieve a solid financial base. The main items of expenditure are rent (more than 30% of income), food (more than 45% of income). Reduction of income and lack of foreseeable prospects (professional, family) forces most employees to shut themselves in, and the main leisure activity of 68% of employees is watching TV programmes, Internet<sup>53</sup>.

In turn, the decline in income is reflected in the change in a number of social markers characteristic of employees of Moscow small business organisations in the most favourable periods. For a long time, such indicative markers determining the status of an employee included the availability of real estate, a car, fashionable clothing brands, gadgets, and frequency of foreign trips (Figure 12). It should be noted that, despite the high percentage of crediting of these markers in 2011-2013, especially for cars (75%), they continued to be in demand among employees of commercial enterprises. At present, due to the decline in employees' incomes, the significance of many social markers is no longer determinant.

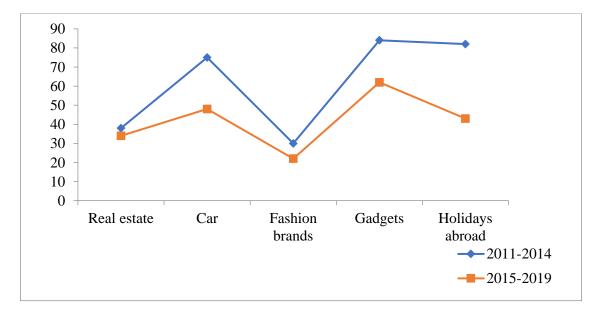


Figure 12 - Dynamics of social markers of small business employees for the period 2011-2019.

<sup>&</sup>lt;sup>53</sup> Mini-surveys conducted by the author in the period 2013-2019 at small enterprises of Moscow and among job seekers on the basis of the Moscow Employment Centre My Work, quota sample, (quota attribute - work (work experience) at small businesses in Moscow), N = 289 people. Moscow), N = 289 people.

Based on the data in Figure 12, we note the still high percentage of employees needing their own housing (38% with housing in 2011 vs. 34% in 2018), as well as the increased saving by employees on other social markers (car, fashion brands, holidays abroad).

The results of the employees' subjective assessment of social interaction in the team as a result of the enterprise development and, accordingly, the increase in material payments to its employees turned out to be very interesting for us. It turns out that more than 43% of employees do not feel themselves part of the team, do not feel a sense of involvement in the performance of socially important work in the process of work, making a contribution to the development of the social mission of the organisation and society as a whole.

The overwhelming majority of respondents from among employees of small enterprises relate the development of the enterprise to various factors, the key ones being those presented in Figure 13.

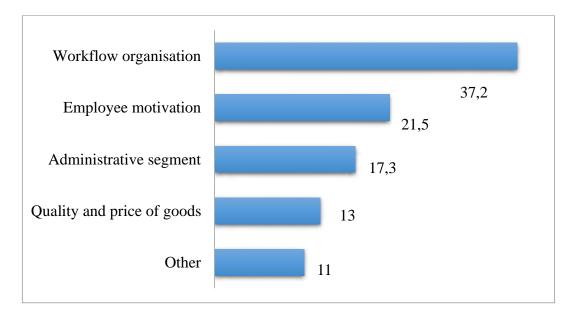


Figure 13 - Distribution of respondents' answers regarding the main factors influencing the development of the enterprise, in % of the number of respondents.

As can be seen from Figure 13, the predominant factors of enterprise development, according to employees of small enterprises, are the organisation of the work process (37.2%) and the administrative factor (17.3%). Among the most frequent claims in these segments are kinship relations, a large staff of administrative

and supervisory employees who do not bring profit to the firm but affect labour productivity, old equipment, low efficiency of coordination and interaction between departments and employees. The second most important factor influencing the development of the firm, employees note the motivation of personnel (21.5%). The main focus, in their opinion, should be on improving labour conditions and remuneration. The third factor is the presence of competitive advantages of the sold goods (services). Thus, two most problematic areas of professional competences of small business managers are clearly seen here, namely: organisational and managerial (administrative) and communicative.

Other most acute social problems of small business employees (author's survey of job seekers on the basis of the metropolitan employment centre "My Work", N = 114 people), according to the majority of respondents, include the problems of falling incomes (42%), compliance with labour legislation (21%) and rising unemployment (12%) (see Figure 14).

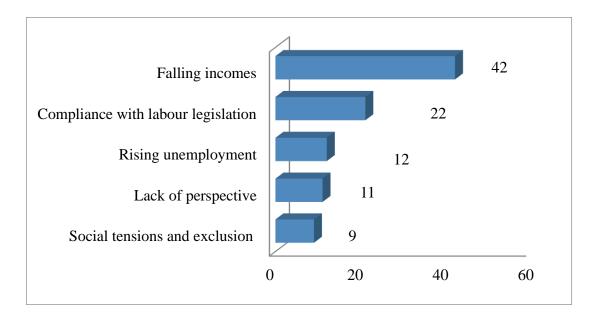


Figure 14 - Distribution of responses of small business employees in Moscow regarding their main social problems in 2019 in % of the number of respondents, N= 184 (according to the author's sociological survey).

The growth of unemployment, lack of prospects and social tensions are fundamentally new among the social problems of Moscow small business workers. Many employees rightly correlate the emergence of these circumstances with the growth of migration flows from neighbouring countries since 2014. At the same time, the generalised sociological analysis of small business workers in Moscow without taking into account its migration components. Moscow without taking into account its migration components would be incomplete. Indeed, our own observations and special studies in this regard have shown that at present the use of migrant labour in the capital's small businesses is mainly used in the same spheres of trade and services, but taking into account some peculiarities of the workforce (see Table 19).

Nevertheless, there are common features of the migrant labour force employed in small businesses in Moscow. As a rule, they are citizens of working age from 18 to 45 years old, predominantly men, applying for jobs that do not require highly skilled labour.

Nationality	Advantageous features	Scope of application and employment
Uzbekistan	High loyalty to the proposed labour conditions and remuneration, high degree of adaptation	Construction, housing and utilities, repair and finishing works; trade
Tajikistan	High loyalty to the proposed labour conditions and remuneration, high degree of adaptation	Construction, housing and utilities; repair and finishing works; trade
Ukraine	Closeness of mentality, good command of Russian language (oral and written)	Construction, repair and finishing works; trade
Kyrgyzstan	Good command of the Russian language (oral); accession of the republic to the EAEU: no patent; use of national driving licences, right to obtain an MHI policy	Retail, catering, cleaning, taxi transport, courier services
Azerbaijan	Good command of the Russian language	Trade; taxi transport
Armenia	Good command of the Russian language (oral and written); high degree of adaptation; accession of the republic to the EAEU: no patent; use of national driving licences, right to obtain an MHI policy	Road repair, consumer services; car service; taxi transport
Moldova	Good command of the Russian language (oral and written)	Construction, repair and finishing works; trade

Table 19 - Peculiarities of the use of migrant labour forcein small business in Moscow. Moscow

*Source: The* location of countries in the table is presented according to the number of cases when their citizens were registered with the Ministry of Internal Affairs of the Russian Federation, June 2019.

More than 80 per cent of migrants interviewed come from small towns and rural areas, have no professional education, and are not prepared for integration and assimilation in Russia. The duration of the working week for most employed migrants exceeds 56 hours, and social security during their stay in the Russian Federation is uncertain. The clan-family method of shift work is widespread among migrants, in which the official employment of one worker is substituted for the unofficial employment of another as needed.

The formation of ethno-cultural diversity in Moscow in recent years is associated with the emergence of districts, mainly in the south of the capital, distinguished by separate linguistic and cultural communities. The ethnic colouring of small businesses in the metropolis is formed both under the influence of historically established areas of activity (shoe repair - Armenians; transport services - Armenians, Tajiks, Azerbaijanis; sale of fruits and vegetables - Azerbaijanis, Uzbeks) and due to the compact settlement of migrants near the main places of work - trade and warehouse complexes (markets), construction sites, large logistics centres. In established migrant neighbourhoods, public catering outlets prevail, and service sectors associated with national identity appear: "Kyrgyz clinics", "Vietnamese ateliers", "Uzbek eateries". At the same time, the compact residence of ethnic communities, which, as it seems to us, are not subject to integration processes into Russian society due to their isolation in terms of language, law and culture, even in case of their active business activities, cannot be considered a positive conversion of human capital into social capital, but, on the contrary, creates additional centres of local disadvantage. We are talking about territorial enclaves near such shopping centres as "Food City", "Sadovod", "Moskva".

For citizens of the states that are members of the Eurasian Economic Union (EAEU) on the labour market, compared to other foreign workers, legalisation of

activities is much simpler, but the share of foreign nationals engaged in informal employment both personally and as an employee of a small business organisation remains high. In addition, living in a maximum economy mode (food, accommodation, travel), caused by various socio-economic factors, often involves ignoring the requirements of Russian legislation, which leads to increased tension in the social and domestic sphere [125, p.30].

### **Conclusions:**

1. The image of an employee of Moscow small business organisations and his/her characteristic personal traits have undergone certain changes related to motivational aspects of economic and social security: a non-conflictual and executive employee is gradually being replaced by an employee who is able to independently manage the fruits of his/her labour. There is a process of transformation of partially self-employed citizens into autonomous workers socially demanded professionals, adapted to market conditions, capable of independently organising and evaluating their work both in employment and as selfemployed.

2. In the context of Russia's unstable economic situation, as well as rapid urbanisation, the employment of labour force in small business is hypertrophied mainly in the direction of trade and services. Many employees are characterised by a combination of work and self-employment, associated with psycho-emotional and physical overload. Lack of flexibility of labour schedules, depressing of personnel, non-observance of labour protection conditions are notable for one third of employees. Distribution of the labour remuneration fund depending on the employee's labour input in the course of work by no means always corresponds to their salary expectations. Social and labour protection of small business employees is differentiated depending on their social characteristics - age, professional orientation, salary level, working conditions, microclimate of the team, etc. The social and labour protection of small business employees is differentiated depending on their social characteristics. 3. The average socio-demographic characteristics of small business employees show that the share of young employees and employees with higher education employed in LLCs is higher than that of FE employees. Otherwise, there is a similar picture in geographical mobility of personnel (42.2% of commuters in LLCs versus 46% in sole proprietorships), gender data, inconsistency of employee's competences with basic education for the position held. Among the preferential qualities that most employers believe small business employees should possess are the ability to learn, quick adaptation to the work process, and practical skills. However, possession of these skills is not a guarantee of success for an employee, as half of small business employees face discrimination of their labour rights.

4. The author's sociological research revealed socio-demographic characteristics of the small business workforce, where the main composition (64.2%) - young people 23-35 years old, recent graduates of secondary (36%) and higher educational institutions (31%), mostly non-resident (68%), unmarried (72%). This is the most energetic and ambitious group, subject to consumer fashion for social markers and the practice of short-term realisation of their potential within one company. Another category of employees (31.8%) are those in the age group of 36-52 years with more than 10 years of work experience (86%), higher education (71%), family experience (94%), residential property in Moscow and the nearest districts of the Moscow region (86%). This is the most experienced and loyal to the employer group, motivated by labour discipline and sense of responsibility, nevertheless, according to the majority of employers (76%), it has much less commercial potential (aggressive marketing, mobility, multitasking, ability to work under prolonged overload, etc.). Most commercial companies actively support the course of radical rejuvenation of the team, including the administrative corps; in addition, the replacement of low-skilled working positions by migrant workers increased by 20% in the period 2017-2019.

5. A significant portion of employees in small businesses express discontent with their chosen profession due to low wages and salary deductions, with 72% of surveyed individuals reporting that their expenditures for basic necessities exceed half of their income. Additionally, dissatisfying job status and limited opportunities for career growth contribute to these negative sentiments. The disparity in Moscow between the mean wage of job openings that don't demand an extended period of education and those that are typically identified by a high level of education and a protracted period of acquiring professional expertise, founded on information from various recruitment portals, is not just negligible, but frequently surpasses by 15-20% in favour of the former<sup>54</sup>.

Thus, the typical income of a courier, salesperson, or construction worker in a Russian metropolitan area (starting from 80 thousand rubles) is on par with the income of a doctor, engineer or teacher. Meanwhile, those in the driving, culinary, or beauty industries (manicurists, tattoo artists, etc.) earn over 15% more.

The shift in professional skills among small business workers in Moscow towards low-skilled labour implies a lack of readiness among small business owners to provide high-quality job opportunities and working conditions to skilled professionals. The root cause of this can be attributed to the below-average wage levels prevalent in the region that do not incentivise the employment of highly skilled workers.

6. In general, the social portrait of a Moscow small business employee can be formulated from the perspective of factor analysis based on three variables: sociodemographic, socio-economic and mental-personal (Table 20).

Table 20 - Generalised characteristics of employees in small business, % of total number of respondents, (N = 379)

Criteria	% of total number of respondents, $N = 379$
Socie	o-demographic
Paul	Men - 44; Women - 56
	22-34 years old - 57;
Age	35-50 years old - 31;
	over 51 - 12.
	Higher - 41.7;
Education	Secondary vocational education - 22.5;
	Secondary (general) complete - 35.8

<sup>&</sup>lt;sup>54</sup> Author's analysis of vacancies on recruitment sites Superjob.ru, HH.ru for job seekers in Moscow for the period 2021-2023.

Criteria	% of total number of respondents, $N = 379$
Marital status	Officially married - 52;
Marital status	Presence of children - 61.
	Flat (ownership) - 31;
Hanning and ditions	House (property) - 2;
Housing conditions	House (rent, mortgage) - 3
	Flat (rent, mortgage) - 64
	IP - 48;
Main place of work	LTD - 41;
-	OAO - 11.
So	cio-economic
	More than 50,000 rub 34;
Average monthly income, rub.	Less than 50000 rubles 66.
	28 days - 48;
Average duration of basic leave	Less than 28 days - 52.
	More than 8 hours - 63;
Average working hours of personnel	Less than 8 hours - 4;
Twendge working nours of personner	Other - 33.
	Has permanently - 47;
Additional employment to increase	Sometimes it's 21;
income	Doesn't have - 22.
Sec	
SOCI	al and personal
	Increase in income level - 51.4
Professional motives	Self-realisation (economic freedom) - 22.6;
	Ambition, career - 12.8.
Self-assessment of personal qualities	Purposefulness; honesty; responsibility; stress
I	resistance
	Yes - 32 (reading books, browsing popular science
Striving for self-development	websites, courses and trainings);
Surving for sen deveropment	No - 49;
	19 were unable to answer.
	Family holidays - 64;
Leisure time	Fishing, hunting - 12; Travel - 11;
	Other - 13.
	Internet resources - 68;
Main source of information	Television and radio broadcasting - 18.
	Periodicals - 14.
Sporting activities	Football - 11; Fitness - 11;
	Swimming - 12; Not practising - 66.
Availability of a cor	There are 61 available, of which:
Availability of a car	-owned (including car loan) - 94;
	-on lease - 6.
Criteria	% of total number of respondents, $N = 379$
	Participating regularly - 7;
	Participate to the best of their ability - 11;
Participation in charitable activities	Not participating - 57;
	25 were unable to answer.

Criteria	% of total number of respondents, $N = 379$
Self-identification as belonging to the middle class	Yes - 61; No - 18; 21 were unable to answer.
Recreation, tourism	More than 2 times a year - 7; 1-2 times a year - 38; Less than once a year - 36; Never been abroad - 18.

*Source:* Mini-surveys conducted by the author in 2013-2019 on the basis of the capital's job fairs and Moya Rabota Employment Centre, among job seekers, N = 244 people, as well as at 45 small enterprises of Moscow, N = 175 people (employees of small enterprises in the sphere of trade and services (the maximum number of employees of enterprises - 100 people) from among sales, marketing, accounting, logistics, warehousing).

## CHAPTER 3. MAIN WAYS OF SOCIAL ADAPTATION OF SMALL BUSINESS IN MEGACITY CONDITIONS

# 3.1. Social capital of Moscow small business in the basis of solving social problems of megapolis entrepreneurs

The analysis of the relevant literature revealing the principles of functioning of the entrepreneurial class in the social structure of Russian society has shown the multifactorial system of functioning of the subject of the study. The socio-economic situation in most Russian regions cannot be called conducive to the activation of business communities due to the low consumer demand of the population. The population's income, as a reflection of consumer demand, continues to decline in most Russian regions for several years in a row: the reduction in income at the end of 2020 was recorded in 64 constituent entities of the Russian Federation [164]. Real incomes of the population at the end of 2020 fell by 3.5%, and by 10.6% less than in 2013. In Moscow, the population's income in 2020 fell by 8.2% compared to 2019. At the same time, there continues to be a loss of social status of citizens of a number of professions, accompanied by the disintegration of society: a decrease in trust in employers, state authorities, public organisations.

Such "social bankruptcy" is caused not only by the deterioration of economic conditions, but also by the decline in democratic principles, which are based on equality of rights, freedoms, the opportunity to convey one's point of view and to be heard.

Social activity of citizens, suppressed and ignored in various ways, does not contribute to the formation of their social capital, the importance of which can hardly be overestimated. Many researchers have addressed the problem of the necessity of the emergence of social capital as a "set of ties and relations"<sup>55</sup>, allowing to move

<sup>&</sup>lt;sup>55</sup> Bourdieu P. The Forms of Capital. / Richardson, J., Handbook of Theory and Research for the Sociology of Education. - New York: Greenwood Press, 1998. p. 241-258.

to the "benefit of cooperative behaviour"<sup>56</sup>, and then through the level of trust between members of society to develop the economic potential of the state<sup>57</sup>.

By *social capital we* will understand the level of social trust and interaction between citizens, which allows them to co-operate for the sake of achieving certain goals.

It has been established that relations with public authorities have a great influence on the degree of social trust. Often the formation of a timely and fair decision regarding a citizen's appeal is projected on the probability of his subsequent dialogue with the authorities. And the issue here is not so much the timeliness of the official's response to a citizen's appeal, but rather the quality of response, which allows for a timely solution to a social problem (actual need). However, the weakness of state response and management is not the least affected by the corruption of administrative bodies, non-transparency of the legal framework, and "telephone justice". Thus, according to the General Prosecutor's Office of the Russian Federation, Moscow on the level of corruption in 2020 topped the rating of regions [180]. The negative consequences of corruption are manifested in all spheres of entrepreneurial activity and society as a whole: the shadow economy multiplies, the efficiency of public administration bodies decreases, competitive mechanisms of the market are violated, and an unfavourable business climate is formed.

With the introduction of the institution of the ombudsman for entrepreneurs, the problem of administrative barriers for business has somewhat decreased, but still remains acute. Often, officials see in this the meaning of some kind of state regulation, forgetting that regulation is not about endless influence on business through inspections with frequent extortion, but in the formation of optimal and transparent conditions for the existence of the latter.

<sup>&</sup>lt;sup>56</sup> Coleman James S. Social Capital in the Creation of Human Capital // American Journal of Sociology. 1988. P. 95-120.

<sup>&</sup>lt;sup>57</sup> Fukuyama F. Social Capital and Civil Society. IMF Working Paper WP/00/74. - Washington (D.C.): International Monetary Fund, 2000.

Thus, according to the results of analysts' research in 2015, the greatest administrative pressure on business, according to the survey of entrepreneurs, was exerted by the Federal Tax Service, the Ministry of Emergency Situations, Rospotrebnadzor, Rostrud, and the Ministry of Internal Affairs of Russia. Currently, according to a number of experts, despite the reduction in the number of planned inspections by 55%, the situation has not changed much, due to the increase in unscheduled inspections [207]. In turn, the dissertant, considering the insolubility of the problem of administrative pressure on business, comes to the conclusion that changes in legislation in this matter should be associated with changes in law enforcement practice, involvement of public control, expansion of the powers of the business ombudsman.

