

**PROBLEMS OF SMALL BUSINESS DEVELOPMENT IN NABEREZHNYE CHELNY (RUSSIA,
REPUBLIC OF TATARSTAN)**

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Abstract. The paper presents an analysis of the development of small business on the example of logistic centers (warehouses) in Naberezhnye Chelny.

Any company can “develop” more than 50 percent of the regional market volume, for any position, if “it is not established that, despite exceeding the specified value, the position of the economic entity in the commodity market is not dominant”. Here a debatable moment arises about the “ambiguous” understanding of making either a favorable or harmful decision (Gabdullin, 2016).

In our country, much is said about supporting small business; there are federal and regional programs. There is also an understanding of what kind of small business it is and why it is needed. There are many definitions of small business. Each country has certain criteria for evaluating small businesses. The main thing is that the goal of small business is to increase the number of jobs, not just to occupy people, but also to multiply the country's human resources. It should be borne in mind that small businesses are more responsive to local business conditions. Another important aspect of small business in the regions is their isolation in the presented region and development will cause demand for local warehouses, no matter of what class, type and size.

Keywords: warehouses, protection of competition, dominant position, small business, spiral.

1. INTRODUCTION

The famous school of economic theory is based on the name and works by D.M. Keynes, who lived and worked from 1883 to 1946. During the Great Depression in America in the 1930s, D.M. Keynes finished and published his work "The General Theory of Employment, Interest and Money", which revealed the problem of finding a way out of the deepest crisis of overcoming mass unemployment and creating conditions for production growth.

D.M. Keynes substantiated the fact that stimulation and activation of the total demand makes it possible to influence the expansion of reproduction and, accordingly, the supply of goods (services). Further, it is necessary to give, according to Keynes theory, an important meaning to investment. The increase in investments increases the pace and scale of production (Gabdullin, 2016).

An important point is that "Keynes' theory provides for active government intervention in economic life. Keynes's theory does not believe in market self-regulation and states the need of government intervention to ensure normal growth and achieve economic equilibrium." (Gabdullin, 2016) Consequently, there must be laws that regulate markets. One of them is Federal Law No. 135 "On Protection of Competition".

Let's analyze how the Federal Law No. 135 "On Protection of Competition" affects the current state of warehouses in the regions.

A modern warehouse now is a complex information and technical and expensive system with a good infrastructure for the transformation of material flows. That is, a lot of investment is needed. But in fact the regional economies do not have the opportunity to build modern warehouse (logistics) complexes due to lack of demand. Network retailers (dealers) of federal scale (for example, Magnit, X5, Eldorado, etc.) work on the transit scheme of supplying their stores, which involves a central transit warehouse and direct delivery to stores of retail chains in the regions. The transit principle of delivery rejects regional warehouses. This is facilitated by the progressive development of information technology and technical means.

Let's analyze one of the regional examples. According to the results of the author's research, as a participant of the 1st stage of the project "Strategy of social and economic development of the city of

Naberezhnye Chelny up to 2030", which was not included in the final report, about 36 firms with branches and representative offices in the form of LLC are individual entrepreneur engaged in provision of warehouse services in Naberezhnye Chelny. Studies were conducted on the presence or absence of storage spaces (areas). Studies have shown the presence of such areas in 70% of warehouses (almost empty warehouses), and 16% provided no data (refused to poll).

There happens to be a crisis, but what will happen to some of them, since the French chain construction hypermarke "Leroy Merlin" also opened with transit delivery of goods without need for local warehouses? They will have to leave the market. Hypermarket "Megastroy" at some point ousted many small companies dealing with building materials with their own warehouses. There is a process of globalization that rejects regional warehouses.

