

# Impact Of The Covid-19 Pandemic On Russian Small And Medium Businesses

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## Abstract

The paper considers small and medium-sized businesses as one of the foundations of the national economy of Russia, determines the contribution of SMEs to the formation of the country's GDP. The authors identify the systemic reasons for the imbalance in the internal structure of the Russian economy in the pre-pandemic period, shows the main risks and challenges of business entities during the lockdown period, analyzes the effectiveness of state support measures, proposed measures to increase the competitiveness and sustainability of SMEs in the period of overcoming the crisis.

**Keywords:** business support, development of small and medium-sized businesses, pandemic, economic turbulence, regional support program, administrative pressure, non-tax burden.

## Introduction

The generalized experience of the functioning of national economies over the past decades clearly demonstrates to us the fact that, in the new century, small and medium-sized businesses (SMEs) have become an integral part of the foundation of the economic system of the vast majority of modern states and the most common ways of conducting economic activities of economic agents. Today, there is no unified and generally accepted system for identifying SMEs in the world, and each country establishes a list of relevant criteria independently, based on the specifics and characteristics of the national economy, but they are always based on restrictions on capitalization, turnover, or the number of employees. According to UN experts, at the beginning of 2021, about 90% of all enterprises carrying out their financial and economic

activities in the global world market and providing employment for about 70% of the working-age population can be attributed to the sphere of small and medium-sized businesses, and their consolidated contribution to the formation world GDP is stable at the level of 50% [1, 3, 4, 21]. Due to the initially inherent internal properties and qualities (flexibility, adaptability, etc.), SMEs today most effectively ensure the saturation of markets with goods and services, having a decisive influence on the formation of a competitive environment for a significant part of the industries and spheres of the world economy, while simultaneously effectively solving the problem of employment of the population and acting as a guarantor of social stability of society. Analysis of the results of the development of the economies of the USA, Japan, Brazil, China, Turkey, South Korea, and Western Europe in the pre-pandemic

period revealed a clear tendency for the dominance of small and medium-sized businesses in the processes of bringing new products and services to world markets with higher consumer qualities based on the introduction of innovative and digital technologies. All of the above allows us, quite reasonably, to include small and medium-sized businesses among the main growth drivers of the modern world economy and factors that ensure its stability and reliability. The share of

representatives of small and medium-sized businesses in the GDP of a particular state varies widely (Fig. 1) and directly depends on the structure of the national economy, existing historical traditions, geographical location, peculiarities of the state structure and specifics of legislation, as well as the general state of the economic environment that determines financial and economic life of a particular country.