A number of researchers consider the availability of quality legislation as the main factor influencing the development of entrepreneurship [45, p. 21; 203, p.165].

Thus, a significant disadvantage that destructively affects the interaction of entrepreneurs with the authorities, as well as the development of the entrepreneurial layer, is the *instability of federal legislation, its inconsistency, and the complexity of implementation. In* addition, the enforcement proceedings on the court decision on collection of debts by bailiffs from business partners, is often no less problematic for Moscow entrepreneurs than the judicial process itself. According to the data of the Moscow Debt Recovery Agency, made on the basis of the reporting of the Federal Bailiff Service for 2019-2020, bailiffs forcibly recovered only about 5-7% of debts of legal entities and about 15% of debts of individuals [149]. This is due in no small measure to the unwillingness of many state bodies to examine the merits of the issue in detail, as well as procedural loopholes in the legal framework that allow unscrupulous entrepreneurs to avoid fulfilling their business obligations.

As the results of the survey regarding entrepreneurs' trust in official government information on socio-economic development issues show, the majority of respondents negatively assess the reliability of the information offered to them (Figure 15).

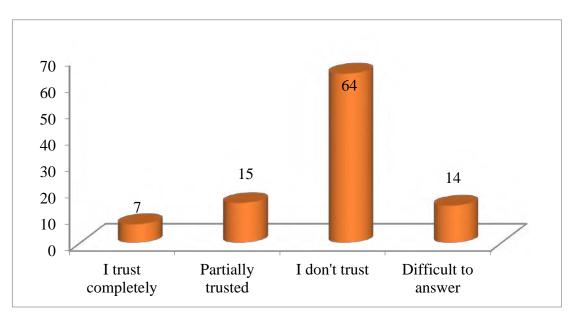


Figure 15 - Distribution of respondents' answers to the question "Do you trust information from official government sources regarding the socio-economic situation in the country?", 2018, in % of the total number of respondents, N = 184

The main dissatisfaction in the information offered is caused by the bias, veiling and relativity of the information, as well as the frequent abundance of a large number of euphemisms.

The decline in the overall share of economically active citizens is noteworthy. According to Rosstat, in 2018 the number of economically active population in Russia decreased by more than 1 million people. Russia's middle class, which in most of its inherent characteristics corresponds to only 7% of the country's population, also in the context of the continuing decline in its income since 2014 prefers to work in government structures rather than in business. The explanation for this lies in the more formal, transparent and predictable forms of labour control that exist in state-owned enterprises, as opposed to the adaptive and trusting forms that prevail in commercial organisations.

The level of trust between an employee and his employer, as well as the degree of interaction between the two, is particularly clear as a result of their working together during the prevailing periods of hidden unemployment. Despite the fact that according to official data the number of the labour force in Moscow is more than 7 million people and the unemployment rate for 2020 is only 2.53%, nevertheless the

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problems of hidden unemployment arising from the lack of a sufficient number of socially attractive vacancies are felt by ordinary citizens very acutely. Thus, according to the study, in 2018, of the 7.2 million jobs functioning in Moscow, 3 million were occupied by migrant workers. In addition, the researchers concluded that almost every second Muscovite among the economically active permanent population of the capital in 2018 could not find a job [74]. The time interval of searching for a job has also significantly increased. The author states a twofold increase in the time of citizens' stay in the state of active search for acceptable vacancies in the summer of 2021 compared to 2010 from three or four months to six months and more.

The results of sociological surveys of small business managers and their employees regarding the main social and professional problems have shown that there is a clear concern about the decline in incomes of citizens and consumer demand, generally causing a certain social tension (Figure 16).

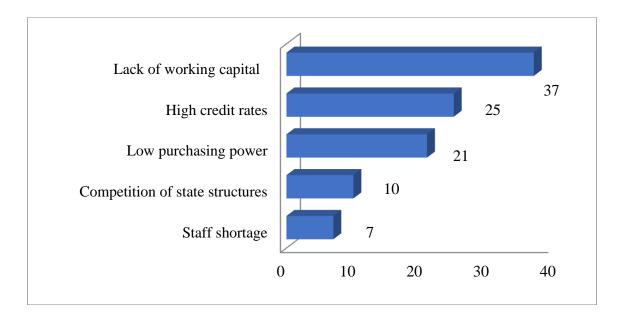


Figure 16 - Distribution of responses of small business owners in Moscow on the main socio-professional problems, 2019, % of the total number of respondents, N=184

The distribution of small business owners' answers (Figure 17) is traditionally based on socio-economic reasons, as, however, are the answers of employees (Figure 15). The difference in their answers is focused on indirect claims to each other: staff hunger - labour conditions. In turn, the staffing issue for small business and the labour market as a whole is focused among government agencies solely on the subjectivity of reasons (lack of entrepreneurial thinking, lack of professional competencies, low motivation to work, etc.). At the same time, due importance is not given to objective reasons that need to be addressed. Thus, the modern ideology of success imposes on society a model in which a person's self-realisation depends on his/her useful qualities for a limited number of employers for a short period of time. This ignores not only the importance of individual human capital, but also the social capital of the organisation.

Meanwhile, many researchers directly link the success of an organisation's entrepreneurial activity with the presence of social capital. For example, it is argued that "higher incomes are earned by entrepreneurs who fully trust their employees, i.e. who have managed to ensure the accumulation of social capital that allows them to rely on their environment"<sup>58</sup>, because "if the level of trust is low, the risks of missed opportunities increase"<sup>59</sup>.

Currently, Moscow, as a region of competitive advantage, prioritises highly mobile and the most economically active (promising) contingent - the agglomeration effect of the megacity has an impact. However, as the geography of the working Internet space expands, this effect will have qualitative transformation tendencies: already now there is an outflow of specialists from hiring to self-employed and freelancing. This is facilitated by the problem of multiculturalism among the working staff: due to external and internal labour migration in many Moscow small business enterprises, communities of workers who are carriers of different cultures are rapidly emerging, not seeking to integrate into the social environment, but, rather, on the contrary, trying to impose the culture of their behavioural traditions. It is no coincidence that according to the results of a survey by the educational platform GeekBrains, conducted in 2021-2022 (N = 419926) in Russia's largest megacities

<sup>&</sup>lt;sup>58</sup> Melnikov R.M. Human and social capital as factors of entrepreneurial success in Russian conditions // Economic Analysis: Theory and Practice. 2022. V. 21, № 7. P. 1240-1264.

<sup>&</sup>lt;sup>59</sup> Butler J., Guiliano P., Guiso L. The right amount of trust. NBER working papers, 2009, no.15344. URL: https://www.nber.org/system/files/working\_papers/w15344/w15344.pdf

(the share of survey participants in Moscow is 28%), "every tenth Russian wants to leave his or her job and become a freelancer". Obviously, this need arose, among other things, as a result of the need to minimise unwanted communication [78].

In addition, the mindset of the majority of respondents, including entrepreneurs, is based on the regulatory function of the state. The principle of selfsufficiency of the Russian state, formed under the direct influence of state mechanisms, is mentally much closer to the majority of ordinary Russian citizens than the pro-Western type of pragmatic, often cynical and aimed at constant profitmaking. The reason for this choice lies deep in the centuries-long history of the Russian state, with its characteristic centralisation of power at all levels of life of its citizens. The historical demand for paternalism, lack of desire for interaction and cooperation among citizens complicate the processes aimed at the growth of the entrepreneurial layer.

The problem of employment in small business in Moscow has recently become more and more frequent in various information and government sources, despite the fact that "Moscow agglomeration is the fastest growing in the Russian Federation: migration growth here is from 150 to 200 thousand people per year" [74, p.116]. Nevertheless, often the company's profit maximisation is carried out by freeing the business from the national boundaries, and the optimisation of production processes - to the detriment of their innovation and modernisation. It is no coincidence that according to the results of 2020. Moscow rose only to 32nd place in the rating of 100 leading innovation clusters of the world (based on the analysis of the number of patent applications and the number of scientific publications) [221].

It is worth noting that the process of innovation goes hand in hand with the presence of the necessary conditions for its implementation. First of all, the locomotives of innovation are talented citizens, whose attraction to work is associated with their future involvement in the work process, the opportunity to become part of a professional team, a group of like-minded people. According to the indicator of business attractiveness for talents from all over the world, Moscow ranks 42nd in the rating of world cities [238].

No less interesting is the fact that the answers of many respondents increasingly show signs of social isolation. In this regard, it will be appropriate to indicate further the results of the survey regarding trust among citizens of the megacity (owners and employees of small businesses).

Figure 17 shows the degree of interpersonal and institutional trust small businesses experience in our society.

In Moscow, in the author's opinion, the socio-psychological problem of small business can be traced most clearly: the high degree of workload and pace of life in the megacity is in dissonance with the feeling of being a socially significant subject.

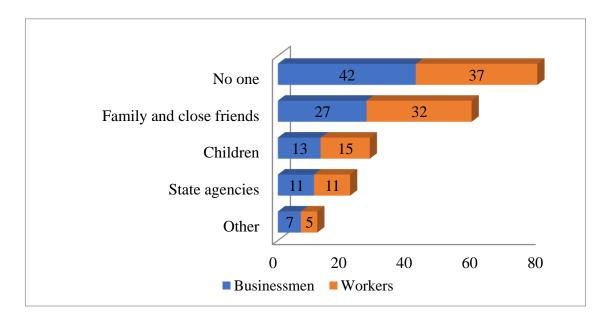


Figure 17 - Distribution of responses of small business owners and employees in Moscow to the question "Who do you trust", 2019, % of total number of respondents, N=184/114

This is due in no small part to the low level of social interaction and different moral values: 58% of respondents do not maintain contacts either with their neighbours or with their relatives from the regions, 46% have no friends in Moscow. The fall in the prestige of a number of professions and employers' lack of respect for the "man of labour" has shaped some of the latter's principled approaches when choosing an employer. In other words, job seekers are increasingly paying attention to a number of factors that are of key importance to them when deciding on employment. Thus, 32.1% of respondents would not accept work in a company where the overwhelming number of employees are migrants, rightly fearing to be involved in a labour environment with unsatisfactory working conditions and the prospect of being cheated. For other respondents it is important to have a favourable workplace (46.7%), the availability of additional social support measures (bonuses, timely indexation of wages, compensation payments, etc.) – 64.5%.

In addition, the time for an employee to make a decision on the expediency of further labour cooperation with an employer has almost halved compared to 2010: from a year to six months. There is a growing trend that working for someone as a self-employed person is preferable to the need to work in an entrepreneur's team.

The unilateral change of working conditions declared at the time of hiring, the employer's unwillingness to unlock the human resources potential of its employees and interact with them on the issues of optimising working conditions sharply reduces trust and the possibility of forming a team aimed at generating high entrepreneurial income. In the opinion of the majority of employees (74.8%), salaries are always higher in companies aimed at development (economic, professional and spiritual) than in companies focused only on labour generation. They assign a decisive role in the formation of a team of like-minded people to the manager, noting the need to have not only commercial experience, but also managerial and moral qualities. In this regard, it is appropriate to add the view of the researcher R.M. Melnikov, who states that the head of a small business "the presence of a well-balanced set of skills, rather than the presence of one or more strong professional qualities, determines the possibility of entrepreneurial success" [102].

A clear example reflecting the level of social capital formation in a company is the participation (membership) of its management in public associations, charitable actions, etc. Based on the results of the survey of small business managers regarding their participation in charitable, cultural and educational, etc. activities, the author obtained the following results:

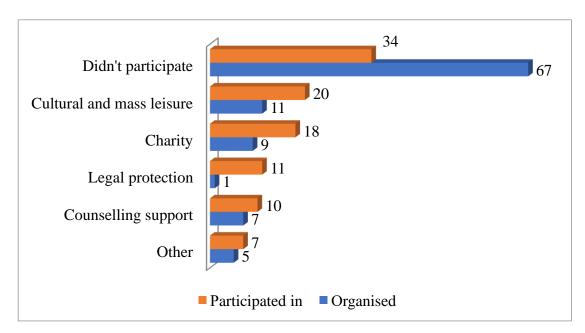


Figure 18 - Distribution of responses of small business leaders in Moscow regarding their participation in public associations and events over the last three years, 2019, % of total number of respondents, N=184

As can be seen from Figure 18, the majority of entrepreneurs did not organise (67%) and did not participate (34%) in cultural, social and charitable activities for the period 2016-2019. Thus, it can be argued that the involvement of entrepreneurs in social activities is projected on their desire to build interaction within the social groups of their team, to conduct organisational activities to bring it together (team building). Many labour issues between manager and employee are taboo and are not subject to discussion, which also prevents the formation of strong corporate solidarity and, on the contrary, strengthens the desire of both parties to save money on their responsibilities. There is a growing number of respondents (more than 70%) who are sure that the probability of improving their financial situation as a salaried employee of the "non-managerial tier" of small business is low. Low interaction between the administrative tier of companies ("managers") and the "managed", as well as within the "managed", as a result of differences in age, culture and motivational issues, imprints on the formation of a certain behavioural culture at the termination of employment relations: employees leave companies where management does not value their professionalism, responsibility, moral and cultural qualities without much regret.

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The adaptation model of behaviour of the "employer-employee" mechanism of Russian small business is forced to adjust to various political and economic attitudes that do not contribute to its positive transformation: low attractiveness of market conditions causes neglect of professional potential, social and legal sphere. More than a third of respondents (both entrepreneurs and employees) note that their activities are conditioned by forced choices. Almost the same negative assessment in the state support of their interests is noted by both sides of the interaction "entrepreneur-employee", namely: imitation and short-term effect in the atmosphere of economic uncertainty and stagnation. In addition, the spontaneity of the market and the lack of social guarantees in the proposed labour conditions push the most educated and pragmatic young people into the public sector of the economy, as well as into creative Internet professions with flexible schedules and the possibility of development (mostly remote).

In general, the development of small business is based not only on strengthening the social status of its subjects, high intra-organisational corporate culture (organisation of management and interaction, personnel policy, etc.), but also on the degree of development of civil society. The state and content of legal consciousness and political culture of small business entities are determined by the targeted state policy.

In this regard, the optimisation model of solving social problems of small businesses is built on the basis of political-legal, economic and social blocks.

The optimal solution related to the support of small businesses in the framework of their subsequent development seems to be the adoption of state and regional support programmes based on the segmentation of small business entrepreneurs, namely, the allocation of certain categories of entrepreneurs among the target entrepreneurial audience according to certain criteria. In this case, state paternalism is proposed to be smoothed out by measures of specific targeting. First of all, entrepreneurs who work not only for their own well-being, but try to create a favourable business environment for their subordinates and the value of creative labour deserve attention.

At the first stage, the segmentation of small business support involves targeted assistance to start-up entrepreneurs if they meet certain criteria of the Programme: initial entrepreneurial capital in the amount of S1 million rubles, provided they meet a number of criteria, such as:

- socio-demographic (age, education, marital status);

- economic (having an initial savings amount of half of the capital declared in the programme);

- legal (absence of criminal penalties for the last 10 years on the grounds of offences under the articles of the Criminal Code of the Russian Federation; absence of outstanding legal obligations to the state and citizens);

political (possession of valid citizenship of the Russian Federation for at least 10 years, absence of a second citizenship);

- psychological (capacity).

An increase in the amount of initial entrepreneurial capital is possible within the framework of the state support programme and occurs as a result of an assessment of the prospects for the development of the entrepreneurial business in question. The greatest preference for increasing the amount of capital should be given to the most promising, in-demand areas, as well as family and sociallyoriented small businesses. In addition, additional incentive criteria may include: service in the RF Armed Forces, participation in volunteer and charitable activities, etc. In addition, the state can provide the right of social contract for future entrepreneurs: on the one hand, to provide assistance in improving qualifications, guarantee a certain demand for products and tax preferences, on the other hand, in accordance with the developed individual plan, to demand fulfilment of a number of obligations. This is an effective opportunity to activate labour potential, improve the quality of life and reduce dependency attitudes.

The second stage of the Small Business Support Programme considers the socio-economic utility of entrepreneurial activity: entrepreneurial activity carried out within the framework of the law appropriate levels of tax deductions, wages and working conditions, the number of jobs.

At the third stage, support is provided to small businesses capable of developing into medium-sized businesses (average number of employees for the preceding calendar year from 101 to 250 people; income limit for the preceding calendar year - 2 billion rubles).

An example model of a segmentation model of the Small Business Support Programme in the first phase is presented in Appendix J.

At the same time, it is necessary to reduce the fruitlessness of Russian entrepreneurship by constantly reducing the number of organisations pursuing nontransparent financial and labour policies, thus failing to provide the final product, tax revenues and jobs for Russian citizens. The implementation of a segmented Small Business Support Programme, accompanied by transparency of requirements and control mechanisms, is much more promising and less costly than abstract economic support programmes.

## **Conclusions:**

1. External factors affecting entrepreneurial activity determine the macro- and micro-environment of this phenomenon. The correlation of the main objective factors affecting the development of the entrepreneurial layer made it possible to build the significance of such factors as: economic, legal, socio-cultural, psychological and environmental factors.

2. Social capital in commercial small business organisations in Moscow is often not considered as a necessary condition for the formation of a team of likeminded people capable of achieving entrepreneurial success. The development of entrepreneurship is negatively affected by such factors as the lack of logic of interaction between small businesses and the state, low involvement of employees in the interests of the company, unfavourable business environment.

3. The passive adaptation model of behaviour of the mechanism "employeremployee" of small business in Moscow does not contribute to its positive transformation to modernisation and innovative development: low attractiveness of working conditions causes neglect of professional potential, social and legal sphere, which ultimately leads to the growth of socially dissatisfied citizens. The desire to minimise costs in the absence of economic sovereignty of entrepreneurs forces them to attract non-descript employees for the declared working conditions, whose level of professionalism and communication skills leaves much to be desired.

4. Most commercial organisations in the megalopolis still retain their initial labour attractiveness for the constantly replenished labour resource from the regions. However, the time of making a decision on further labour cooperation between an employee and an employer has halved in comparison with 2010. One of the reasons for this is the lack of social capital, the accumulation of which in a small business organisation depends entirely on its manager and his professional competencies: from personnel selection to building a favourable corporate culture that forms a team.

5. Surplus labour force, resulting from deindustrialisation of the megacity and labour migration, contributes to the emergence of a class of socially unclaimed and unrealised hired workers with excessive competence for the occupied (offered) position, who have no opportunities for professional and personal growth and implementation of their resource. For the category of citizens who work not by vocation, but under the influence of external circumstances, the development of their professional potential is optimal. In this matter, the state body should make maximum use of the intellectual resource of metropolis residents by introducing a wide range of available retraining programmes for the most qualified and motivated category of citizens.

6. In order to increase the business potential of the economically active population of Moscow, it is necessary to ensure in material terms the right to implement educational programmes through educational vouchers - state-paid shortterm courses (training hours) for retraining in the most socially and professionally demanded professions, primarily in the field of engineering and programming. The priority contingent is motivated citizens who have the necessary basic education for successful completion of retraining courses. 7. The quality of economic activity and labour force needs to be brought back to the focus of state regulation. This is achieved by increasing the level of social protection of both entrepreneurs and workers.