2. METHODS

There is a problem of monopolizing markets. Federal Law No. 135-FZ of July 26, 2006 "On Protection of Competition" (as amended and supplemented) explains the dominant position as follows. Article 5 on the dominant position:

1. The dominant position is the position of the economic entity (group of persons) or of several economic entities (groups of persons) on the market of a particular product, which gives such an economic entity (group of persons) or such economic entities (groups of persons) the ability to exert a decisive influence on the general conditions of circulation of goods on the relevant product market, and (or) to remove from this commodity market other economic entities, and (or) to impede access to this commodity market to other economic entities. The position of an economic entity (with the exception of a financial institution) is recognized as dominant:

1) the share of which on the market of a certain product exceeds fifty percent, unless it is found in the case of violation of the antimonopoly law or in the exercise of state control over economic concentration that, despite exceeding this value, the position of the economic entity in the commodity market is not dominant;

2) the share of which on the market of a certain product is less than fifty percent, if the dominant

position of such an economic entity is established by the antimonopoly authority on the basis of the constant or subject to minor changes in the share of the economic entity in the commodity market, the relative size of shares in this commodity market belonging to competitors, on this commodity market of new competitors or proceeding from other criteria characterizing the commodity market (Gabdullin, 2015).

2. The position of an economic entity (with the exception of a financial institution), whose share in the market of a certain commodity does not exceed thirty five percent, cannot be recognized as dominant, with the exception of the cases specified in parts 3, 6 and 6.1 of this article (Gabdullin, 2015).

Any company can “develop” more than 50 percent of the regional market volume, for any position, if “it is not established that, despite exceeding the specified value, the position of the economic entity in the commodity market is not dominant (Gabdullin, 2015)”. Here a debatable moment arise about the “ambiguous” understanding of making either a favorable or harmful decision.

Does this lead to monopolization of the markets of food products, goods, construction materials? According to the economic theory, the monopolist needs the centralization of power and flows. Centralization in turn will lead to the reason for zero demand of regional warehouses, since it prefers the delivery system through transit warehouses. There is a question “what to do”. But there is more negative points.

The process of ousting regional warehouses from the market can be represented in the form of a spiral-conical decrease in the volume of processing of goods by regional warehouses (Figure).

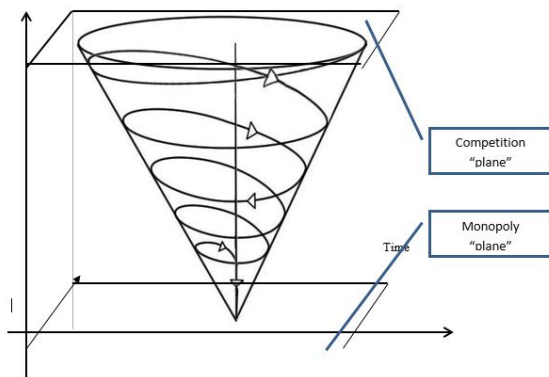


Figure. Spiral decrease in the volume of processing of goods by regional warehouses (retail monopolization).

Based on Figure 1, we can note the tendency of spiral-conus reduction in the demand for regional warehouses (both in terms of cargo handling and the number of warehouses), and small (medium) regional business. At the same time, this figure shows how, partly due to the imperfection of laws and regulations, the share of network companies in the regions that work on the transit scheme of delivery of goods increases without involving regional warehouses and small businesses.

The spiral cone shape is caused by the fact that each unit of reduced volume sold by the small business of the region causes a large lack of demand for regional volume of cargo processing and local storage, which in turn “frees up” more sales for multilevel companies, and so to a partial monopolization of the market by multilevel companies in all sales segments.

The ideal option of pure competition according to the figure is the lack of a multilevel distribution principle (which is highly inefficient), and a negative option is one monopolist in the market. Here antimonopoly (antitrust) regulation laws should apply based on the best world experience. The model of spiral-cone dependence in the future will allow calculating the optimal variant of the combination of different models of the distribution system. This is possible and in demand.

3. RESULTS

In the US, antimonopoly legislation was called “antitrust legislation”. It was adopted already in 1890 as “Sherman's law”. By the way, this was the first antitrust law in the world. Under this law, cartel agreements are prohibited; it was sufficient to prove that a secret agreement has been made and required no evidences of the loss incurred. According to patents, the US antitrust law recognizes patent law, but limits the abuse of this right, which can lead to monopolization of the market and adversely affect competition.

A distinctive feature of the US antitrust legislation is the possibility of two ways of its implementation, namely judicial-legislative and administrative. The law provides for prosecution and punishment for violation of the US antitrust laws.