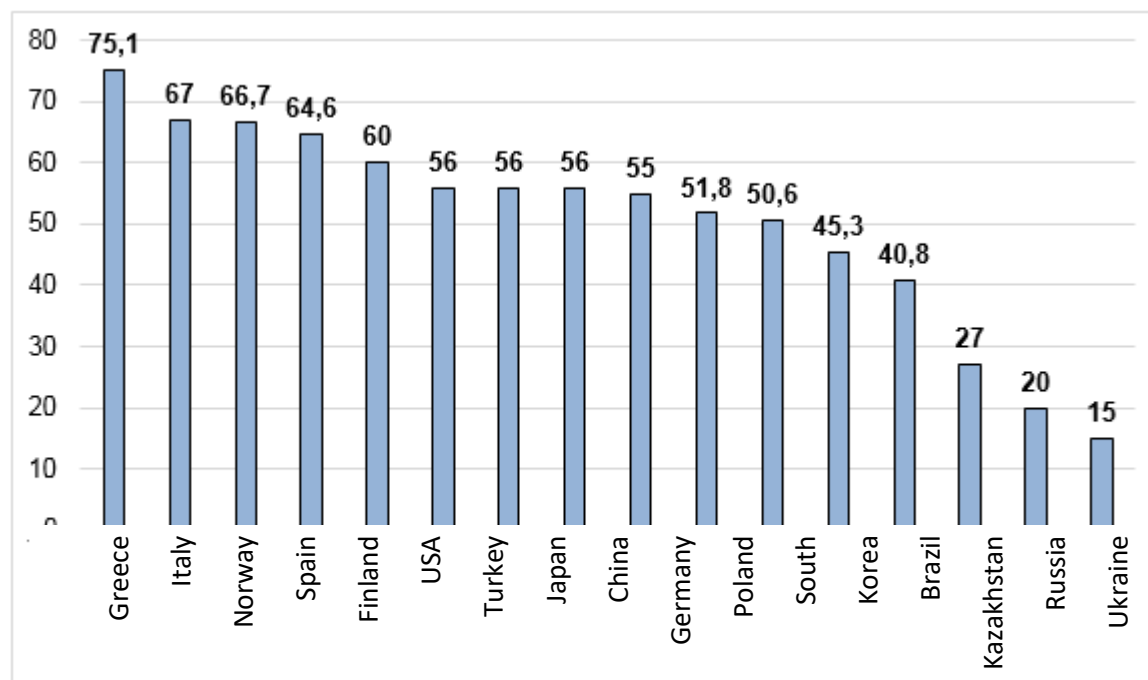


Fig. 1. Share of small and medium-sized businesses in GDP in 2020, %.

As can be seen from Figure 1, the contribution of Russian SMEs to the formation of GDP is at the level of 20% and is the smallest in terms of volume among countries with developed national economies, which, on the one hand, indicates the existence of certain imbalances in the structure of the national economy and the absence of a favorable business climate, and, on the other, it is about the presence of significant reserves and potential in the economic system of Russia for the development of the sphere of small and medium-sized businesses.

The communist ideology prevailing in the country until 1991 formed a negative attitude towards entrepreneurship in society,

and after the collapse of the Soviet Union, only a small part of Russians was mentally ready to start their own business, and all the more so effectively carry out economic activities in a fundamentally different socio-economic system. Without deep historical roots, the culture of Russian entrepreneurship, since the beginning of the 90s, began to gradually take shape on the basis of a still rather meager business experience, and business entities went through a learning process, which is called “on their own mistakes”, mastering the necessary professional skills and competencies directly in the process of carrying out economic activities. The training system that existed in Russia at that

time also could not fully satisfy the request of representatives of the business community for professional education, since the educational programs existing at that time for the most part did not meet the real needs of entrepreneurs and did not always adequately reflect the actual socio-economic and legal reality.

Although the Gaidar reforms carried out exclusively “from above” irrevocably put the Russian economy “on a market track”, the authorities were unable to completely eliminate the contradictions between the established mentality of a significant part of Russians and the opening opportunities for organizing and running their own business. Analyzing this situation, the Nobel laureate in economics Douglas Cecil North noted the fact that if “laws can be changed in a short time, then informal norms change gradually and namely these norms create a legitimate basis for the operation of laws” [15]. These reasons, in our opinion, explain the low legitimacy of Russian entrepreneurship and the categorical reluctance of 67% of citizens to start their own business in the pre-pandemic period [34].

Rosstat just four years ago began calculating the indicators of the share of SMEs in Russia's GDP, which in 2017 was 22%, in 2018 - 20.4%, and in 2019 - 20.6% [18]. A clearly manifested trend of a decrease in the contribution of small and medium-sized businesses to the country's GDP, a decrease in their business activity index (RSBI) to 50% [14], and a clear trend for the annual, starting in 2016, decrease in the number of SMEs by 6-10% [5], eloquently indicate that in the pre-crisis 2019, this sector of the economy came close to stagnation, and the measures taken by the Government of the Russian Federation to support SMEs could not ensure the achievement of the previously announced parameters. In particular, based on the results of economic activity in 2019, it was planned to bring the share of SMEs in Russian GDP to 22.9%, and in 2020 - to increase to 23.5% [29].