## 3.2. Social security of citizens as the most important condition for the development of small business

The current stage of small business development is characterised by the fact that in a difficult economic situation with the existing imperfection of the regulatory and legislative framework, the focus of development and improvement of the efficiency of their activities is shifted to the level of enterprises themselves. The impulse "from above", i.e. assistance and support of federal and municipal authorities, without the initiative of entrepreneurs themselves will not give the desired result.

However, the initiative of the main entrepreneurial masses in the conditions of strict administrative regulation and selective justice is unlikely due to low social activity, both among entrepreneurs themselves and among Russians in general. The results of the survey of the Public Opinion Foundation (FOM), dedicated to the identification of civic and political activity of Russians in September 2014. [127], have not changed significantly after the lapse of time with the results presented by Rosbalt researchers in November 2017 on a similar topic: the socially active part of the Russian population as a whole does not exceed 8% [110].

At the same time, the issue of social justice among Russians remains one of the most topical today. 62% of Russian respondents believe that the fairness of the structure of society depends primarily on the authorities, and 39% of respondents are sure that the current Russian authorities in principle "can, but do not want" to make Russian society more fair [124].

It can be argued that the low social activity of the Russian society is caused by the loss of democratic foundations in the country, the low level of legal culture of the population, as well as the social adaptation of the general mass of the population to the economic and political conjuncture. According to A.E. Stradze, radical social activity of Russians is impossible due to the disintegration of the bulk of citizens "into a number of poorly interrelated social strata and groups" [185, p.39]. Social interconnections, the level of social trust between citizens in the conditions of adaptation strategies of the state do not contribute to the improvement of business active environment.

The transformation of the mass consciousness of Russians, caused by a long period of socio-economic turmoil of state reforms, has affected their perception of the effectiveness of the state apparatus represented by its individual institutions. For example, only 24 per cent of respondents have a favourable opinion of the performance of Russian courts and judges. It is noteworthy that 46 per cent of Russians regard the judgements handed down by the courts as unfair and initiated by instructions from higher instances. 61% of respondents agree with the opinion that most Russian judges take bribes [187].

It should be noted that entrepreneurs themselves highlight the prospects of interaction with the judicial system (15%) and criminal prosecution (13%) as their main concerns in the entrepreneurial field. Fair justice is still considered a rare phenomenon among Russian entrepreneurs. Figure 19 shows the distribution of the most important concerns that entrepreneurs believe are related to their direct activities.

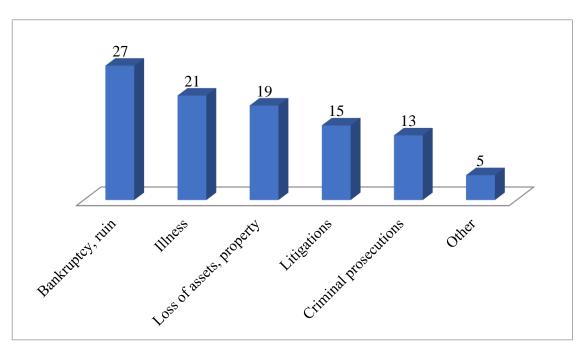


Figure 19 - Main concerns of entrepreneurs related to their activities in 2019, in % of the total number of respondents, N=218

Optimisation of the system of social protection of entrepreneurs is impossible without increasing the share of the middle class in Russia. The presence of a significant share of the middle class of the population, as well as its sustainable growth is an indicator of a healthy economy of the state. However, it should be noted that the ideas about the middle class as a social group of people with a certain type of economic and intellectual potential are quite multifaceted. The majority of the Russian population is dependent on the economic model proposed by the state. The lack of qualified jobs, the dominance of the non-productive sector of the economy reinforces the unrealised potential of citizens capable of forming the core of the middle class. A free-balancing economy cannot be applied in a country where there is an almost complete absence of a middle stratum of economically well-off people. Expectations related to entrepreneurial activity of citizens have been fulfilled only in the matter of saturation of the market with low-quality goods of prime necessity, activities based on the most primitive form of speculative commerce.

In addition to the level of material income, the dissertant identifies a high level of current consumption, the ability to save and make investments as one of the criteria of the middle class. According to specialists of the analytical agency ACRA,

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despite the "relatively low minimum salary threshold for a working person to be conditionally classified as middle class" (from 60 thousand rubles in the central region to 121 thousand rubles in Moscow), this calculated level of income exceeds only 2-6% of the population of the central federal district of the Russian Federation [133]. The methodology of classifying citizens as middle class in this case is close to the methodology of Pew Research Center experts who determined the share of the middle class in economically developed countries (Norway - 80%, Finland - 75%, Germany - 72%, USA - 59%), taking into account the size of annual income of citizens (after deduction of taxes), which exceeds the median for the country by two thirds [226].

Based on RBC Holding's research, whose analysts analysed the number of officials and law enforcers in Russia, as well as their income level, it can be concluded that this part of the country's population makes up the majority of the middle class in Russia.

As employees of public institutions financed by budgets of different levels, this category of citizens is the most dependent on the authorities and has to show the greatest loyalty to them. The author considers it premature to consider them as generators of ideas and ideologists of socio-political transformations. At the same time, it should be noted that the middle class, due to its consumer activity, is the most demanding assessor of the quality of products and services offered, and actively seeks to bring the most rational and innovative solutions to society in various aspects of life. Despite the fact that so far Russia has not developed uniform criteria for belonging to the middle class, the thesis notes that the optimisation of entrepreneurship development is possible only in the presence of high-quality consumer activity of the bulk of the population. This, in turn, is realised by raising the general level of income of citizens and contributes to the growth of the middle class in Russia.

Representatives of the middle class should have a set of necessary material and social resources aimed at the formation of socio-economic and spiritual-personal growth. They have their own idea about the quality of goods and services, life priorities and moral values. Their selectivity is based on demanding the quality of goods and services offered. However, the main social role of the middle class is its high economic and social activity [123, p.127-128].

Based on the results of surveys of entrepreneurs conducted in 2018 at open business forums in Moscow (Moscow Entrepreneurial Forum, OPORA RUSSIA, "Small Business - National Project! "Small business - a national project!"), the author presents a generalising picture of businessmen's opinions on the issues of optimising their social protection. These results are presented in Figure 20. As can be seen from the figure, the bulk of entrepreneurs express their opinion, counting in this issue on their own strength (32%) and hoping for the creation of relatively favourable conditions for doing business (21%) in conditions of healthy competition (11%). Special attention should be paid to the reasoned criticism of entrepreneurs regarding the work of the state in protecting businesses from unfair competition.

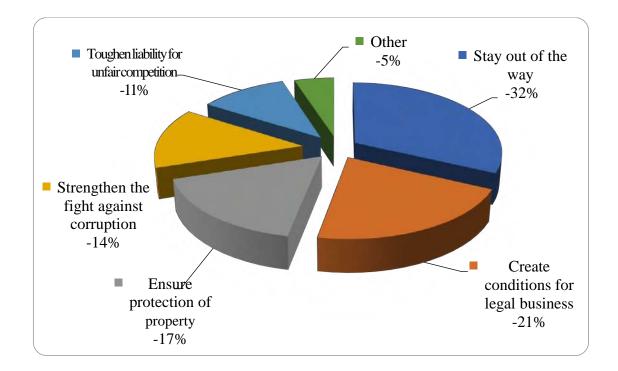


Figure 20 - Distribution of respondents' answers to the question "Main ways to optimise social protection of entrepreneurs by the state?" in 2018-2019, in % of the total number of respondents, N=184

In the opinion of entrepreneurs, unfair competition should include not only fraudulent actions of legitimate entrepreneurs, but also any manifestations of dishonest business (carrying out business activities without state registration or special permission, without registration with a tax authority; sale of goods, performance of work or provision of services to the public of inadequate quality, etc.).

On this basis, we modelled the protection of Moscow entrepreneurs in terms of multifactor analysis - economic, legal, social, cultural, geographical (environment) factors (Table 21).

Optimisation of the system of social protection of entrepreneurs is also proposed to be considered in several key aspects: social, economic, political, legal, information and educational and other.

Factors	Significance rating		
T actors	1 2	3	
Economic	Financial and tax policy	Income level of the population, domestic demand, availability of credit, state of infrastructure	Incentive programmes for economic support, level of corruption
Legal	Effectiveness of the legal and regulatory framework	Principles and guarantees of legality	Development of legislative support
Social	Prestige of the state, accumulation of national human capital	Share of economically active population; transparency of government institutions; social support	Social activity and initiative of the basic layer of the population
Cultural	Cultural environment	Ethno-ethical traditions and moral values	Cultural influences; cultural heritage
Mental- psychological	Development and self-actualisation	Professionalism; initiative; risk	Philanthropy; identity; unpredictability
Geographical (environment)	Coherence of nature and society	Sustainable development of territories	Natural and climatic conditions; localisation

Table 21 - Multifactor model of social security of entrepreneurs (on the example of Moscow)

Source: author's elaboration

*The social aspect is the* most relevant part of the proposed measures to optimise the social security of entrepreneurs. The key position in this issue is occupied by pension and medical security of entrepreneurs. Numerous transformations in the pension legislation of Russia have a negative impact on the social well-being of citizens. The inconsistency of reforms related to the principles of pension accrual undermines the foundations of social planning and causes a lot of alarming risk factors, primarily related to life expectancy. The majority of surveyed entrepreneurs (56%) link their pension future exclusively with the need for independent investments (self-development, savings insurance, children's future, securities, etc.).

To stimulate entrepreneurial activity, in our opinion, when calculating entrepreneurs' pensions, it is necessary to introduce additional coefficients that take into account certain specifics of entrepreneurial activity, namely: entrepreneurial experience, average annual amount of tax and social contributions, average number of employees for a certain reporting period, etc. The values of possible determining criteria for incentive coefficients are presented in Table 22.

Evaluation criterion		Coefficient value
Labour experience of entrepreneurial activity, years	up to 15 years	0,5
	15 to 20 years	1
	20 years to 25 years	1,5
	25 to 30 years old	1,7
	over 30 years	2,0
Average amount of tax deductions for the labour experience of an entrepreneur, rubles.	up to 550,000	0,5
	550001 to 1000000	1,2
	1000001 to 1500000	1,5
	from 15000001	1,7
Average number of employees, persons.	up to 50	0,5
	51 to 200	1,0

 Table 22 - Possible criteria of incentive coefficients for calculating the future pension of an entrepreneur

201 to 1000	1,2
1,001 and up	1,7

Source: author's elaboration

The author of the study proposes to take into account these coefficients to calculate the entrepreneur's pension as a summarising indicator to the fixed payment of the old-age insurance pension, namely:

$$FVSPF = FVSPF \times (BCPI + BCNSOP + BCPI),$$
(1)

where

-FVSPP - fixed payment to the accrued old-age insurance pension of an entrepreneur;

-FVSP - fixed payment to the accrued old-age insurance pension (in 2019 it is 5334.19 rubles);

-ICPTS - individual coefficient of entrepreneurial labour experience;

-ICNOP - individual coefficient of tax deductions of an entrepreneur;

-ICCIRP is an individual coefficient of the average number of employees of an entrepreneur.

In the social aspect, the most relevant for citizens is the issue of pension provision. As for entrepreneurs, the results of the survey conducted by the author in September 2018 among them (questionnaire survey method, N=67) clearly demonstrate a certain crisis of confidence between them and the social policy of the state: more than half of the respondents rely only on their own strength.

High internalisation (self-reliance) indicates not only the specific qualities of entrepreneurs' personality, but also their awareness of the low effectiveness of the social function of the state in relation to themselves. At the same time, the author is convinced that constructive research of the scientific community will be able to restore the balance of trust, if when calculating future pensions of entrepreneurs the state will reasonably take into account their entrepreneurial experience, the average annual amount of tax and social contributions, the average number of employees for a certain reporting period, etc. Also, as an incentive for entrepreneurship, especially social entrepreneurship, it is necessary to support the transparency of labour relations between businessmen and their employees. For entrepreneurs who employ citizens from socially vulnerable categories (young people, women with children, pensioners, disabled people), it is necessary to consider the possibility of introducing a progressive scale of insurance premiums, expand tax benefits and the list of compensations, for example, for utility bills. A separate point to be considered here is the guarantee of compensatory deductions related to the equipment of various types of safety equipment (emergency, fire, terrorist, etc.).

In our opinion, a promising initiative to optimise the social protection of entrepreneurs is the introduction of a "social rating of citizens", reflecting the lawabidingness, social aspiration, innovation of the latter, by analogy with developed Western countries (see Tables 23 and 24). The author suggests that the social rating of a citizen should be taken into account in the issues of providing him/her with professional material support, as well as the appointment of social payments.

Table 23 - One of the options for supporting start-up entrepreneurs according to the social rating (evaluation criteria)

Evaluation criterion	magnitude	Score
Age, years	$N_1$	$Z_1$
Education	N2	$Z_2$
Business sector (utility)	N <sub>3</sub>	Z3
Estimated value of the average annual tax payment, RUB	N <sub>4</sub>	Z4
Estimated average number of employees per year, persons.	N <sub>5</sub>	Z5
Available volume of own material resources, rub.	N <sub>6</sub>	Z <sub>6</sub>
Clean credit history	N7	Z <sub>7</sub>
Legal discipline (general record of administrative and criminal penalties, etc.)	Nn	Zn

Source: author's elaboration

In this regard, the formation of a positive image of the entrepreneur is worthy of attention. For this purpose, it is also necessary to take into account the degree of

social orientation of the company, reflecting the priority of social stimulation of employees, charitable activities, volunteering. As an initial point, it is proposed to establish special state awards and honours for contribution to the development of entrepreneurship.

Table 24 - One of the options for considering the degree of social orientation
of a small business company (evaluation criteria)

Evaluation criterion	magnitude	Score
Average monthly salary of employees, RUB. (excluding administration)	$N_1$	$Z_1$
Employee benefits, % of salary:	$N_2$	$Z_2$
-for education;	N <sub>21</sub>	Z <sub>21</sub>
-for professional experience;	N <sub>22</sub>	Z <sub>22</sub>
-for length of service with the company;	N <sub>23</sub>	Z <sub>23</sub>
-for having children;	N <sub>24</sub>	Z <sub>24</sub>
-for knowing a foreign language;	N25	Z25
-for participation in volunteer activities;	N <sub>26</sub>	Z <sub>26</sub>
Availability of employees from socially disadvantaged categories of citizens (disabled, parents with many children, single parents, etc.)	N <sub>3</sub>	$Z_3$
Concessional loans to employees, RUB/year	N <sub>4</sub>	$Z_4$
Provision of additional paid leave days to employees	N <sub>5</sub>	Z5
Subsidies for professional retraining courses for employees, RUB/year	N <sub>6</sub>	$Z_6$
Compensation of employees' expenses for food, accommodation, health resort treatment, sports and cultural leisure, RUB/year	$N_7$	$Z_7$
Charitable activities of the organisation, RUB/year	N8	$Z_8$

*Source:* author's elaboration

Example of calculating the salary of an employee in a socially oriented small enterprise:

$$S/w = salary(N_1) + salary(N_1) \times (N_2) + (N_7), rub.$$
 (2)

When considering the degree of social orientation of the organisation, special attention should be paid to the values of  $N_1$  (average monthly salary of a non-administrative employee),  $N_3$  (presence of employees from socially unprotected categories of citizens),  $N_7$  (compensation of employees' expenses for food, accommodation, health resort treatment, sports, cultural leisure),  $N_8$  (charitable activities of the organisation).

The following criteria are proposed to determine the degree of social orientation of a small enterprise (Table 25).

To accept as a benchmark in determining the social orientation of a small business enterprise the value of the sum of  $Z_n$  points not less than 10.

The economic aspect of the social protection of entrepreneurs is primarily related to state support for small business in important public sectors. At present, there is a lack of clear sequential algorithms of actions and deadlines for their implementation in the issues of socio-economic planning. Haphazard work is reduced only to the declaration of the most populist slogans that have no economic justification to translate into real outcomes. At the same time, the complexity of the socio-economic development of the state largely depends on the effectiveness of tax policy and priority areas of state support for individual industries.

In the dissertant's opinion, the main direction of economic stimulation of entrepreneurship should be aimed at all possible support of legal entrepreneurship. The main direction of economic stimulation of entrepreneurship should be aimed at all possible support of legal entrepreneurship, creation of the most favourable conditions for it and the fight against the detection and punishment of any manifestation of illegal, shadow type of entrepreneurial activity.

Evaluation criterion	magnitude	Score
Average monthly salary of employees, RUB. (excluding administration)	$\label{eq:N1} \begin{array}{l} N_1 \leq 2 MROT;\\ 2MROT < N_1 < 3 MROT;\\ N_1 > 3 MROT. \end{array}$	$Z_1 = 0;$ $Z_1 = 1;$ $Z_1 = 2.$
Employee grants, % of salary:	$N_2 = \sum N_{2n}$	$Z_2 = 0.5 N_2;$
-for education;	N <sub>21</sub>	Z <sub>21</sub>
-for professional experience;	N <sub>22</sub>	Z <sub>22</sub>
-for length of service with the company;	N23	Z <sub>23</sub>
-for having children;	N24	Z <sub>24</sub>
-for knowing a foreign language;	N <sub>25</sub>	Z <sub>25</sub>
-for participation in volunteer activities;	N <sub>26</sub>	Z <sub>26</sub>
Availability of employees from socially disadvantaged categories of citizens (disabled, parents with many children, single parents, etc.), % of the average number of employees.	$\begin{array}{c} N_3 \leq 10\%; \\ 10\% < N_3 < 20\%; \\ N_3 > 20\%. \end{array}$	$egin{array}{llllllllllllllllllllllllllllllllllll$
Concessional loans to employees, RUB/year	$\begin{array}{l} N_4 \leq 20 MROT; \\ 20 MROT < N_4 < 30 MROT; \\ N_4 > 30 MROT. \end{array}$	$egin{array}{llllllllllllllllllllllllllllllllllll$
Provision of additional paid leave days to employees	N <sub>5</sub>	Z5
Subsidies for professional retraining courses for employees, RUB/year	$\begin{array}{l} N_6 \leq 20 MROT; \\ 20 MROT < N_6 < 30 MROT; \\ N_6 > 30 MROT. \end{array}$	$Z_6 = 1;$ $Z_6 = 2;$ $Z_6 = 3.$
Compensation of employees' expenses for food, accommodation, health resort treatment, sports and cultural leisure, RUB/year	$N_7 \le 20$ MROT; 20MROT< $N_7 < 30$ MROT; $N_7 > 30$ MROT.	$Z_7 = 1;$ $Z_7 = 2;$ $Z_7 = 3.$
Charitable activities of the organisation, RUB/year	$\label{eq:N8} \begin{array}{l} N_8 \leq 30 MROT; \\ 30 MROT < N_8 < 40 MROT; \\ N_8 > 50 MROT. \end{array}$	$Z_8 = 1;$ $Z_8 = 2;$ $Z_8 = 3$

Table 25 - One of the options for taking into account the degree of social orientation of a small business enterprise (evaluation criteria)

In this vein, the author discusses a number of areas that he believes provide the most important results.

Firstly, improvement of tax policy in terms of its comprehensibility, transparency and predictability. The author sees simplification of tax (accounting) reporting and exemption from penalties for entrepreneurs who are victims of unfair fulfilment of contractual obligations as one of the first initiatives. The effectiveness of the fiscal function of the state directly depends on incentive mechanisms to bring various industries, such as the service market, out of the shadow economy. The informal economy was chosen by citizens solely due to unfavourable socio-economic processes (unemployment, inflation, decline in income).