Based on the analysis of sources, it is possible to note the peculiarities of antimonopoly regulation bases of different countries. Here are examples:

-in France and Italy, general rules of civil law and antitrust laws apply;

- the United States and Great Britain use antitrust, antimonopoly and judicial laws;

- in the Federal Republic of Germany, Switzerland, Spain, Austria, Canada, separate antimonopoly laws apply.

The EU Commission, the European Council of Ministers carry out antimonopoly legislation at the European level (Gabdullin, 2016).

The principles of antitrust European law are:

- regulation of natural monopolies;

- prohibition of monopolies;

In accordance with the first principle, the establishment of a monopoly is not prohibited, if its activity does not contradict the antimonopoly legislation. On the basis of the second principle, a monopoly is prohibited if it seeks to take a monopoly position on the market.

In the legislation of European countries, the dominant enterprise is one that:

- occupies 25% of a particular product market in France;

- occupies 25% of the market in Great Britain;

- has the volume of sales exceeding 50% or two enterprises with a sales volume of 75% in Japan;

- 33% or at least 2/3 of the total market turnover in Germany.

The activities of natural monopolies in Japan are regulated by the state. In accordance with the industry specifics, it regulates the pricing process and the conditions for access to the market where natural monopolies exist (Soloviova, n. d).

The commercial code of the Japanese state has standards and norms of relations between the main company and the structural subdivisions, based on the degree of participation in management and capital. One of the highlights of the Japanese

antimonopoly legislation is that holding companies, including foreign ones, are prohibited on the territory of the country.

Thus, a brief analysis shows that the antimonopoly and antitrust laws of Japan, European countries and the United States have their own characteristics, are well-elaborated, and economically justified for years.

4. SUMMARY

In Russia, there are tax breaks on the incomes of small businesses, but practice shows that they are not enough. Support from the state is needed. An important place is occupied by warehouse complexes, because regional small business cannot be imagined without its own warehouse. History shows that small businesses have their own merits. It is mobile, able to adapt to changes in the market environment, has a great potential for instant saturation of the market with necessary goods, and does not require large amounts of initial investment to start work.

5. DISCUSSION

In our country, much is said about supporting small business; there are federal and regional programs. There is also an understanding of what kind of small business it is and why it is needed. There are many definitions of small business. Each country has certain criteria for evaluating small businesses. The main thing is that the goal of small business is to increase the number of jobs, not just to occupy people, but also to multiply the country's human resources. It should be borne in mind that small businesses are more responsive to local business conditions. Another important aspect of small business in the regions is their isolation in the presented region and development will cause demand for local warehouses, no matter of what class, type and size.

The following is suggested for solving the problem of absence of demand for warehouses in the regions:

1. The limiting value of the dominant position of an economic entity (firm) in the market should not be more than thirty-five percent, and what is important - without "reservations and exceptions". This does not apply to natural monopolies.

2. Restrict the entry of multilevel companies into cities (towns), providing the opportunity to small or medium local companies,

etc. to sale food (goods, materials). Multilevel companies can build supermarkets beyond the city limits.

3. Subsidize projects for the construction and development of warehouses in the regions.

4. Support small regional business benefits, laws, regulations, simplify the requirements for them (Gabdullin, 2016).

Russia is already a country with a market economy. Singapore became the advanced world center from the agrarian state within 30 years, while we started transformations in 90s. Small business should be perceived as a firm that forms employment, rather than a taxable base. The development of small business will lead to demand for warehouse complexes in regions, for example, of different types and sizes.

An effective vision has several important distinguishing features. It should not be static, but evolutionary. The system of values that it reflects should have both implicit and explicit components. It can never be fully achieved, that is, there are always some areas of tension between what is realized and what can be achieved. And most importantly, it features high energy, is clearly formulated, consistent, inspires and energizes (Efremova & Gabdullin, 2016).

Having drawn a conclusion, it can be noted that "all this was presented not to find mistakes, but to try to find new "impetuses" for development (Efremova, Gabdullin & Bikulov, 2016).

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