In our opinion, for an objective analysis of the impact of the COVID-19 pandemic both

on the Russian economy as a whole, and on the sphere of small and medium-sized businesses, it is necessary to take the results of financial and economic activities for 2019 as a starting point. At the same time, in our opinion, it is necessary to take into account the fact that Russian small and medium-sized businesses are faced with the COVID-19 pandemic having in their ‘luggage’ a significant number of unresolved systemic contradictions, which means that for an objective assessment of the changes in the economic system that have appeared in 2020, it is necessary to separate the newly emerged purely medical “anti-pandemic” factors and pre-existing fundamental problems of SMEs, such as investment passivity, an unjustifiably high level and complicated taxation system, insufficient demand in the domestic market, lack of qualified specialists, lack of access to borrowed resources, etc. The onset of the pandemic, first of all, exposed the previously existing internal dissonance of the Russian economic system, and only then created new challenges for business and set additional barriers to development, the most painful of which turned out to be a lockdown, which led to a 50% reduction in already relatively limited daily expenses of Russians [7], and for many months actually zeroed the incomes of a significant part of the SME spheres.

Covid-19 qualitatively increased the economic risks for small and medium-sized businesses, intensified competition among existing business entities many times, and clearly demonstrated that namely SMEs, due to the lack of the necessary safety margin, first of all lose their viability and leave the markets. According to the calculations of the National Rating Agency, the total revenue of SMEs in 2020 fell by 2.8 trillion rubles [33], and at the peak of the pandemic, 56% of enterprises in this area suspended their work [7]. According to the Unified Register of Small and Medium-Sized Businesses of the Federal Tax Service, as of January 10, 2021, 5,684,561 entities were registered in Russia, which is 3.9% less than in the previous 2020, and most significantly, by

6.2% to 2,371,915 the number of legal entities decreased and only for 2.2% to 3,312,646 the number of individual entrepreneurs decreased. At the same time, the FTS recorded an increase of 1.1% in the number of people employed in this segment of the economy, the number of employees of which in 2020 amounted to 15,491,144 people [33].

In our opinion, the above statistical data of the Federal Tax Service does not quite accurately reflect the real picture of the state of small and medium-sized businesses in Russia and need, if not certain adjustments, then at least some explanations. In our opinion, in order to obtain data that correspond to the realities, it is necessary to exclude from the total number of registered business entities those who actually ceased their financial and economic activities in 2020 without notifying the relevant state bodies and without going through the liquidation procedure provided for by law. According to our estimates, the number of such SMEs ranges from 550,000 to 600,000 and amounts to 10–11% of the total number of registered entrepreneurs, which clearly goes beyond the arithmetic error and is essential for an objective analysis of the Russian business environment. In addition, according to the Center for Strategic Research, up to 28% of all Russian companies in 2020, due to a sharp deterioration in their financial condition, were exposed to the risk of bankruptcy [32] and only the moratorium introduced by the Government of the Russian Federation made it possible to postpone this process, postponing the procedure until 2021 year, in which we are obviously expecting an “explosive” growth in the number of bankruptcies of business structures, which, in fact, will mean only the legal registration of a significant number of entities that have actually left the market in 2020.

Particularly, in our opinion, it is necessary to pay attention to the fact that in 2020, according to the Federal Tax Service of the Russian Federation, the number of officially employed in the sphere of SMEs increased by 1.1%, which contradicts real economic practice

and information received by us directly from business structures. It is unlikely that the termination of the activities of almost 70 thousand individual entrepreneurs and 140 thousand SME legal entities with even minimal management personnel could actually increase employment in this area by 170 thousand people. It seems to us that this situation is explained by the fact that a certain part of economic entities, in order to obtain the established government measures of targeted support during the pandemic period (write-off of bad loans, etc.), introduced inaccurate information into their reporting documents, deliberately overestimating the number of personnel. The authors of this work rather share the assessment of the Center for Strategic Research (CSR), which announced a decrease in the number of people employed in small and medium-sized businesses by 1.1 million people in the past year [32], which, in principle, correlates with more than 200 thousand SMEs leaving the Russian market during the same time.