Secondly, financial and investment stimulation of small business by expanding the list of grant support for the most important areas of entrepreneurship in the region and introducing preferential lending programmes. In addition, industrial entrepreneurship and entrepreneurship related to the development of the processing industry, primarily in the food industry (fish, fruit and vegetables, etc.), as well as entrepreneurship in the field of folk crafts and handicrafts, should be encouraged and subsidised everywhere.

In difficult economic conditions, people are looking for sources of additional income, and businessmen note that the main reasons preventing the successful development of small business have been and remain unaffordable loans, reduced consumer demand [122, p.65]. Among the list of events that have been most noticeable for them in recent years, most entrepreneurs name the increase in the cost of business, namely: the rise in the cost of raw materials, goods and services, increased transport costs, labour costs, increased costs associated with the payment of fines and penalties.

The solutions to the issues aimed at providing entrepreneurs with markets and credit deserve objective assessment. Involvement of young people, as the most active stratum of the population, in the informal sector of the economy should be considered as a separate topic within the scope of research attention. Researchers claim that more than 18% of young professionals in Russia are considered to be

unofficially employed, and the main motivators are not so much the possibility of getting a higher "grey" salary, but the lack of other acceptable offers of legal employment [113]. Therefore, young people in megacities (St. Petersburg, Moscow) are increasingly adopting craft ("kraft") entrepreneurship with the production of original goods and services as a low-cost, flexible employment and self-training.

That is why, thirdly, the author considers it necessary to consistently develop and create high-tech jobs. To create and implement at the state level a programme for the construction of knowledge-intensive technological clusters that provide the population with jobs and decent working conditions. Provide for entrepreneurs operating in the most demanded sectors of the economy to increase the maximum amount of compensation for cash deposits in case of an insured event at a bank (withdrawal of licence, bankruptcy).

The Department of Economic Policy and Development of Moscow, referring to a number of studies in 2010-2016, cited data according to which, despite the annual growth in the registration of entrepreneurs (18%), more than 50% of them do not overcome the five-year threshold of their activity: 16% - less than a year and 39% - from one to five years. One of the economic reasons for the liquidation of business 31% of entrepreneurs named a decrease in demand [116, p.80; 153].

Ideally, it is necessary to approach such a model of entrepreneurs' evolution, in which the necessary level of the economic aspect of his entrepreneurial activity would be transformed into a social one (social mission). This is achieved, as it seems to the author, in several stages, namely: competitive products and services; competitive working conditions; social mission of the organisation. This should be preceded by stimulating and socially-oriented work of state bodies in the issues of socio-economic development of the state, effective provision of citizens with the whole range of state social obligations.

For the development of economic components of social protection of the entrepreneurial layer it is necessary to provide them with legal regulation at the federal level. For this purpose it is advisable to consider the most priority areas of the legal aspect of entrepreneurial protection. The dissertant suggests that the *legal aspect of* social protection of entrepreneurs should be considered within the framework of the need for legal analysis of existing normative-legal norms and legislative support of the most relevant, economically feasible initiatives at present [117, p.271].

To strengthen the legal aspect, it is necessary to toughen the measures of responsibility of officials for non-performance (or improper performance) of their direct duties in matters of socio-economic development of the region and its entrepreneurial potential. Separately consider the need to introduce a system of administrative courts. Administrative justice, which deals with the consideration of cases concerning the legality of decisions and actions of public authorities, in the author's opinion, firstly, will significantly reduce the workload of courts of general jurisdiction, and, secondly, will serve as an additional incentive for unscrupulous officials to properly perform their direct duties.

The next necessary step of legal regulation of law-abiding entrepreneurship is to change the measures of administrative impact on the most frequent offences of entrepreneurial activity on the part of unscrupulous citizens. The author provides a list of the most relevant, in his opinion, offences (Annex K), administrative punishment for which needs lawmaking adjustments. It should be acknowledged that many offences, for a number of reasons, currently do not have a significant economically justified punishment. Being economically insensitive for offenders, administrative fines, strictly speaking, do not stimulate the latter to comply with the legislation. At the same time, it is necessary to use the processes of optimisation and improvement of mechanisms for the enforcement of penalties, to improve the efficiency of law enforcement agencies.

The principle of inevitability of punishment cannot be considered key if punishment does not provide a preventive and educational function. It is extremely important to constantly address the issues of systematisation of legislation, to identify and eliminate opportunities for selectivity of punishment. In this regard, the processes related to the liberalisation of criminal liability for economic crimes are of interest. For example, the Resolution of the Plenum of the Supreme Court of the Russian Federation No. 48 of 15.11.2016 contains direct explanations aimed at eliminating the possibility of using criminal prosecution to put pressure on business [26]. However, in the author's opinion, when liberalising the legislation, it is necessary to take into account the motivation of unscrupulous entrepreneurs who consider possible punishment only in terms of its economic profitability.

The most complex and urgent issue of legal protection of entrepreneurs is the compensation of property damage. The complexity of recovery of material damage caused to the entrepreneur from the defendant is complemented by the lack of a lower threshold of punitive measures and their multiplicity to the damage caused for a number of economic offences under Chapter 22 of the Criminal Code of the Russian Federation [4]. Often it turns out to be relatively insignificant payments rather than compensation of multimillion losses to the injured party. The issue of insurance of payments for good faith performance of the contract, as well as guaranteed control and settlement of obligations of the general contractor to the entrepreneur-executor when participating in various projects of public contracts requires mandatory legislative elaboration.

Legal support for entrepreneurs in general should be based on the need for socio-economic development of the region, its innovation, technological and production capacities. In this regard, it is advisable to legally stimulate not only producers of goods and services, but also retail chains to provide for sale a mandatory share of products (for example, at least 25%) produced by local regional enterprises.

In addition, the thesis proposes to oblige a number of federal services to monitor and prevent shadow business in the Russian Federation within the framework of mandatory control and supervisory activities. For example, Rospotrebnadzor, in the author's opinion, should control the availability of appropriate production facilities declared by manufacturers, as well as the quality of manufactured products. The work of accreditation bodies should be optimised. The certification system should be legally protected from intermediary firms that provide services of granting certificates of conformity without conducting appropriate technical tests.

The conducted research has shown that it is extremely important to provide the necessary agencies with mechanisms to influence unscrupulous entrepreneurs by law - to send submissions for suspension of activities, confiscation of raw materials and equipment, bringing to administrative and criminal responsibility for falsification of products. In order to identify and combat falsified products, it is necessary to accelerate the adoption of relevant draft laws, which have been under consideration and approval for a long time.

In any case, legal support, as well as other types of support for entrepreneurs that need to be optimised, is impossible without a well-functioning process of information and education programmes.

We consider the *information and educational aspect of* social security as a product necessary for entrepreneurship, which allows the entrepreneur to timely and objectively assess the conjuncture, his opportunities, and engage in long-term planning. As a result of studying the problems of the most frequent difficulties in mastering the entrepreneurial craft, we came to a stable opinion that the main associated factors here are the lack of the necessary level of practical knowledge, biased information sources, and low financial literacy.

Active popularisation of entrepreneurship in Russia will be facilitated by the adoption and implementation of budgetary educational programmes to support entrepreneurship at the federal level (introduction as a separate educational programme, significant increase in budgetary places in universities in Entrepreneurship, Business Informatics, etc.). An approximate list of disciplines necessary for teaching students entrepreneurial craft is presented in the form of the author's appendix (Appendix N).

The author of the paper proposes to actively develop state programmes to support scientific and innovative entrepreneurship in the most promising areas robotics, programming, biotechnology, engineering design. Support for the latest technologies in the field of entrepreneurship will allow attracting the most professional and qualified specialists to the economy under the condition of a strict system of control of budgetary funds and the non-alternative responsibility of officials for the actions taken (not taken in time) by them. It is proposed to use the currently existing cities with high scientific and technical potential, with cityforming scientific and production complex - science cities - as a basic platform for development.

In this aspect, the issue of the volume and quality of information provided to citizens deserves attention. In order to avoid conflicts of interest, as well as attempts to manipulate statistical data, the author considers it necessary to withdraw the Federal State Statistics Service (Rosstat) from the direct subordination of the Ministry of Economic Development, re-subordinating it to the Accounts Chamber of the Russian Federation. Also, in order to optimise the provision of information it is necessary to more coordinated work of all regional statistical agencies, aimed at the reliability of the information provided, their maximum independence from local authorities.

*The political aspect* is also undoubtedly important for the study of social security of the entrepreneurial stratum. At present, the growing geopolitical loneliness of Russia, its increasing demonisation by a number of unfriendly states, and the lack of political balance within the country draw attention. The main directions of optimisation of the political aspect should be directed towards systematic and consistent advocacy of the positive image of Russia and its citizens at the international level.

The protection of Russian citizens and their businesses abroad from pressure as a result of consolidated diplomatic demarches, insubstantial accusations by politically engaged states requires the use of both diplomatic and economic measures of influence. Among economic measures, the author singles out the conversion of the external debt of economic partner countries into a number of economic and tax preferences for Russian entrepreneurship (tourism, trade, construction, etc.). At the same time, the practical significance of the country's management should not be reduced to solving the problems of individual citizens, haphazard manual management of those processes that should be the responsibility of the relevant state structures in accordance with the existing hierarchy.

In order to optimise the system of social protection of entrepreneurs, especially in the conditions of a megacity, where an entrepreneur has a wide range of activities, it is necessary to create a favourable environment - *psychologically* and *environmentally* comfortable working conditions. The necessary measures to optimise and redistribute passenger and goods traffic flows are fully justified in this regard. The deficit of access roads and parking space is still an increased concentration of conflicts of interest with chaotic commercial development. At the same time, the high risks of road accidents in the megacity have firmly established Moscow and the Moscow Region among the top three most accident-prone regions of Russia according to Tinkoff Insurance statistics<sup>60</sup>.

Thus, the author's research revealed the positive and negative aspects of the megacity environment that affect entrepreneurial activity in general (Figures 21, 22). Moscow residents (Muscovites and guests of the capital), totalling more than 180 people, took part in the survey held in September 2018 in the South-West Administrative District, South Administrative District and CJSC.

<sup>&</sup>lt;sup>60</sup> The most frequent road accidents in Russia [Electronic resource] // Statistics of Tinkoff Insurance, May 2023 - Access: https://journal.tinkoff.ru/stat-dtp/

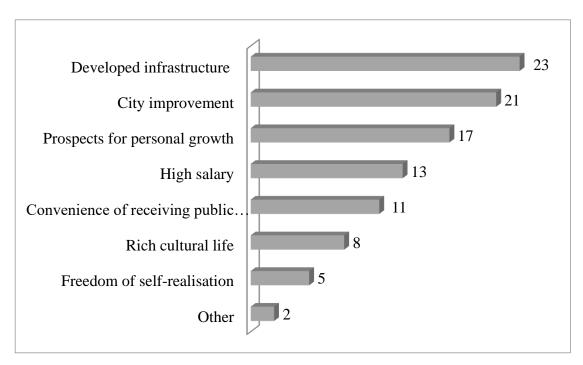


Figure 21 - Distribution of respondents' answers to the question "Name the most positive aspects of the urban environment of Moscow", 2018, % of the total number of respondents (N=184)

As can be seen from the answers given in Figure 22, among the negative aspects of life in the megacity, Moscow residents, along with psychological factors (fear of terrorism, migration waves, density of human and transport flows), also mention environmental factors (noise, environmental pollution).

The optimisation of processes in this direction should be based on the tightening of migration policy regarding the stay and employment of foreign citizens in the metropolitan area, as well as increasing environmental standards for motor vehicles in the city, streamlining their movement and parking.

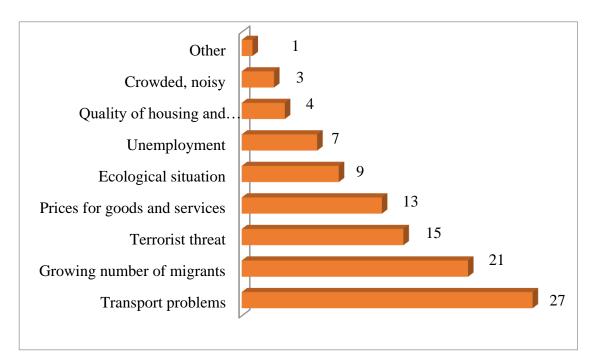


Figure 22 - Distribution of respondents' answers to the question "Name the most negative aspects of the megacity environment in Moscow". Moscow" 2018, % of the total number of respondents (N=184)

The modern stage of development of small enterprises imposes special requirements to the production process, which is based on the application of the latest technology, equipment, flexible production process, providing for easy changeover to new samples of products that meet the requirements of the market. Further development of small enterprises will be difficult without changing the process of their creation.

The underdevelopment of intergroup communications and consolidating values leads to apathy and washing out of the most qualified layer of people, loss of development potential of both an individual organisation and civil society as a whole. The use of human potential is fully limited by the quality of personnel selection and its management, which to a certain extent is a consequence of ineffective social protection of society, spontaneity of its regulation processes.

In the dissertant's opinion, the determining condition for the qualitative transformation of small businesses is a high level of social and legal guarantees for all participants of business processes, solidarity and interaction of various social groups in the implementation of the set goals, and the development of civil society.

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The prevalence of adaptive strategies in the social and labour relations of citizens pushes the participants of the process to passive and wait-and-see behaviour in the labour market and search for alternative sources of income. Marginalisation of small business due to the lack of quality working conditions entails deviant behaviour of its social groups. The Moscow identity of its residents is increasingly manifested in such negative aspects as social disunity, individualism, indifference to social processes. In addition, the interests of small business representatives are not represented and protected in Russia by professional and political associations with real leverage.

In this regard, qualitative transformations of the social structure of small business are possible as a result of the mutual influence of targeted government policy and civil society.

State policy, which determines the model and methods of socio-economic development of the state, as well as the degree of development of inclusive institutions, has a direct impact on the formation of civil society, which, in turn, determines the quality of transformation processes of the social structure of small business. Socially oriented active life position, political and legal culture, solidarity in defending their rights and interests - all these and other signs of a developed civil society can influence the personnel and corporate policy of small enterprises, the conditions and nature of labour, the implementation of social and partnership obligations, the formation of business responsibility, etc.

The results of surveys of respondents with experience of forced entrepreneurship (74 people) showed that the majority (three quarters) of them stopped entrepreneurial activity. The main reason is unsatisfactory performance due to lack of experience, knowledge, moral, material and advisory assistance, etc. The author sees the necessary (but not sufficient) conditions for the development of entrepreneurial endeavours as not only the voluntary willingness of a person to engage in business and the presence of entrepreneurial potential (special thinking, propensity for risk and innovation, ability to build business communications, etc.), but also the presence of a growth environment. The growth environment is the social environment (family, friends, colleagues) that inspires and promotes the development (growth) of potential. In this case it is appropriate to speak about the entrepreneurial climate expressed in motivational, counselling and financial support.

In addition, the research data allow us to state that as a result of the thirty-year period of development of small business and state institutions in general, the main thing has not happened - the acquisition of the value of professional activity of a citizen (partner, client, employee), which is formed by his social security.

In this regard, it will be appropriate to talk about the need for evolutionary processes both among Russian entrepreneurs and their professional employees. Thus, the author considers the following sequence of evolutionary development of modern entrepreneurs, which will allow to qualitatively establish the processes of small business development. This process involves several mandatory stages:

- fulfilment of partnership obligations due to a high probability of unfavourable circumstances;

- fulfilment of partnership commitments due to the impact of external and internal moral attitudes;

- fulfilment of social and charitable obligations as a result of established moral principles.

The first, lower stage, involves direct participation of the system of state and public control, their guiding and regulating functions: the fight against unfair competition, low standards of quality of life (quality of goods, services, labour remuneration, etc.).

The programme of state stimulation of small business should take place in three key areas: legal, economic and social. For example, increasing the purchasing power of the population, improving the quality of goods and services is possible due to healthy competition from state offers (alternatives in goods and services). The state should act as a guiding benchmark and flagship for the development of the quality of goods and services, thus setting the direction for other enterprises. The second stage is seen as the result of promoting the socio-economic utility of entrepreneurial activity: the level of tax contributions, the level of local employment, wage levels and working conditions.

For this purpose, it is necessary to establish processes of obtaining and comprehensive study of the necessary data of statistical reporting on small business, because erroneous statistics devalues otherwise quite reasonable economic ideas. Unfortunately, to date there is no in-depth analysis of the real state of small business (e.g., the motivation for entrepreneurial activity - voluntary entrepreneurship or under the influence of circumstances, needs; the share of foreign workers in small business; the share of entrepreneurs with one employee or no employees at all; the level of mechanisation and innovation of enterprises, etc.). In addition, the study of labour, including intellectual resources used in the process of entrepreneurial activity, is currently paid insufficient attention.

Meanwhile, the problem of employment of professional workers has been a topical issue for quite a long time in modern Russia. The deficit of socially attractive jobs and the lack of competition among employers for professional employees reduces the self-esteem of the latter. The author's approach to the study of professional activity within the framework of the dissertation work sees the basis for the development of small business in the development of the middle class, since the core of its labour activity is independent professional activity (Appendix K).

The third stage is presented as the optimal result to which not only representatives of the business community, but also any citizen of our state should strive.

At the same time, contradictory and inconsistent socio-economic reforms hinder the evolutionary development of both small business and society as a whole. Transformation processes in the social structure of small business are a reflection of the changes occurring within society: a long period of development and a favourable environment are necessary for qualitatively positive changes. It is no coincidence that the social security of Russian entrepreneurs largely depends on the socio-economic situation of the majority of the population and the level of development of legal institutions in the country.

An important factor influencing the transformation process is the inducement impulse as the sum of internal and external inducement forces:

$$P = P \text{ stim.} + P \text{ motive.}, \tag{3}$$

where P stim. - stimulating programme of state authorities aimed at the spread and development of small business in the region (country).

P motive. - motivation of the subject.

Motivation and stimulation are two concepts with the help of which it is possible to describe the mechanism of achievement by a person of the set goal. The main difference between motivation and stimulation is that the former is an internal force that creates movement towards the goal, and the latter is an external influence that can reduce or increase the desire to obtain the result.

Thus, transformation, as a complex multidirectional process, is presented to the author in the form of a differentiable function of two variables:

$$T = f(B(t), P(t)),$$
 (4)

where the argument B = B(t) – the state basis – is a differentiable function of the independent variable t - time,

argument P = P(t) – inducement, impact - differentiable function of independent variable t - time.

However, at insignificant change (increment) in time t of the argument P due to low value of one (or both) of its summands (P stim. and P motive), at  $P = \psi(B)$ , this function T takes the form of a function of one variable:

$$T = f(B(t), \psi(B)).$$
(5)

Based on this, it is obvious that the progressive transformation of small business is possible only with such a degree of involvement of the state, which creates the necessary foundations (basis) of a favourable socio-economic and legal environment.

Thus, summing up the general conclusion, the dissertant argues that the solution of issues in optimising the social status of entrepreneurs, increasing the degree of their social protection, and equal improvement of the forms of development of the entrepreneurial class in Russia and Moscow is possible only with a consistent, soft, but persistent policy of the state. The implementation of this policy should be based on the creation of a strategy for the formation of a social state based on the rule of law, which is based on the conditions for ensuring a dignified life and human development. The formation of human dignity in a social state occurs due to the orientation of the state socio-economic policy on the needs of civil society, its material and moral improvement. The dissertant emphasises that the consideration of the issue of social security of the entrepreneurial class is inextricably linked to the consideration of social standards of society development, the level of socially oriented state economy, the development of civil and political institutions in the country. The development of the entrepreneurial class is accompanied by the social policy of the state, aimed at achieving the welfare of all its citizens, creating equal starting opportunities for them, implementation of social projects to level social stratifications and social injustice.