To increase the reliability of the analysis of the SME business environment, in our opinion, it is also necessary to take into account the factor of the presence of an “informal sector” in the Russian economy, which has a significant impact on the markets and business processes in this area. According to a number of analysts, today every fourth Russian employed in the economy (and this is about 15 million people) is in the “shadow”, i.e., conducts economic activities illegally and outside the national legal field, while the consolidated volume of the “informal sector” is estimated by experts at the level of 12–13% of Russia's GDP [30]. It should be borne in mind that “gray” business almost 100% “plays” in the field of small and medium-sized businesses, receiving significant preferences and competitive advantages due to evasion of social responsibilities and the complete absence of tax and fiscal burdens. At the same time, while carrying out their activities in the same markets with officially registered economic entities,

representatives of the “informal sector” were able, in our opinion, to more effectively overcome the administrative restrictions and barriers imposed due to the pandemic, as the absence of an official status excludes any legal communications with the state, which, in turn, deprives the latter of the opportunity to exercise any effective control over the processes taking place in this segment of the economy. At the same time, the “reverse side of the coin” of the illegal status of “gray” business was the lack of an opportunity to receive any state support during a pandemic, which, as it seems to us, will insignificantly affect the “informal sector” of the economy, traditionally based in its development on their internal resources and potentials.

### Methods

The article uses the methods of macroeconomic and structural analysis, the theory of market segments and government regulation. The theoretical basis of the study, in addition to publications in the field of macroeconomics, was the regulatory and legal literature, as well as materials from periodicals and statistical reports, publications devoted to the peculiarities of the development of small and medium business in Russia, as well as the achievements and shortcomings of the system of state support for entrepreneurship. The study is based on the fundamental and applied works of scientists on the problems of small and medium-sized businesses in the context of globalization, on the fundamental provisions of the theory of a transition economy, regional economy, as well as on the program developments by federal and regional authorities in the field of supporting the development of small and medium-sized businesses.

### Results

Obviously, due to the disproportionality of the structure of the economic system and the prevalence of large companies and public sector enterprises with relatively high economic stability and reliability in it, the Russian

economy turned out to be less sensitive to the global crisis in 2020 than most countries. The pandemic and the restrictive measures introduced in connection with it around the world primarily affected the spheres of small and medium-sized businesses, whose role in the formation of Russian GDP is not yet decisive. However, due to their high social value, namely SMEs and individual entrepreneurs became the main recipients of state anti-crisis support in 2020, for which, according to the statement of the President of the Russian Federation V.V. Putin allocated 1 trillion rubles of budgetary funds [23], and the Ministry of Finance has estimated the scale of anti-crisis stimulation in this area at 4.5% of GDP. At the same time, despite the significant amount of allocated financial resources, Russia turned out to be an outsider among the G20 countries, which, according to the IMF, allocated for anti-crisis programs from 5.9% (group of countries with developing economies) to 20.2% (countries with developed economies) of their GDP [30].

Due to the federal structure of the Russian state and the distribution of state powers between the federal center, constituent entities of the federation and municipalities, the declared “anti-COVID” measures of state support for SMEs, with a greater or lesser degree of efficiency, were implemented both through the Government of the Russian Federation and through the channels of regional and municipal authorities, which bear the main burden of countering the COVID-19 epidemic, as well as combating the negative socio-economic consequences of its spread. Against the backdrop of the unfolding pandemic, in March 2020, a temporary decentralization of power was carried out and regional leaders were endowed with additional powers, allowing them to impose restrictions on the movement of citizens and transport in their territories, as well as to suspend the work of all enterprises, regardless of their organizational and legal form, including the activities of individual entrepreneurs. The heads of Russian subjects had to find the most optimal ratio of the