At the same time, the solution of structural problems in the Russian economy is impossible without active co-operation with the scientific community. Optimisation of the state control system in budgetary and legislative policy is inextricably linked to the findings of researchers in the fields of public administration. The state apparatus on the basis of scientific research of social processes in society should carry out institutional reforms aimed at the formation of personnel selection, social activity of citizens, high legal potential of public control organisations. Analysing the results of the study, we come to conclusions that allow us to state the main directions of the implementation of social protection of the entrepreneurial class in Moscow. The analysis of the actual state of small business in Moscow, the study of theoretical, methodological and practical aspects of the development of the social security system allowed the author to formulate certain recommendations for those interested in the development of small business to optimise this institution in the conditions of the megacity:

- social support of entrepreneurship by federal and municipal authorities should be the result of legally enshrined and economically verified guarantees;

- The economy should be put on the path of sustainable development by expanding the reproduction of the social stratum - the class of entrepreneurs, which is achieved by reviving high consumer demand, reducing the tax burden, and favourable conditions for the growth of the middle class;

- renewal of organisational and economic forms of entrepreneurship is based on the formation and strengthening of the social status of small business entities;

- development of economic activity of entrepreneurs is its innovative orientation and expansion of turnover;

- significantly increase and expand the availability of state subsidies for grants for small business development in the metropolis, especially for young entrepreneurs;

- simplifying the procedure for considering and obtaining financial and credit instruments for business development in strategically important sectors of the economy;

- introduction of a certain set of qualification requirements recognised as a priority for the modern economy of the country into the professionogram of business specialties;

- implementation of large-scale stimulation of entrepreneurship focused on the creation of high-tech, robotised products, development of experimental research and development, investment in basic means of production and support of the social sphere of society; at the same time - the most stringent measures to minimise the spread of shadow, illegal entrepreneurship, businesses that undermine the economic foundations of the state;

- stimulating the development of public control in the distribution of investment funds in socially significant and strategic projects of state development.

## CONCLUSION

The revival of the Russian entrepreneur begins in the late 1980s and is associated with a whole period of political and socio-economic upheavals in society. The collapse of the Soviet state, "shock therapy" of "Gaidar's reforms", depreciation of money deposits and impoverishment of the population intensified the growth of social tensions and led to the emergence of new entrepreneurial strata - forced, shadow and power entrepreneurship. The entrepreneur's craft in these years, in addition to increased adaptation skills, is characterised by high risks of capital loss and physical existence.

Improvement of the legislative and legal framework in support of entrepreneurship in the 2000s contributed to the strengthening of hopes of Russian entrepreneurship, however, in general, the state policy towards small business, in our opinion, did not bring significant measures to form a favourable environment for the development of entrepreneurship in Russia.

Recognising the value of other approaches in defining the essence of entrepreneurial activity, the author puts in its basis such qualities as independence, social significance and creativity. At the same time, the presence of "entrepreneurial spirit" in the population still remains the most important condition for the development of small business in the country.

Small business is an entrepreneurial activity stipulated by the current legislation, which meets the criteria established by the state and fulfils the social and economic function of providing employment for the population. At the same time, the social responsibility of small business consists not only in providing jobs, but also in the formation of business ethics, excluding infringements of vital interests of society: growth of unemployment, labour discrimination, unfair competition, consumer deception, etc.

Small business subjects (entrepreneurs) are individuals and legal entities conducting social and economic activities within the legal framework. From the point of view of sociology, a small business subject is an individual citizen or a voluntary association of citizens who carry out social and economic activities related to profit making and have the right to make key decisions taking into account the socio-cultural identity.

Studies of small business representatives have shown that Russian entrepreneurs have more pronounced independence and autonomy compared to representatives of other countries, as well as a strong psychological defence against social disapproval. This was facilitated not only by the unbalanced market, lack of real and consistent support from the state, but also by the open opposition of business to strict state regulation of entrepreneurial activity.

The most common among small businesses in Russia are microenterprises, which are characterised by the predominance of activities in the sphere of circulation: trade and services. In recent years, young people's activities in the sphere of production have been trying to develop in the cities: small handicraft production of original goods ("craft" entrepreneurship): clothes, jewellery, cakes, beer, wood crafts and others. Urban middle-class youth from 18 to 39 years of age in Moscow are forming a new craft youth entrepreneurial subculture characterised by horizontal mobility, blurring of boundaries between work and leisure, active development of informal education, where one part of the youth teaches another part of the youth to master and professionalise in their chosen craft.

Developed market relations and market infrastructure, stable political and economic environment, rational system of monetary circulation and crediting, legal, socio-cultural, natural and geographical factors - all this forms an integral favourable socio-economic space to ensure the necessary livelihood of the entrepreneur.

The current situation of small business in Moscow was assessed from the position of social, economic, legal, political, information and educational, psychological and environmental factors:

- social - it is insufficiently developed, according to social surveys, pension and medical care, lower income levels and comfortable environment; - economic - inflation rate, imperfect antimonopoly and tax regulation, foreign trade operations, state of financial and credit institutions, decline in consumer demand, criminalisation of the economy, economic sanctions of foreign countries;

- political - lack of political parties and socio-political associations supporting entrepreneurs, systematic defeat of entrepreneurial blocs in parliamentary elections, aggravation of the international political situation affecting the social well-being of citizens, low political activity of the entrepreneurial layer, political indifference of citizens due to the lack of promptness in solving the most acute socio-economic problems;

- legal - regular changes in the legal framework that contradict the logic of the regulatory order, unfairness of counterparties, unfairness and duration of court proceedings, non-transparency and corruption of justice, low legal protection of property, declarative nature of the legal framework for the social protection of entrepreneurs;

- information and educational - not proportional territorial location of educational centres, insufficient number of youth entrepreneurship support centres, low financial literacy of citizens involved in small business, undeveloped network of electronic document management in the small business environment, geographical disproportions of information accessibility for business, etc.;

- psychological - high population density, social isolation, feeling of their own impersonality, oppressive micro-public space around the houses, housing problems, high rhythm of life, stress, the problem of overcoming long distances, regular psycho-emotional overload, climate peculiarities.

To date, the process of transformation of small business in Moscow has been carried out taking into account all-Russian socio-cultural traditions, which manifest themselves in the combination of previous (the attitude to state paternalism) and new behavioural norms and practices (the attitude to market relations). As a result, entrepreneurs are often dissatisfied with the state's lack of attention to their problems (lack of cheap loans, tax and administrative pressure), but they themselves, in turn, allow their activities to be carried out in the usual commercial strategy (shadow market of hiring and remuneration, grey schemes of tax evasion, unfair competition, self-exclusion from fulfilling obligations to customers and partners). Employees of small businesses also try to carry out self-employed activities, combining them with their main place of work where possible, pinning their main hopes on the support of the state.

A variety of social pseudo-institutions designed to support and protect both entrepreneurs and their employees are embedded in a bureaucratic machine that relies on the imperfection of the legislative base in the issues of timely response to the abuse of entrepreneurial activity in many topical issues (labour protection violations, unfair competition, etc.). As a result, citizens lose interest in solidarity to defend their interests, and social activity decreases, since social activity reflects the quality and responsiveness to information signals between the authorities and the population.

In addition, the maturity of many managers in terms of managerial competences does not allow them to build trusting relationships with their subordinate employees. Practice shows the need for a well-balanced set of skills, as well as the ability to develop. The corporate gap between "managers" and "managed" remains significant due to the lack of these qualities to a greater or lesser extent in each party.

Numerous surveys show that the majority of Moscow residents consider working in small business solely as a temporary, often forced, interval of their professional activity (or life experience), excluding the possibility of career growth, material accumulation and social protection. In Moscow small business organisations there is a high concentration of quickly replenished employees whose professional and cultural level for a number of reasons remains unclaimed for a long time. More and more among the employees of small businesses there is a tendency that working for someone as a self-employed person is preferable to the need to work in the entrepreneur's team.

Small businesses are hostages of the existing socio-economic circumstances, so the transformation process without the regulatory function of the state is slow and

painful. It is still premature to speak about the transformation of small business as a qualitative change, because it requires fundamental changes in the consciousness of entrepreneurs, reflected in the culture of behaviour and perception of business norms.

Small business is a reflection of civil society - a set of socially active citizens who respect and express human interests and rights in various spheres. The basic condition for the qualitative transformation of small business is the share of the middle class in the social structure of the state.

Hence, the main task of the state's social policy is to harmonise social relations, ensure political stability and civil accord, and to form a significant proportion of the middle class, since its high economic and social activity, based on high education and qualifications, is geared towards unconditional respect for the law.

In the context of Russia's unstable economic situation, as well as rapid urbanisation, the employment of labour force in small business is hypertrophied mainly in the direction of trade and services. Many employees are characterised by a combination of work and self-employment, associated with psycho-emotional and physical overload. Lack of flexibility of labour schedules, depressing of personnel, non-observance of labour protection conditions are notable for one third of employees. Social and labour protection of small business employees is differentiated depending on their social characteristics - age, professional orientation, salary level, working conditions, microclimate of the team, etc. The social and labour protection of small business is differentiated depending on their social characteristics.

Among the most important qualities that most employers believe small business employees should possess are the ability to learn, quick adaptation to the work process, and practical skills. However, possessing these skills is not a guarantee of success, as half of small business employees face discrimination of their labour rights. The author's sociological research revealed socio-demographic characteristics of the small business workforce, where the main composition (64.2%) - young people 23-35 years old, recent graduates of secondary (36%) and higher educational institutions (31%), mostly non-resident (68%), unmarried (72%). This is the most energetic and ambitious group, subject to consumer fashion for social markers and the practice of short-term realisation of their potential within one company. Another category of employees (31.8%) are those in the age group of 36-52 years with more than 10 years of work experience (86%), higher education (71%), family experience (94%), residential property in Moscow and the nearest districts of the Moscow region (86%). This is the most experienced and loyal to the employer group, motivated by labour discipline and sense of responsibility, nevertheless, according to the majority of employers (76%), it has much less commercial potential (aggressive marketing, mobility, multitasking, ability to work under prolonged overload, etc.).

Most commercial companies actively support the course of radical rejuvenation of the team, including the administrative corps, in addition, the replacement of low-skilled work positions by migrant workers increased by 20% in the period 2017-2019.

Small businesses in Moscow acquire a characteristic ethnic colouring due to the labour force consisting mainly of migrants from the Central Asian region (cleaning, courier food delivery, catering outlets), and also as a result of the formation of labour points of attraction: construction sites, trade and warehouse complexes, logistics centres. These manifestations are most significant in dormitory districts of the megacity and in newly annexed territories (New Moscow). The largest migratory formations in the capital today are TC "Moskva" (districts of Maryino and Lublino), the clothing market "Sadovod" (Kapotnya district), food market "Food City" (Kommunarka and Solntsevo districts), as well as areas of compact settlement of the community (Kotelniki, Golyanovo, Metrogorodok, etc.).

The current depressive state of the Russian economy, small business (including in the conditions of megapolis), indirectly confirms the unfavourable

situation in the moods of citizens, and, consequently, their low level of social security (moral satisfaction), the degree of trust in each other.

External factors affecting entrepreneurial activity determine the macro and micro environment of this phenomenon. The correlation of the main objective factors affecting the development of the entrepreneurial stratum made it possible to build the significance of such factors as: economic, legal, socio-cultural, psychological and environmental factors.

Social capital in commercial small business organisations in Moscow is often not considered as a necessary condition for the formation of a team of like-minded people capable of achieving entrepreneurial success. The development of entrepreneurship is negatively affected by such factors as the lack of logic of interaction between small businesses and the state, low involvement of employees in the interests of the company, and unfavourable business environment.

The passive adaptive model of behaviour of the mechanism "employeremployee" of small business in Moscow does not contribute to its positive transformation to modernisation and innovative development: low attractiveness of working conditions causes neglect of professional potential, social and legal sphere, which ultimately leads to the growth of socially dissatisfied citizens. The desire to minimise costs in the absence of economic sovereignty of entrepreneurs forces them to attract non-descript employees for the declared working conditions, whose level of professionalism and communication skills leaves much to be desired.

The majority of commercial organisations in the megalopolis still retain their initial labour attractiveness for the constantly replenished labour resource from the regions. However, the time of making a decision on further labour cooperation between an employee and an employer has halved in comparison with 2010. One of the reasons for this is the lack of social capital, the accumulation of which in a small business organisation depends entirely on its manager and his professional competencies: from personnel selection to building a favourable corporate culture that forms a team.

In order to increase the business potential of the economically active population of Moscow, it is necessary to ensure in material terms the right to implement educational programmes through educational vouchers - state-paid shortterm courses (training hours) for retraining in the most socially and professionally demanded professions, primarily in the field of engineering and programming. The priority contingent is motivated citizens who have the necessary basic education for successful completion of retraining courses.

The determining condition for the qualitative transformation of small businesses, according to the dissertant, is a high level of social and legal guarantees for all participants of business processes, solidarity and interaction of various social groups in the implementation of the set goals, and the development of civil society. The prevalence of adaptive strategies in the social and labour relations of citizens pushes the participants of the process to passive and wait-and-see behaviour in the labour market, to search for alternative sources of income. Marginalisation of small business due to the lack of quality working conditions entails deviant behaviour of its social groups. Moscow identity is increasingly manifested in such negative aspects as social disunity, individualism, indifference to social processes. In addition, the interests of small business representatives are not represented and protected in professional and political associations that have real levers of influence.

Small business, along with the well-known negative factors affecting it, has a lot of internal problems and contradictions, the most significant of which are personnel selection, low level of service and fulfilment of obligations. Social and professional competences, motivation and conditions of interaction of representatives of all social groups included in the social structure of small business, their perception of their positions, satisfaction with the conditions and results of labour still cause complaints. In each of its social groups there is a significant layer of socially dissatisfied employees (with the sphere of activity, labour conditions and results). This leads to social conflicts within groups and between groups, which ultimately leads to deterioration in the quality of products (services) and marginalisation of business. The modern transformation of the social structure of small business is still taking place in the conditions of civil society formation. Social groups of small business experience social dissatisfaction, lack of a favourable business environment and the rule of law. The transformation processes in the social structure of small business are a reflection of the changes occurring within society: a long period of development and a favourable environment are necessary for qualitatively positive changes. In addition, the archaic nature of the labour market, which manifests itself in the low implementation of opportunities for highly specialised personnel to find employment according to their professional status, does not provide a model of effective interaction and development within business structures. Constant adaptation to the succession of external circumstances does not allow small businesses to build optimal social and labour relations within the framework of "entrepreneur-employee", revealing the disproportions between the needs of the modern economy and professional and personal characteristics of potential employees.

The peculiarities of Russian capitalism (market monopolisation, speculative and forced entrepreneurship, excessive labour force, lack of legal guarantees, etc.) form a society of increased risks in small business: property and legal. A high share of risk is ensured by the staffing policy established for small businesses, as a result of which preference is given to non-desperative employees, whose share in small business companies in Moscow continues to grow steadily (from 9% in 2011 to 24% in 2021). At the same time, non-desperative employees differ from one another both in terms of professional and personal qualities (education, culture, mentality) and national and regional peculiarities of labour relations, value orientations, and methods of goal implementation. Employers practically do not take into account the behavioural aspects of the subject in the social environment. The formation of labour collectives is often reduced to the principle of economic expediency. In turn, the number of non-resident and, in the recent past, foreign citizens among small businessmen in Moscow has increased significantly (by 12.7%) compared to 2009. The author's surveys still show that modern entrepreneurs lack a well-thought-out strategic plan, are indifferent to reputational risks, and have a low legal culture.

Small business owners do not seek to develop in the direction of socially oriented entrepreneurship, which implies a long process of personnel and corporate policy based on the company's mission that is inspiring and solidary for the majority of employees. Moreover, the absence of social (professional) adaptation programmes for new employees, as well as stimulating professional development programmes among employees, does not contribute to the optimisation of HR policy in the field. This is especially evident in the crisis of social identity by professional level. A common phenomenon of today's reality in small business companies is the presence of higher non-core education among ordinary employees, such as electricians, salesmen, sales managers, which, in the opinion of many of them, allows them to classify themselves as middle class. It should not be overlooked that over the period 2014-2022 the share of educated citizens who are forced to work in small businesses in ordinary (and labour) positions is steadily increasing, losing their professional skills and ceasing, in fact, to be an influential social force. In this regard, the formation of the matrix of social interaction necessary for a full-fledged civil society in conditions of uncertainty, insecurity and weak self-identification remains at an early stage. Thus, more than 72.7 per cent of entrepreneurs and almost 89 per cent of employees are not aware of the existence of any civil associations in Moscow and do not belong to them. At the same time, no more than 18 per cent of respondents are ready to defend their rights and civic position. Many citizens are going into selfisolation due to their lack of opportunities to control the situation outside their narrow living space as a result of lack of trust in state institutions. State policy has not demonstrated tangible results of forming a society of "social justice" for a long time, which equally contributes to the low authority of state structures among both entrepreneurs and their employees. For example, almost 80 per cent of small companies do not benefit from state support measures.

The current trend of many commercial companies positioning a pro-Western level of corporate culture (focus on results and growth of professional competencies,

priority orientation on communicative qualities and healthy lifestyle) contrasts sharply with employers' neglect of labour law norms and respect for the person of labour.

In the opinion of many respondents, the process of searching for promising opportunities in small business spheres in the conditions of the ever-growing megalopolis society is exhausted for citizens over 40-45 years of age. This is partly confirmed by the fact that for many age employees of small business (46%) the processes of professional integration into the commercial environment are associated with a change in their professional status and cause significant difficulties.

Moscow small business companies are rapidly acquiring the character of microbusinesses, accompanied by a reduction in fixed assets, as well as in the number of official employees.

Small business in Russia, represented by entrepreneurs, has not reached the required level of maturity (managerial, social, legal). Thus, the share of official payments for the overwhelming number of small business employees (94%) does not exceed half of their salary. Moreover, compared to the pre-crisis period of 2013, respondents note widespread management savings on the results of their labour, which directly affects the amount of remuneration. These reasons, coupled with the continuing decline in incomes of citizens, are driving the transformation of entrepreneurs and their employees into the self-employed - in 2022 their number in Russia will reach 6.5 million people (1.416 million in Moscow<sup>61</sup>).

Most commercial companies are actively supporting a radical rejuvenation of their staff, including the administrative corps (64.2% are young people aged 23-35, mostly from outside Russia). In addition, the replacement of low-skilled labour positions by migrant workers increased by 20% between 2017 and 2019. Small businesses continue to form a working environment of poorly sought-after mid-level specialists who are forced under the pressure of various circumstances to master

<sup>&</sup>lt;sup>61</sup> Since the beginning of the year the number of self-employed in Russia has increased by 23% [Electronic resource] // Analytical reference Kommersant, August 2023 - Access mode: https://www.kommersant.ru/doc/6137377.

non-core professions with the necessary commercial potential (aggressive marketing, mobility, multitasking, ability to work under prolonged overload, etc.).

At the same time, the search for qualified employees continues to be a rather long and exhausting procedure for small business owners, the reason for which, in the author's opinion, lies in the low social guarantees of the labour conditions offered. The competitive advantages of small businesses for job seekers who are determined to find a promising job are rather limited by the range of personnel selection, simplified approach to finding a team of like-minded people. In addition, not all small business owners can respond to the salary expectations of job seekers dictated by the market, preferring to use their own methodology for calculating labour remuneration. Thus, the average difference between the salary expectations of job seekers and company offers is at least 34%. According to analysts, the number of employees in small businesses, continues to steadily decline since 2016<sup>62</sup>.