restrictive “anti-COVID” measures being carried out, allowing them to successfully resist the epidemic, and the requests of economic agents for the opportunity to conduct their economic activities during a pandemic, since namely the lockdown and the uncertainty with the duration of quarantine measures, in our opinion, have become the main barrier for Russian entrepreneurship. All regions, based on the level of morbidity of the population and the structure of the economy, practically in the “manual mode” independently determined a set of “anti-pandemic” measures and a list of imposed restrictions, which were subsequently constantly adjusted taking into account changes in the epidemiological situation in the respective territories. It seems to us, we can objectively determine how successfully the authorities of certain regions coped with this difficult task, only after the final victory over the coronavirus infection throughout Russia and assessing the results of economic activities of economic agents over the entire pandemic period. However, already today, we can talk about some, in our opinion, successful decisions of the heads of the subjects of the federation, which had a positive impact on the socio-economic situation. In particular, the leadership of Tatarstan, contrary to the tendency for the introduction of a general lockdown in March-April last year, did not stop the construction industry and the agricultural sector for a single day, which allowed the republic in 2020, against the background of a 4% reduction in GRP, to maintain the same scale of capital construction and increase the volume of agricultural production by 3.1% [28].

Today, almost all constituent entities of the Russian Federation have developed and are implementing their own anti-crisis programs to support small and medium-sized businesses, providing, in addition to measures of federal assistance to entrepreneurs, regional preferences and tax incentives [6, 9]. Thus, Tatarstan, having received 482.3 million rubles from the federal budget in 2020 to support SMEs, additionally allocated more than 2

billion rubles for these purposes from own funds [24], using the mechanisms of concessional lending, guarantees and subsidizing the interest rate for the spheres of small and medium-sized businesses most affected by the pandemic. In particular, a unique program of subsidizing 100% of the cost of food and food delivery during the lockdown period to delivery aggregators was implemented in the republic, which made it possible to save a significant number of jobs and more than 100 enterprises working in public catering and trade.

However, despite the measures of state support taken in 2020, more than 3.6 thousand SMEs or 2.33% of the total number of entrepreneurs registered in the region voluntarily left the Tatarstan market [24]. The most affected was the service sector, catering, tourism, as well as the hotel and entertainment businesses directly related to it. In a region that is quite “promoted” in the tourism aspect, due to the taken “anti-pandemic” measures and restrictions in 2020, there was a decrease in the flow of domestic tourism by more than 45%, and international tourism was practically zeroed [35], which certainly had a negative impact on income of a significant part of small and medium-sized businesses. In the past year, due to the lack of reserves and own circulating assets, the number of loans for SMEs working in the Republic of Tatarstan increased by 80% [24], and the most significant part of them was demanded by small businesses striving to maintain their position in the markets at any cost.

In order to monitor the state of the business environment and record the assessment of measures of state anti-crisis support from the business community, the authors of this work in January 2021 took part in a sociological survey of more than 700 representatives of small and medium-sized businesses from Kazan, Naberezhnye Chelny, Nizhnekamsk, and 9 municipalities of the Republic Tatarstan.

Assessing the impact of coronavirus restrictions on the results of financial and

economic activities in 2020, 31.8% of entrepreneurs reported that the pandemic did not affect their business in any way, 64.6% of entrepreneurs faced a significant reduction in

income and layoffs of employees, and only 3.6% of those surveyed appeared able to increase their turnover, expand their client base, and increase their income (Fig. 2).

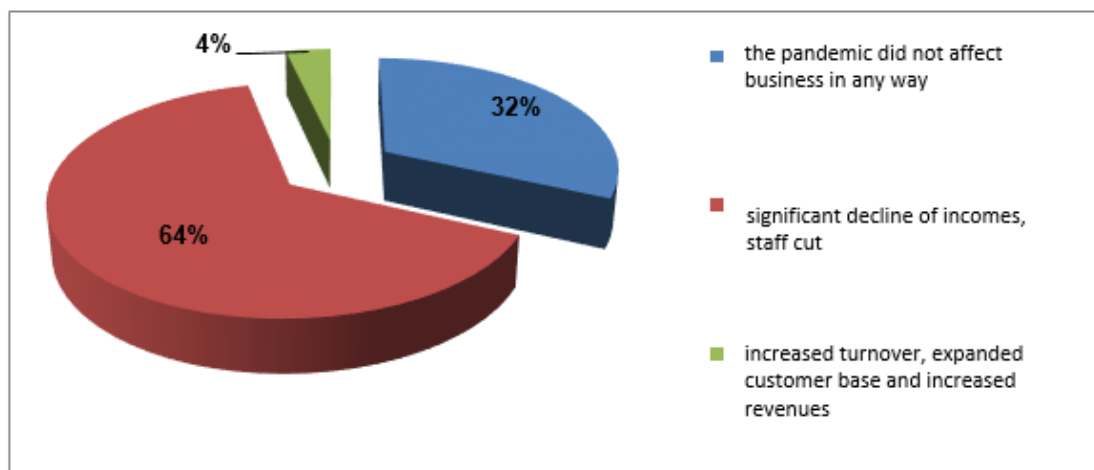


Fig. 2. The impact of the pandemic on the efficiency of financial and economic activities of SMEs in 2020, %.

As a result of the analysis of the degree of accessibility of the declared measures of state assistance to SMEs, it turned out that only 28% of respondents were able to procure it in the declared amount; 17% of survey participants did not apply for it to government agencies in principle, and 55% of respondents were not able to get it due to the imperfection of the current legislation and a significant number of

bureaucratic barriers (Fig. 3). In particular, SMEs, which, as of March 1, 2020, although actually worked in the spheres and industries designated by the state, but did not timely make the necessary changes to the Unified State Register of Legal Entities in the Unified State Register of Legal Entities, in accordance with the OKVED, were deprived of the declared support.

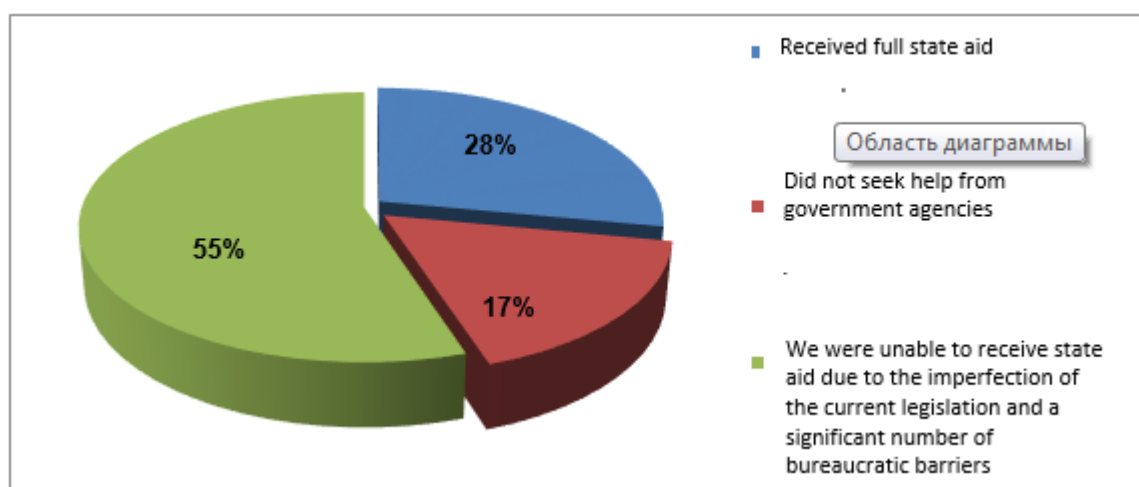


Fig. 3. Share of SMEs that received government support in 2020, %.