In this regard, less than half of the surveyed entrepreneurs (32.8%) are interested in the issues of scaling small businesses into medium-sized ones. Thus, there is a reverse trend towards the emergence of more commercial microenterprises, the main adaptation strategy of which will be the preservation of previous methods of work.

As a result of the study, the author concludes that the transformation processes are based on the state basis and inducement (motivation and stimulation), which are constantly changing over time.

Small business is not interested in its development to the level of medium business. Long years of existence in the zone of semi-legal grey activities have led to the adaptation of its financial and personnel policy in the most optimal forms. Staying in a long period of stagnation, when there is low feedback of state structures with society and low speed of their reaction to its demands, leads to the adoption of adaptation models of existence by the society. In addition, the absence of a

<sup>&</sup>lt;sup>62</sup> Russian business is more dead than alive. What prevents development: mentality or the state?

<sup>[</sup>Electronic resource] // Analytical review FinExpertiza, February 2020. - Access mode: https://www.vbr.ru/banki/novosti/2020/02/19/tis--glad--no-ne-blagodat-pocemy-rossiiskie-biznes-ne-razvivaetsya-/?utm\_referrer=https%3A%2F%2Fyandex.ru%2F

competitive economy and a general state policy in the issues of social protection of citizens leads to the transformation of the consciousness of the latter in the issues of predominance of personal comfort over public comfort.

State policy, which determines the model and methods of socio-economic development of the state, as well as the degree of development of inclusive institutions, has a direct impact on the formation of civil society, which, in turn, determines the quality of transformation processes of the social structure of small business. Socially oriented active life position, political and legal culture, solidarity in defending their rights and interests - all these and other signs of a developed civil society can influence the personnel and corporate policy of small enterprises, the conditions and nature of labour, the implementation of social and partnership obligations, the formation of business responsibility, etc.

On the contrary, the absence of an ideological programme, underdeveloped political-democratic institutions and low social activity of citizens, coupled with high tolerance of the population to socio-economic experiments, does not raise hopes for significant changes in the course of the ongoing reforms aimed at the development of the country, including small business. Inconsistency and haphazardness in the adoption of real mechanisms to create a favourable business climate is reflected in the loss of citizens' confidence in the foundations of the rule of law declared by the Constitution (protection of property, independent judicial system). Unjustifiably harsh sanctions for the manifestation of civic initiative are not compensated by similar penalties against officials who have allowed social tension, monopolism, administrative and corruptive pressure on business, negligence in the implementation of key decisions on socio-economic development of the country.

An important factor of pressure on entrepreneurs will be the criminalisation of society. As a result, there will be a situation in which the bulk of entrepreneurs will be forced to either leave the market or adjust to the conditions of existence of the overwhelming part of society. In the latter case, the entrepreneur will prudently give preference to highly profitable speculative and intermediary spheres of activity. In this regard, the evolutionary processes of qualitative transformation of small business at the regional level are impossible without optimisation of sociopolitical processes in modern Russian society at the federal level. Underestimation of highly skilled labour, loss of the value of professional activity of a citizen does not allow the formation of a class of independent professionals who form the basis of the middle class, which undoubtedly includes representatives of small business.

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### **APPENDICES**

Appendix A

### "QUESTIONNAIRE OF MOSCOW ENTREPRENEURS"

Mass survey of Moscow entrepreneurs

by quota-based, multistage sampling, 2012-2018, N = 525.

The Laboratory of Social Analysis of Michurinsk State University is conducting a survey of Moscow entrepreneurs in order to determine the degree of their social security in the conditions of the megacity. The survey is anonymous and its results will be used in a generalised form. Circle the answer option you have chosen.

Please provide information about yourself:

1. Age:

1.1. ... up to 35 years of age 1.2. 36 - 60 years of age... 1.3. over 60 years of age

2. education:

2.1. Secondary 2.2. Secondary specialised... 1.3. Higher...1.4. Academic degree

3. What type of business activity are you engaged in?

3.1. Manufacturing 3.2. Construction... 3.3. Transport

3.4 Trade.... 3.5. Tourism... 3.6. Other

4. Do you consider your level of education sufficient for independent entrepreneurial activity?

4.1 Yes, quite 4.2. No, not yet enough 4.3. Other

5. Assess the level of real state support for SMEs in Moscow:

5.1. High 5.2. Medium 5.3. Low 5.4. Difficult to answer

6. What measures of state support do you consider the most effective?

6.1 Loyal tax policy 6.2. Guaranteed preferential lending 6.3. Compensation of part of expenses 6.4. Fight against corruption

6.5 Infrastructure support 6.6. Elimination of monopolies

7. What measures, in your opinion, should be implemented first of all to support Moscow entrepreneurs?

7.1 Optimising taxation 7.2. Ensuring protection of business property 7.3. Stricter liability for fraud

7.4 Subsidising priority areas 7.5. Reduction of interest rates of financial support7.6. Other

8. Explain: from what bases should the social protection of the population be formed?

8.1 Decent average per capita income 8.2. Decent pension system 8.3. Accessibility of health care 8.4. Accessibility of education 8.5. Guaranteed employment of the population

9. Do you think it is possible to run a successful business without interaction with the authorities?

9.1 Yes, quite possible 9.2. Possible, but only at first 9.3. No, it is very difficult 9.4. Impossible in principle 9.5. Difficult

10. Identify the most tangible events of recent years for your business.

10.1 Decrease in customer demand 10.2 Increase in the cost of doing business

10.3 Accessibility of credit 10.4 Supervisory controls

11. What major economic risks affect your business the most?

11.1. Tax burden 11.2. Credit rates 11.3. Market access...

11.4 Lease of premises 11.5 Unfairness of counterparties

11.6 Criminalisation of the economy

12. What are your main difficulties in doing business in Moscow?

12.1 Powerlessness before officials 12.1 Regular inspections by supervisory authorities

12.3 Difficulty in understanding the legal framework

12.4 Expensive rental of premises

12.5 High taxes and contributions 12.6 Business regulation 12.6 Business regulation

13. What are your priority conditions for doing business in the region?

13.1. Economic development of the region 13.2. Tax benefits and incentives 13.3.

Social living conditions 13.4. Security of the region

13.5 Low administrative burden 13.6 Emotional comfort

13.7 Spiritual communion 13.8 Usefulness to society

13.9 Socio-environmental conditions of the region

14. What are your business prospects for the next 5 years?

14.1 I don't think that far ahead 14.2 I am considering emigration

14.3 I will try to stay in business 14.4 I will make efforts to reach a new higher level

14.2 I may close the business

15. Name the most positive sides of the city of Moscow? What are the most positive aspects of Moscow?

15.1. Developed infrastructure 15.2. City improvement 15.2.

15.3. Opportunities and prospects 15.4. Convenience of receiving state services15.5. High salary 15.6. Rich cultural life 15.7. Freedom of self-realisation 15.8.Prospects of personal growth

15.8. Other

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- 16. Name the most negative aspects of a megacity?
- 16.1 High prices for housing and services 16.2 Number of migrants
- 16.3 Crowdedness, noise 16.4 Transport problems
- 16.5 Increase in unemployment 16.6 Ecology, climate
- 16.7 Terrorist threat 16.8 Criminal situation

16.9. Other

17. Does the metropolitan environment exert psychological pressure on you?

17.1 Yes 17.2 No 17.3	Difficult to answer
-----------------------	---------------------

18. Have geopolitical events around Russia personally affected you or affected your business?

18.1 Yes, it is reflected 18.2 No, it is not reflected in any way

18.3 Difficult to answer

19. Can you name the political movements that you sympathise with or that you think can support the development of entrepreneurship in the country?

19.1. Growth Party	19.2. Opora Rossii	
19.3 Russian Union	of Industrialists and Entrepreneurs	19.4. None
19.5. Other	19.6. Difficult to answer 19.6.	

20. What are the factors that prevent entrepreneurs from asserting their rights?

- 20.1 Corruption of officials
- 20.2 Meaninglessness of justice
- 20.3. Low professional qualification of officials
- 20.4. Mentality of the population
- 20.5. Political situation in the country 20.5.
- 20.6. Other

21. Are you ready to politically support the demands of entrepreneurs to optimise the socio-economic and legal issues of small business in Russia?

21.1 Ready to actively support (in the form of a rally, petition)

21.2 Ready to support, but on the basis of anonymity 21.3 Not ready

21.4 Difficult to answer

22. Please give a general assessment of your fellow entrepreneurs with whom you do business together:

22.1 Level of professionalism:

22.1.1. high 22.1.2. medium 22.1.3. low

22.2 Leadership Style:

22.2.1. authoritarian 22.1.2. democratic 22.1.3. liberal

22.3 Attitudes towards subordinates:

22.3.1. friendly, respectful 22.3.2. neutral, polite 22.3.3. businesslike, ambitious

22.4 Compliance with occupational health and safety/employee protection:22.4.1. complied with 22.4.2. partially complied with 22.4.3. not complied with

22.5. Level of social responsibility:

22.5.1. high 22.5.2. medium 22.5.3. low

22.6 External Image:

22.6.1. representative 22.6.2. ordinary 22.6.3. daily

23. Name your priority conditions for a decent life?

23.1 Financial well-being	23.2 Health	23.3 Family
23.4. Work	23.5. Own accommodation abroad	
23.6 Safety	23.7 Freedom of cr	eativity (opportunities)

23.8. Emotional comfort 23.9. Usefulness to society

- 24. Is your entrepreneurial activity voluntary or involuntary?
- 24.1. Voluntary 24.2. Forced 24.3. Difficult to answer

## THANK YOU FOR YOUR CO-OPERATION!

Appendix B

### SURVEY RESULTS

# "Questionnaire of Moscow entrepreneurs"

(mass survey of Moscow entrepreneurs by quota-based, multi-stage sampling, 2014-2017, N = 525).

1. Age:

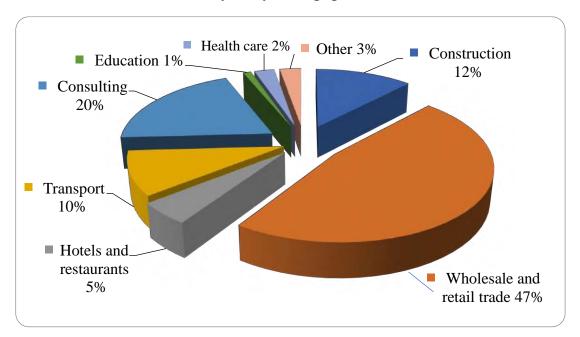
1.1. up to 35 years old 1.2. 36 - 60 years of age 1.3. over 60 years of age

2. Education:

2.1. Secondary 2.2. Secondary specialised 1.3. Higher 1.4. Academic degree *State your level of education* 

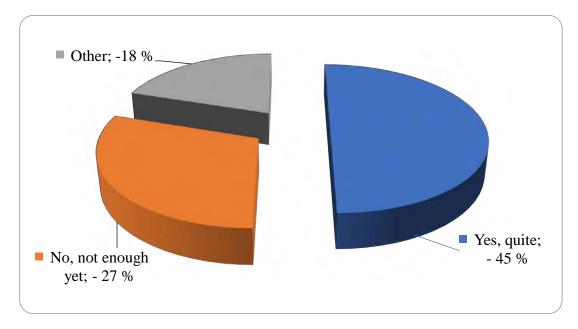
Answer choice	%
Higher	58,3
Several higher education / degree	13,4
Secondary vocational / incomplete higher education	22,5
Secondary (complete) general	5,8
TOTAL:	100

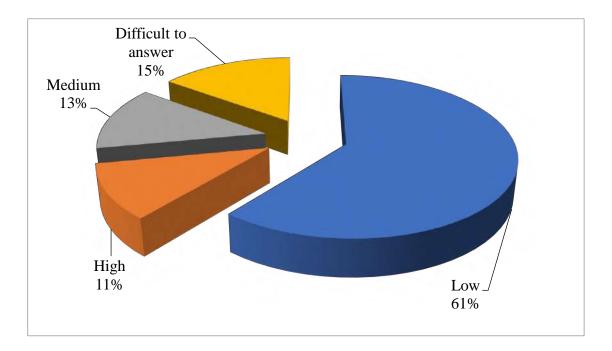
Table B1 - Distribution of answers to the question about the level of entrepreneurs' education



1. What kind of business activity are you engaged in?

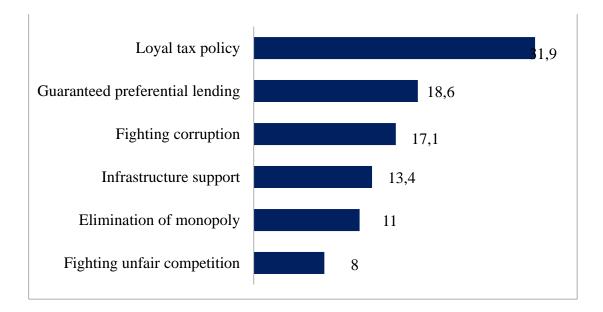
2. Do you consider your level of education sufficient for independent entrepreneurial activity?





5. Assess the level of real state support for SMEs in Moscow:

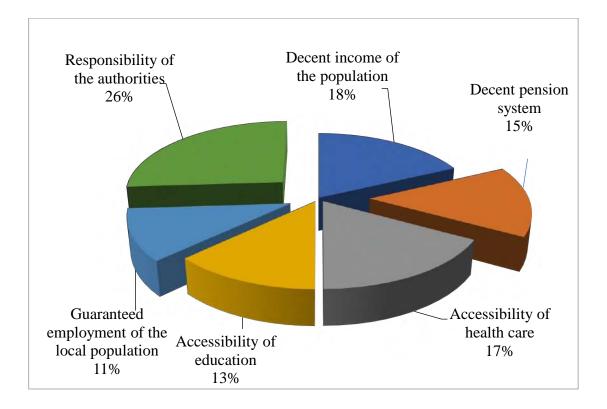
6. What measures of state support do you consider the most effective:



7. What measures, in your opinion, should be implemented first of all to support Moscow entrepreneurs?

Answer choice	%
Tax optimisation	34
Ensuring the protection of business property	27
Increased liability for fraud	18
Subsidising priority areas	11
Reduction of interest rates for financial support	8
Other	2
TOTAL:	100

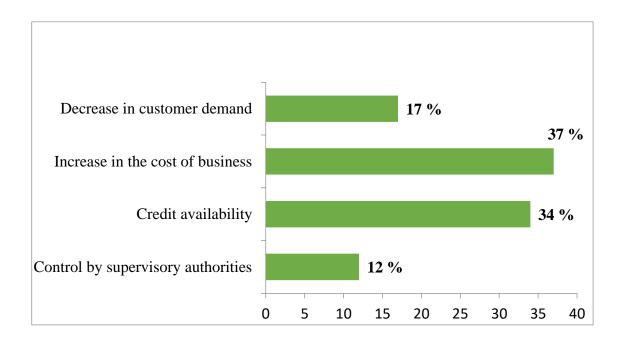
8. Explain: from what bases should the social protection of the population be formed?



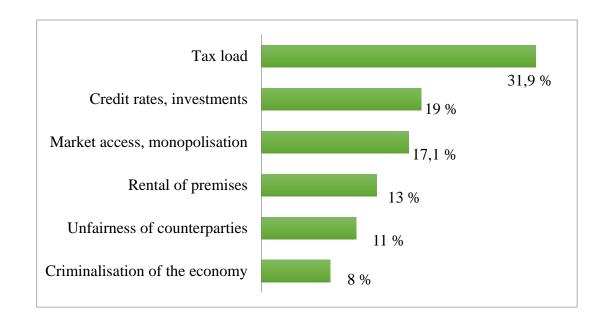
# 9. Do you think it is possible to run a successful business without interaction with the authorities?

Answer choice	%	people.
Yeah, it's quite possible	11,2	59
Maybe, but only at first.	18,3	96
No, it's very difficult	28,7	150
Impossible in principle	35,8	188
I can't answer that	6	32
TOTAL:	100	525

10. Identify the most tangible events of recent years for your business.

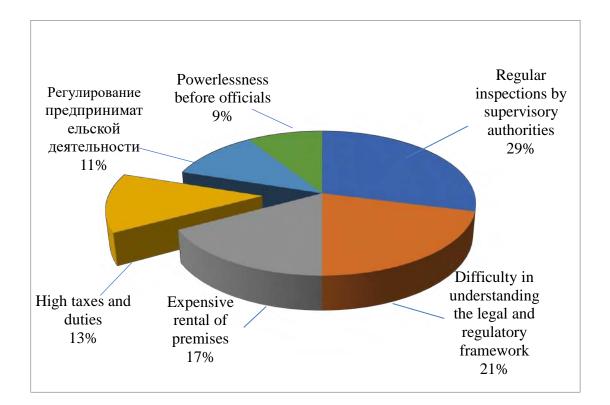


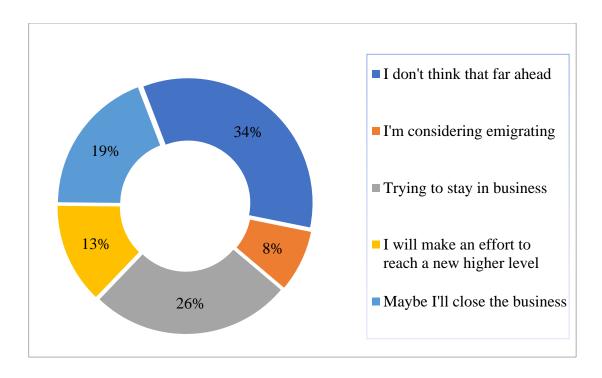
185



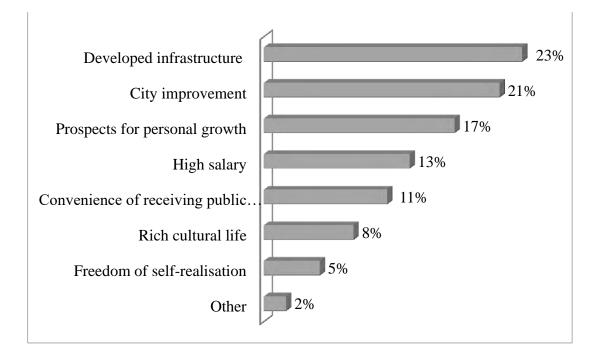
11. What major economic risks most affect your business?

12. What difficulties do you experience in doing business in Moscow?

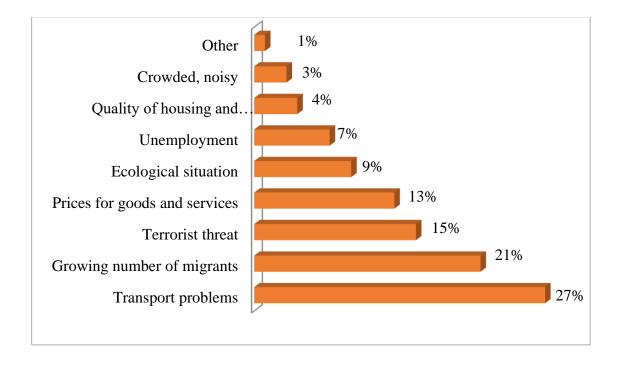




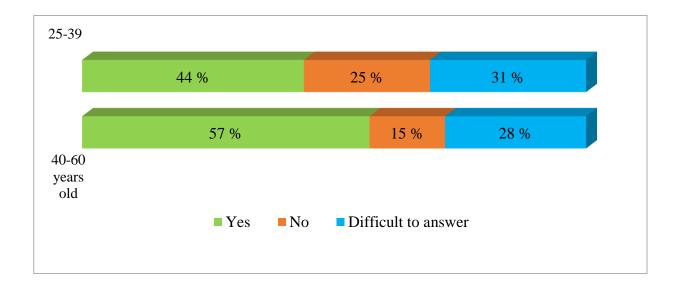
#### 14.Name the most positive aspects of Moscow. Moscow



#### 13. What are your business prospects for the next 5 years?



16. Does the metropolitan environment exert psychological pressure on you?



15. Name the most negative aspects of the megapolis of Moscow. Moscow

17. Have geopolitical events around Russia affected you personally or affected your business?

Answer choice	%	people.
Yes, it's reflected	28,8	151
No, it doesn't reflect in any way	45	236
I can't answer that	26,2	138
TOTAL:	100	525

18. Can you name the political movements that you sympathise with or which, in your opinion, can help the development of entrepreneurship in the country?

Answer choice	%	people.
Growth Party	17	89
Reliance on Russia	11	58
Russian Union of Industrialists and Entrepreneurs	6	32
There aren't any	44	231
I can't answer that	22	115
TOTAL:	100	525

19. What are the factors that prevent entrepreneurs from asserting their rights?

Answer choice	%
Corruption of officials	37
The senselessness of justice	24
Mentality of the population	19
Low professional qualification of officials	11
Political situation	9
TOTAL:	100

20. Are you ready to support the demands of other entrepreneurs in the current social and legal issues of optimising small business in Russia?

Answer choice	%
Ready to actively support (in the form of a rally, petition)	12,3
I'm willing to support, but on the condition of anonymity.	18
I'm not ready	53
I can't answer that	17,7
TOTAL:	100

22. Please give a general assessment of your fellow entrepreneurs with whom you do business together:

22.1 Level of professionalism

Evaluation parameter / Response option	%
high	31
average	37
low	32

# 22.2 Leadership style

Evaluation parameter / Response option	
authoritarian	32
democratic	45
liberal	23

# 22.3 Attitudes towards subordinates

Evaluation parameter / Response option	
friendly, respectful	17
neutral, polite	48

arrogant, ambitious	35

22.4 Observance of occupational health and safety/employee protection

Evaluation parameter / Response option	
observed	60
partially complied with	19
disregarded	21

# 22.5 Level of social responsibility

Evaluation parameter / Response option	
high	27
average	38
low	35

# 22.6 External image

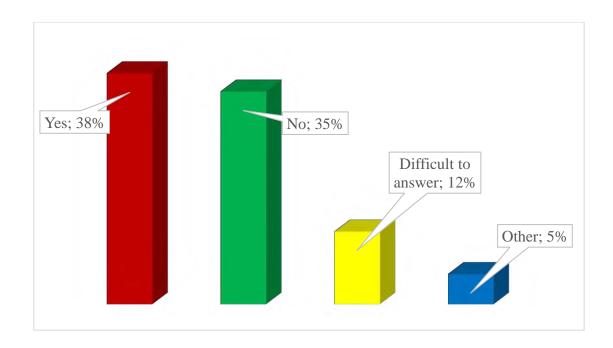
Evaluation parameter / Response option	
representative	48
ordinary	39
sloppy	13

# 23. Name your priority conditions for a life of dignity?

		Age, years		
Answer choice	25-39	40-60		
	%	%		
Financial prosperity	23	17		

Health	19	21
Own accommodation	15	-
Safety	14	16
Freedom of creativity (opportunities)	12	7
Family	10	14
Work	-	10
Emotional comfort	7	8
Usefulness to society	-	7
TOTAL:	100	100

# 24. Is your entrepreneurial activity voluntary or involuntary?



#### Appendix C

#### "QUESTIONNAIRE OF MOSCOW ENTREPRENEURS"

Mass survey of Moscow entrepreneurs

on the basis of business forums "Transformation"

The survey is anonymous and the results will be used in a summarised form. Circle the answer you have chosen.

Please provide information about yourself:

1. Age:

1.1. up to 35 years of age 1.2. 36 - 60 years of age 1.3. over 60 years of age

2. Education:

2.1. Secondary 2.2. Secondary specialised 1.3. Higher 1.4. Academic degree

3. What type of business activity are you engaged in?

3.1. Manufacturing 3.2. Construction 3.3. Transport

3.4. Trade 3.5. Tourism 3.6. Other

4. Do you consider your entrepreneurial activity (business) significant for the Russian society and to what extent?

4.1 Yes, quite 4.2. No, I don't think so 4.3. Difficult to answer

5. Assess the level of corporate culture in your organisation:

5.1. High 5.2. Medium 5.3. Low 5.4. Difficult to answer

6. How often do you deal with issues of corporate culture in your work team?

6.1. all the time 6.2. Occasionally 6.3. Not engaged 6.4. Other

7. What measures, in your opinion, should be implemented in the organisation for its successful development?

7.1 Personnel selection 7.2. Competitive salary

7.3 Stricter labour liability

- 7.4 Periodic education and training programme
- 7.5 Organisation of effective overall management

8. What, in your opinion, does the realisation of a successful business in Moscow depend on?

- 8.1 Tax burden 8.2. Start-up opportunities
- 8.3 Market access (patronage)
- 8.4 Help from influential friends and relatives
- 8.5 Availability of experience or experienced mentor 8.6. Other

9. What do you think: is it possible for your entrepreneurial business to be continued by someone from your immediate environment?

9.1 I think yes 9.2. No 9.3. Difficult to answer 9.4. Other

- 10. What are your business prospects for the next 5 years?
- 10.1 Positive 10.2 Negative 10.3 I don't think that far ahead.
- 10.4 I will try to stay in business
- 10.5 I will make efforts to reach a new higher level
- 10.6 I may close the business

11. Have geopolitical events around Russia personally affected you or affected your business?

11.1 Yes, reflected	11.2 No, not reflected in any way

11.3 Difficult to answer 11.4 Other

12.1. High 12.2. Medium 12.3. Low

13. Is your entrepreneurial activity voluntary or involuntary?

13.1 Voluntary 13.2. Forced 13.3. Difficult to answer

# THANK YOU FOR YOUR CO-OPERATION!

#### Questionnaire

"Social Portrait of the Russian Entrepreneur" (questionnaire mass survey of students of Moscow universities by random sampling, 2015-2017, N = 105)

#### 1. How do you feel about people who are entrepreneurs?

1.1. Positive 1.2. Negative 1.3. Neutral

#### 2. What image of a person do you associate an entrepreneur with?

2.1.	A business man	2.2. A man	capable	of taking	risks

2.3. An adventurer 2.4. A speculator

2.5. A man responsible for his 2.6. Other\_\_\_\_\_

#### 3. How attractive is entrepreneurship to you?

3.1. Attractive 3.2. Only as an experience

3.3. Only under favourable conditions (market conditions, starting opportunities)

3.4. Not attractive 3.5. Other\_\_\_\_\_

4. Are there those among your acquaintances or relatives who are engaged in entrepreneurial activities?

4.1. Yes, among relatives 4.2. Yes, among friends/acquaintances

4.3. I am an entrepreneur myself 4.4. No

4.5. Hard to say

#### 5. How do you assess the cultural level of modern entrepreneurs?

5.1. High 5.2. Low 5.3. Below average 5.4. Above average

# 6. What do you consider to be the most challenging part of being an entrepreneur?

6.1. High bankruptcy risks	6.2. Decision-making skills
6.3. High level of responsibility	6.4. Understanding of legislation
6.5. Other	

# 7. What qualities do you think modern Moscow entrepreneurs lack?

7.1. Ability to take risks	7.2. Professionalism
7.3. Responsibility	7.4. Management skills
7.5 Communication skills	7.6. Other

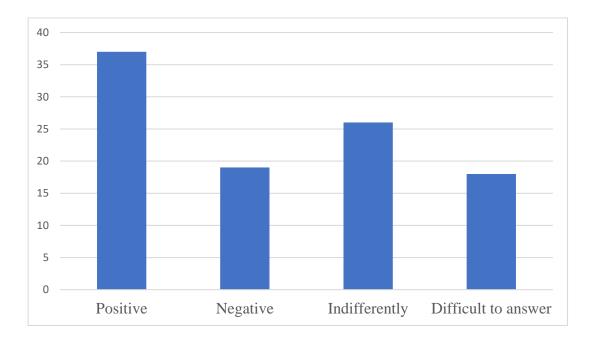
# 8. What would motivate you to start your own business?

8.1. Administrative Resource	8.2. Professional skills
8.3 Family and environment	8.4. Economic environment
8.5 Other	

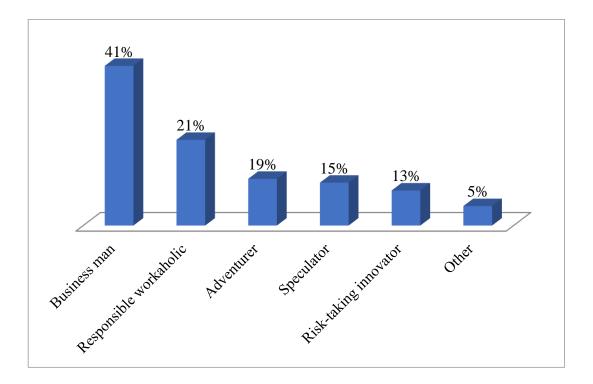
# THANK YOU FOR YOUR CO-OPERATION!

## "Social Portrait of Moscow Entrepreneurs"

The survey was conducted by the method of structured interview among 105 students of different courses and different faculties of higher educational institutions of the South-West AO of Moscow (RSREU, RUDN, MTU MIREA), the sample is random.

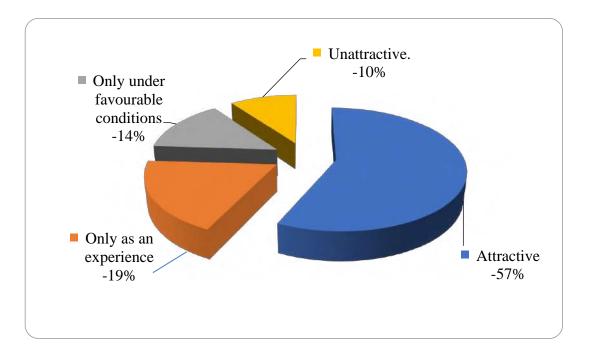


#### How do you feel about people who are entrepreneurial?

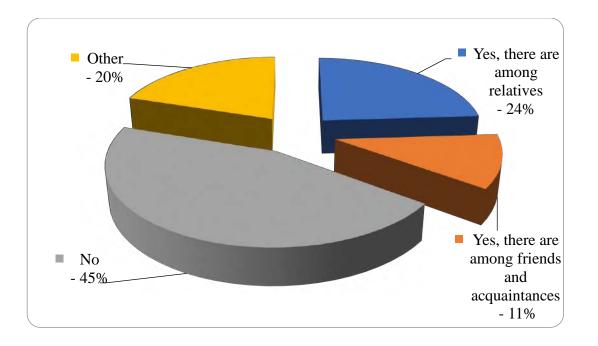


What image of a person do you associate an entrepreneur with?

# How attractive is entrepreneurship to you?

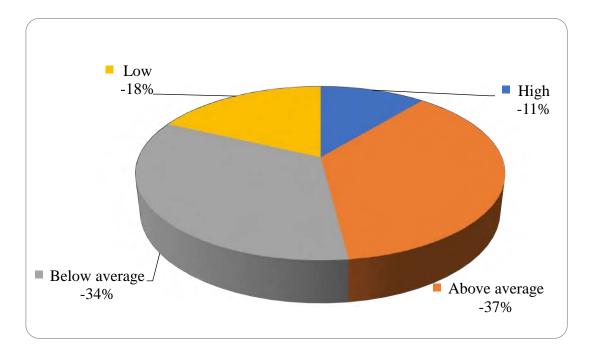


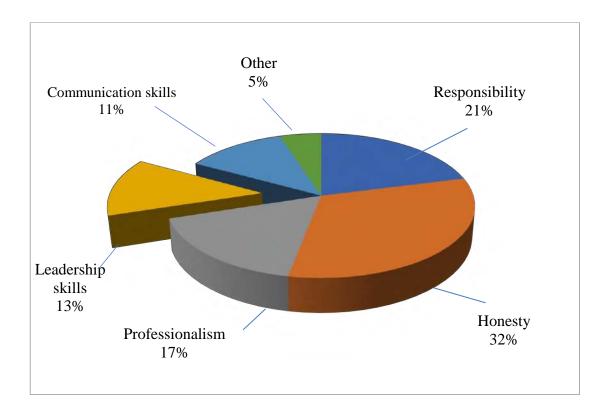
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Are there any of your acquaintances or relatives who are entrepreneurs?

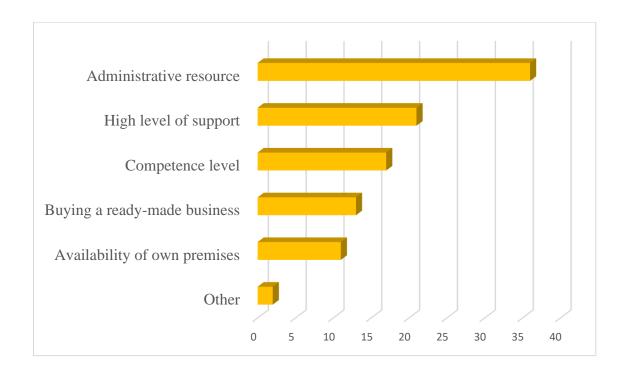
# How do you assess the cultural level of modern Moscow entrepreneurs?





# In your opinion, what qualities do modern Moscow entrepreneurs lack?

What would motivate you to start your own business?



#### "SOCIAL SECURITY OF ENTREPRENEURSHIP IN MEGACITY CONDITIONS"

associative interview with small and medium-sized businesses r. Moscow by "nested" sample, 2016-2017, N = 61

#### **Responses of participants in the associative interview**

Respondent 1: Alexander, 37, owner of a car wash: "The problem of misunderstanding and distrust: trust falls due to the monotony of approaches and low efficiency of support of entrepreneurship by officials. One can predict in advance how this or that initiative will be realised and how it will end. All their endeavours do not reflect the essence of life in Russia.

Respondent 2: Sergey, 42 years old, consulting: "There is a distinct feeling that the authorities are afraid to admit the obvious: the whole system of support for entrepreneurship at the present stage is a set of insignificant measures, more like formal reports than business support".

Respondent 3: Anastasia, 32, owner of a beauty salon: "Many people work in the shadows because this way you attract less attention from influential competitors in the government. It is necessary to protect entrepreneurs who are "unlucky" to be competitors of relatives and friends of influential government officials".

Respondent 4: Anatoly, 46 years old, farmer: "Unfortunately, reaching the consumer is a very big problem. There are a lot of issues with monopolisation of chain shops, there are no retail outlets in the form of a bridge from entrepreneurs to the population".

Respondent 5: Yuri, entrepreneur: "Small business needs one kind of help just not to be hindered: by disproportionate taxes, endless legal changes, unreasonable inspections. We need clear laws and clear rules of the game".

Respondent 6: Alexander, 38, entrepreneur: "There is no possibility to even provide basic comfort in the office, not to mention advertising".

Respondent 7: Vladimir, 32, entrepreneur, single: "It is strange that the state

still does not incentivise entrepreneurs who officially employ the most vulnerable segments of the population (pensioners, students, disabled people) with tax benefits, and vice versa - does not increase them when hiring migrants".

Respondent 8: Alexey, 47, agribusinessman: "Special difficulties arise with the storage of agricultural products, such as grain. The construction of new large elevators is slow, and those that do exist are leased out at too high rates".

Respondent 9: Andrey, 39 years old, entrepreneur-transporter: "A multitude of illegal road haulers, ranging from illegal taxi drivers to well-coordinated ethnic groups of taxi and shuttle bus drivers, almost unaccountable and unpunishable for offences, are systematically destroying the legal road haulage business".

Respondent 10: Sergey, 46 years old, entrepreneur in the rental housing sector: "It is difficult to fight the virtually uncontrolled rental housing market. It is not difficult to identify shady landlords. The difficulties arise with the prevention of such violations".

Respondent 11: Ivan, 51, entrepreneur: "The constant instability and uncertainty in the economic policy of the state and the new rules of the game for entrepreneurs is endlessly exhausting and tiring!".

Respondent 12: Natalia, entrepreneur, 32 years old, married: "It is almost impossible to get vending machines installed in the metro. This is despite the fact that the Moscow metro is the third busiest in the world (after Tokyo and Seoul).

Respondent 13: Vlad, 43, restaurateur: "The rules of the game in our country are neither constant nor specific. You have to literally adjust to all sorts of nuances of Russian lawmaking on your own bumps. Hence the frequent bankruptcies: many do not make it past the five-year mark".

Respondent 14: Alexander Ivanovich, 54 years old, entrepreneur: "It seems that the authorities artificially create all sorts of preferences for manufacturers of counterfeit goods: nobody really fights it and apparently is not going to fight it! The damage from such businessmen for honest entrepreneurs is colossal!".

Respondent 15: Mikhail: "I constantly feel negativity from various agencies. I would very much like to have a feeling of my usefulness and necessity for the state".

Respondent 16: Oksana Viktorovna: "I do not understand the need for so many banks in Russia, which do not invest in the development of the country, but are mainly engaged in usury".

Respondent 17: Ekaterina, entrepreneur, 32 years old, single: "A business must be attractive not only from the outside, but also from the inside. It should have all the necessary qualities of an attractive woman: reasoned, interesting, well-groomed, grateful, independent."

Respondent 18: Konstantin, entrepreneur, 34 years old: "All bank offers turn out to be either marginally advantageous or useless. There are no products that provide both convenience and value at the same time. Mostly prevails the hidden interest of the bank, veiled under some favourable for IP offer. Most, if not all, of the bank's 'entrepreneur support' programmes have many pitfalls".

Respondent19: Vladimir, entrepreneur, 38 years old: "I, like many entrepreneurs I know, try not to draw far-reaching conclusions from meaningless things. The declaration of simple truths without real support for small business brings no dividends except disappointment. Timid attempts by the state to solve at least part of the accumulated problems of entrepreneurs will only lead to minor adjustments, a cosmetic effect, nothing more".

Respondent 20: Vladimir Petrovich, entrepreneur, 44 years old: "It is very important for an entrepreneur to have a strong socio-economic backbone: family, parents, good family ties. This is first of all expressed in the peculiarity of the internal policy of the state, which allows your close relatives (work, pensions, allowances, etc.) not to be tormented by questions of survival in a difficult economic situation. An entrepreneur can fully devote himself to business without being distracted by a lot of social and psychological problems.

Respondent 21: Victor Sergeyevich, entrepreneur, head of industrial design studio, 52 years old: "There are certain problems in communication with officials of various departments. Sometimes we are struck not only by formal replies, but also by the complete ignorance of some officials, their arrogance, unwillingness to get to the heart of the problem and understand its solution".

Respondent 22: Nikolay Ivanovich, entrepreneur, tourism business, 47 years old: "Doing business in Russia is complicated by the extremely unstable legislative policy of the state, changing at the discretion of the power structures in various ways, in the limited period of validity of the laws and regulations themselves, which after some time can be recognised as invalid, harmful, illegal. Lack of legality and justice in the law itself".

Respondent 23: Mikhail Alekseevich, 43 years old: "It seems to me that the most important reason for the underdevelopment of small business lies in the crisis of trust between the authorities and small business: all the promised benefits for entrepreneurs turn out to be either insignificant or initially not elaborated, inconvenient and incomprehensible in implementation".

Respondent 24: Anna Ivanovna, entrepreneur, 37 years old: "People have fewer and fewer value orientations aimed at usefulness and further creation of society as a whole, not only their future. There is no continuity of creation for the benefit of the future generation of the country, no sense of state unity and development. There is a tangible sense of the need to survive in the short-term future. More and more misunderstandings on the part of the authorities' actions lead to the realisation of finding oneself in a foreign state".

Respondent 25: Alexey Ivanovich, entrepreneur, 46 years old: "We are planning to consciously move with our family to a village near the Moscow region. We want to open our own subsidiary farm there. Everything is complicated here: taxes, courts, people, the environment.

Respondent 26: Kirill Alekseevich, entrepreneur, 37 years old: "I still do not understand the actions of the country's government on the economic reforms being adopted, I cannot plan anything, I suspect that this situation in the economy will only worsen. I do not expect anything good. I am seriously thinking about shutting down my business.

Respondent 27: Tatyana Alexandrovna, 43, entrepreneur: "Lack of benefits, subsidies and grants. Regardless of their profits and location, an entrepreneur is

obliged to pay taxes. The same trade levy has practically undermined my business. The tax burden has increased on us unambiguously, but how cost-effective and useful it is in the long term is not known!"

Respondent 28: Sergey Mikhailovich, 46, entrepreneur: "Any forms of support are possible only if there is a strong political will, and there is none. I do not go to elections, I consider them a profanation. The dubious procedure for counting the votes, as well as the actual impunity for rigging the election results, does not add optimism to the hopes of improving the life of entrepreneurs in our country.

Respondent 29: Pavel Vladimirovich, 38, entrepreneur: "A lot of problems are also caused by jealous, inadequate complainants who abuse their right to appeal to the regulatory authorities. Not only is time spent on checking the circumstances of the case on their complaint, but add to that all the nervousness of my already depressed state. Most of the time the information on complaints is not confirmed, but the most frustrating thing is that these citizens are not held accountable. It would be nice to hold them liable for defamation and compensate them for the moral and material damage incurred by entrepreneurs".

Respondent 30: Albert Ivanovich, 51, entrepreneur: "It is necessary to remove endless paperwork in reporting, to optimise their various forms. It is not clear why there is a need for so many report sheets, if all the necessary information can be presented on one, maximum two sheets of reports. After all, in the 21st century there should be an adequate electronic document flow and it should be introduced everywhere.

Respondent 31: Svetlana, 35, entrepreneur: "The problem with Russian legislation is that, as a rule, law-abiding citizens suffer first of all. Registering with the tax authority as an entrepreneur brings much more problems than working illegally. Someone who works illegally saves both money and nerves unlike a legal entrepreneur. It is like paying fares in urban public transport after the turnstiles have been removed: the fare is paid mainly by good citizens, while the majority of passengers, taking advantage of the lack of control, do not pay the fare at all.

Respondent 32: Alexey, 34, entrepreneur: "I am most afraid of representatives

of law enforcement agencies and their ability to exert pressure, threaten and fine for spurious reasons.

Respondent 33: Alexander Nikolaevich, 46, entrepreneur: "Bureaucratic delays, mocking replies, a lot of ridiculous approvals. The amount of hospitality expenses required for various gifts to be given and to speed up production, clearance and approval takes up a significant share of all expenses".

Respondent 34: Maxim. 35 years old, entrepreneur: "Competition with the shadow sector of illegal goods and services is beyond description. It is especially tangible for official renovators like our firm. The market of finishing works is strongly undermined by incompetent brigades working under the black scheme, openly dumping prices without any administrative or tax accounting. No one really deals with them and, apparently, it is a very corrupt sector".

Respondent 35: Oleg Vladimirovich, 43 years old, entrepreneur: "There is no real relief for IEs. Constant talk about reducing the tax burden does not lead to anything. Nobody wants to take into account the number of various payments that are not counted as tax payments - trade tax, environmental fee, etc. It is necessary to put all these official payments in order and take them into account when making "brave reports" to the country's leadership".

Respondent 36: Marina Vyacheslavovna, entrepreneur: "Small businesses are the most vulnerable to various provocations, administrative pressure and criminals. Large companies can afford to keep a whole staff of experienced lawyers and "the right people for business in the government", but we can't afford it. For us, fines are in many ways ruinous, but the most offensive thing is that there is a very selective, I would say corrupt, approach to fines".

Respondent 37: Artem, 31, entrepreneur: "The work is very complicated by intermediary offices imposed by "respectable people" through which you have to enter a certain market. Without them, the market is closed".

Respondent 37: Dmitry Vladimirovich, 44, entrepreneur: "There is a real bacchanalia in the Russian market of consumer services with the number of offers from people without proper education, knowledge, skills. Everything is limited by

dubious experience and irresponsibility. It is possible to offer anything without any consequences: from the construction of wooden log cabins, to the maintenance of complex engineering systems".

Respondent 38: Nikolay, 37, entrepreneur: "I don't understand: why entrepreneurs offering innovative and technological solutions for city improvement are not supported. Why, for example, low-skilled labour of many migrants is used for laying tiles or curbs during street repairs, if special technical devices have long been used all over the world, the speed and quality of which are many times higher. Nobody is interested in our proposals.

Respondent 39: Olga Sergeevna, entrepreneur: "It is striking that virtually any attempt to legally defend one's interests causes genuine bewilderment on the part of both the offender and the regulators, who define these actions as some kind of violation of the unspoken code of 'patient consent', causing them inconvenience and annoyance".

Respondent 40: Valentin Anatolievich, 47, entrepreneur: "I can't even imagine how I will be able to stay afloat in the conditions of falling consumer confidence. It is extremely difficult to feel happy when there is nothing but negativity around: poverty, high taxes and fines, social tension.

Respondent 41: Igor Sergeyevich, 43, entrepreneur: "There is a strong impression that there is some systematic work on systematic destruction of small business. For the last year I have been steadily going into deficit and am preparing to close my business. I have no hope for the Government for a long time, realising that it is simply utopian to expect any improvements from officials whose assets and families have long been taken abroad.

Respondent 42: Mikhail, 51, entrepreneur: "It is almost impossible for an entrepreneur to decide something without strong administrative support. Pressure on business comes from almost all sides, especially from the tax authorities. Net profit practically gives no prospects for development. We exist solely for the opportunity to work for ourselves, because of our age...".

Respondent 43: Stanislav, 37, entrepreneur: "The struggle for survival with various supervisory bodies is exhausting. The low speed of the authorities' response to entrepreneurs' appeals is aggravated by the lack of constructive assistance or solutions to the most important issues. More and more often I realise the futility of doing business in such conditions".

Respondent 44: Albert, 41, entrepreneur: "I don't regret going into business, but I realise that if there was an opportunity to get a patronage job in a state authority, I would accept it without delay. The social security of any official in Russia is many times higher than that of an entrepreneur, albeit a successful one. In Russia, an entrepreneur is not protected from practically anything.

Respondent 45: Oksana Viktorovna, entrepreneur: "The state monopoly is reflected in all spheres of life of our state. I believe that first of all the class of entrepreneurs frightens the authorities with their irrepressible craving for freedom and desire to create their own destiny. Such people are thoughtful, persistent and beyond the control of the administration. Appendix G

The process of transformation of small business structure is presented on the basis of comparison of two time periods

			1	209				
		intellectual.	44	47	32	16		intellectual.
		a place to live.	Local - 82; nonresident - 18.	Local - 56; nonresident - 44.	Local - 34; nonresident- 66.	Local -21; nonresident - 79.		a place to live.
Comparative data by periods, $\%$	2009-2014.	income	Above cf. 44; Below cf56	Above cf. 32; Below cf68	Above the cf 29; Below cf71	Above the cf - 14; Below cf 86	2015-2019.	income
Comparative da	2009	images	Higher- 71; Sr.special 21; Average full - 8	Higher- 84; Sr.special 14; Average full - 2	Higher- 63; Sr.special 18; Average full - 19	Higher- 12; Sr.Special 71; Average full - 17	2015	images
		age	Under 35 -15; Over 35 years old -85	Under 35 years of age -44; Over 35 years old -56	Under 35 -75; Over 35 years old -25	Under 35 years of age -21; Over 35 years old -79		age
		floor	Male. 52; Female - 48.	Male. 61; Female - 39.	Male. 57; Female - 43.	Male. 74; Female - 36.		floor
Name	Social group		Entrepreneur	Functional manager	Functional Specialist	Functional worker		Entrepreneur
3N	Classes	Middle class	Owner	Administration	Middle level performers	Lower class (working class) Lower-level performers		Middle class

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			===
42	41	31	16
Local - 82; nonresident - 18.	Local - 61; nonresident - 39.	Local - 41; nonresident - 39.	Local 34; nonresident 66.
Above average - 31; Below cf69	Above cf 33; Below cf 67	Above the cf 29; Below cf71	Above the cf - 14; Below cf86
Higher- 72; Sr.special 24; Average full - 4	Higher- 84; Sr.special 14; Average full - 2	Higher - 63; Sr.special 18; Average full - 19	Higher- 12; Sr.Special 71; Average full - 17
Under 35 -17; Over 35 years old -83	Under 35 years of age -58; Over 35 years old -42	Under 35 -75; Over 35 years old -25	Under 35 years of age -21; Over 35 years old -79
Male54; Female - 46.	Male 64; Female - 36.	Male57; Female - 43.	Male. 74; Female - 36.
	Functional manager	Functional Specialist	Functional worker
Owner	Administration	Middle level performers	Lower class (working class) Lower-level performers

Calculation methodology

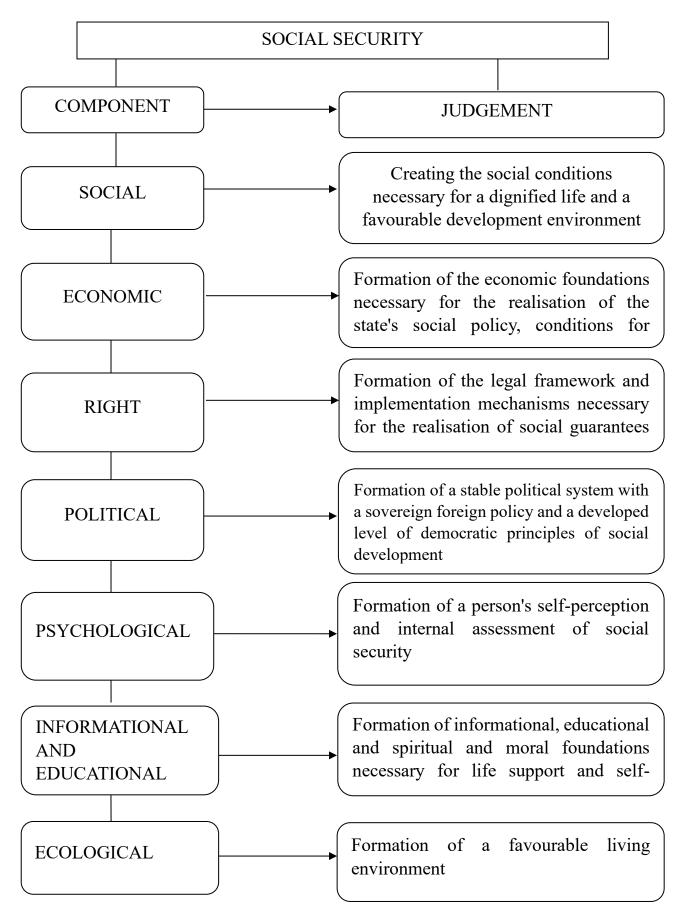
The average income level was taken as the income equal to the average salary in the region in the specific period of the survey.

Place of residence was defined as follows: local - respondent with permanent registration in Moscow and the near Moscow suburbs; non-resident - with permanent registration in another region of Russia or the near abroad.

Intelligence was defined as the arithmetic mean of the obtained estimated results of the survey of entrepreneurs and employees relative to each other when answering the question: "To what extent do you assess the intelligence of your management (your subordinate employees)?".

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Appendix H



### Approximate model segmentation Programme of small business support by state (regional) authorities

	Stages of the Support Programme		
Criterion	1	2	3
	S1, rub.	S2, rub.	S2, rub.
Social	Age, education, marital status		
economic	Income level, creditworthiness, initial savings amount of half of the capital programme's stated capital amount		
Legal	No criminal convictions in the last 10 years for offences under the articles of the Criminal Code of the Russian Federation; no outstanding legal obligations to the state and citizens		
Political	Current citizenship of the Russian Federation for at least 10 years, no second citizenship		
Psychological	Legal capacity, absence of medical contraindications preventing entrepreneurial activities		

#### Source: author's elaboration

#### Note.

An increase in the amount of the initial entrepreneurial capital S1 is possible within the framework of the state support programme and occurs as a result of an assessment of the prospects for the development of the entrepreneurial business. Additional incentive criteria may include: service in the RF Armed Forces, participation in volunteer and charitable activities.

The incentive criteria for Phases 2 and 3 of the Support Programme are the subject of a separate discussion.

The concept of professional activity and its criteria

**Professional activity is** a qualified activity based on the theoretical basis and practical experience, aimed at performing work related to the continuous building of one's professional potential (knowledge, skills, abilities) and allowing to have a guaranteed source of income. Professional activity provides for an appropriate culture of behaviour, the basis of which the author identifies moral components: benevolence, decency, responsibility, etc.

**Dependent**: no legally enshrined guarantee of labour remuneration, demand on the labour market, coefficient of economic dependence  $\eta$ < 1, no free balance allowing to make savings.

**Independent**: legally enshrined guarantee of wages, high demand on the labour market, coefficient of economic dependence  $\eta > 1$ , availability of a free balance allowing for savings.

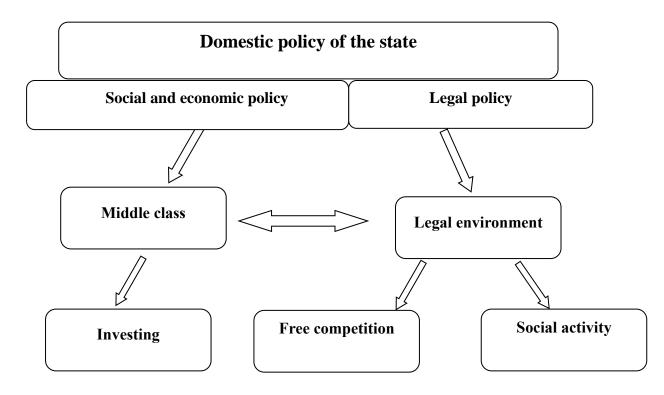
The economic dependency ratio  $\eta$  can be calculated using the following formula:

Note. If there is no unofficial part of wages, the coefficient  $\eta$  is assumed to be equal:

 $\mathbf{n} = 1$  if the official part of the salary is less than 6MROT;

 $\eta > 1$  if the official part of the salary is greater than or equal to 6MROT.

Free cash balance (balance) is the amount of cash that remains with an employee as a result of all their receipts and disbursements.



#### The basis of the state's domestic policy

The state should be aimed at creating the basis for the development of the economy - the middle class and the legal environment (in particular, legal culture as a result of legal education), allowing timely and demanding response to the challenges of the market, to fight the "monopoly of low standards of quality of life".

The middle class, as well as the legal environment, further act as a mutual regulator of each other.

At the same time, a full-fledged middle class is considered, in which, in addition to material prosperity, there is a social component aimed at the development of professional, spiritual and creative competences. In other words, a full-fledged middle class should feel the need for self-realisation and investment, which implies a certain social significance.

List

### the most common administrative offences, in the opinion of businessmen, by unfair competitors and provided for measure of responsibility under the Code of the Russian Federation on Administrative Offences [3]

Name of offence	Punishment	Note
Violation of the established deadline for submitting an application for registration with a tax authority	a fine from 500 to 1000 roubles.	Clause 1 of Article 15.3 of the Code of Administrative Offences
Violation of the established deadline for submitting an application for registration with a tax authority, associated with conducting activities without registration with a tax authority	fine from 2000 to 3000 roubles.	Clause 2 of Article 15.3 of the Code of Administrative Offences
Failure to submit (not reporting) information required for tax control	a fine from 100 to 300 roubles.	Art.15.6 of the Code of Administrative Offences
Evasion from or improper execution of an employment contract or conclusion of a civil law contract actually regulating labour relations between the employee and the employer	a fine from 5000 to 10000 roubles.	Clause 4 of Article 5.27 of the Code of Administrative Offences
Engaging in entrepreneurial activity without state registration or without a special permit (licence)	a fine from 500 to 2000 roubles.	Clause 1, Article 14.1. of the Code of Administrative Offences
Carrying out entrepreneurial activities without a special permit (licence), if such permit (licence) is mandatory (compulsory)	a fine from 2,000 to 2,500 roubles.	Clause 2 of Article 14.1 of the Code of Administrative Offences
Carrying out business activities in gross violation of the requirements and conditions stipulated by a special permit (licence),	a fine from 4000 to 8000 roubles.	Clause 4 of Article 14.1 of the Code of Administrative Offences
Violation of the rules of passenger and luggage carriage by passenger taxi	fine from 1000 to 3000 roubles.	Art.11.14.1 of the Code of Administrative Offences
Actually conducting unregistered business activities for more than 90 days	a fine of 20% of the income extracted by the citizen, but not less than 40,000 roubles.	Articles 116 and 117 of the Tax Code
Sale of goods, performance of work or provision of services to the public of inadequate quality or in violation of the	fine from 1000 to 2000 roubles.	Art.14.4 of the Code of

requirements established by the legislation of the Russian Federation		Administrative Offences
Illegal sale of goods (other things), the free realisation of which is prohibited or restricted	a fine of 1,500 to 2,000 roubles with or without confiscation	Art.14.2 of the Code of Administrative Offences
Violation of the rules for the sale of certain types of goods	fine from 300 to 1000 roubles.	Art.14.15 of the Code of Administrative Offences
Consumer fraud	a fine from 3000 to 5000 roubles.	Art.14.7 of the Code of Administrative Offences
Illegal use of means of individualisation of goods (works, services)	a fine from 5000 to 10000 roubles.	Art.14.10 of the Code of Administrative Offences

# Approximate list of disciplines to be studied

# for the direction "Entrepreneurship", without taking into account the number of hours

		Total
No.	Name of discipline	number of
n/a		hours
1	Accounting	H1
2	Taxes and tax system	H2
3	Financial and economic analysis of the company	H3
4	Fundamentals of economic and social forecasting in market conditions	H4
5	Business planning	H5
6	Organisation and work in a start-up (start-up)	H6
7	Time management and delegation of authority	H7
8	Economic geography	H8
9	Modern information technologies in economics	H9
10	Strategic financial management	H10
11	Risk management	H11
12	Logistics and supply chain management	H12
13	History of economics and entrepreneurship	H13
14	Fundamentals of state and municipal administration	H14
15	Personnel management	H15
16	Basics of office management	H16
17	Fundamentals of professional communications	H17
18	Culture of speech and business communication	H18
19	Constitutional Law of Russia	H19
20	Entrepreneurial Law. Legal foundations of entrepreneurship	H20
21	Fundamentals of Russian labour legislation	H21
22	Industrial practice	H22

Source: author's elaboration

The main feature of the programme: for some disciplines, instead of theoretical credits and exams, the student presents his/her own business project (business plan) for defence, which can form the basis of the final qualification (diploma) work. The final result of the thesis should be a business that generates income.