As the survey results show, only 38% of the participants assess the government's efforts to support SMEs positively, 32% of the respondents consider them clearly insufficient,

29% gave them a categorically negative assessment, and 1% simply found it difficult to answer the question (Fig. 4).

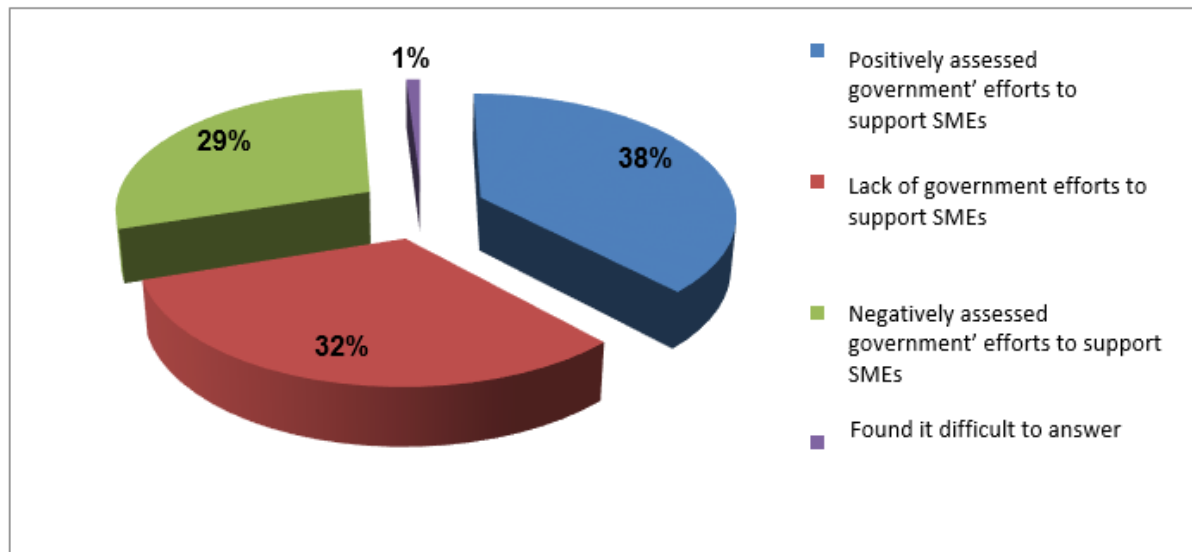


Fig. 4. SMEs' assessment of state support measures during a pandemic in 2020, %.

Analyzing the results of the survey, we managed to form a kind of register of "requests and expectations" of the business community in

the pandemic period, filling them in the appropriate table (Table 1).

Table 1 Expectations of SMEs for State Support Measures within the Anti-Crisis Program during the Pandemic Period

No.	Planned measures	Percentage of the total number of respondents
1.	Writing off tax debts and other obligations to the state during the pandemic	98.2
2.	The transition from the practice of the target state support of individual, promising from the point of view of the state, industries, to providing assistance to all SMEs without exception	96
3.	Establishing a moratorium for the period of a pandemic on the introduction of any new requirements and standards that are not directly related to countering the epidemic, increasing the non-tax burden of SMEs (labeling of drinking water, labeling of medicines, etc.)	94
4.	Reducing administrative pressure on SMEs, refusal of regional and municipal authorities from the methods of "manual management" in relations with SMEs	92
5.	Bringing the tax system and current legislation in line with the requirements and realities of the post-pandemic economy and federal structure of Russia	86



6.	Preservation of state support measures for SMEs in 2021 until the end of the pandemic	86
7.	Ensuring equal access for SMEs to state and municipal orders, introducing mandatory quotas for individual entrepreneurs and SMEs	81
8..	Stepping up the fight against corruption	78
9.	Introduction of measures of tax and economic incentives for non-state financial and credit institutions that successfully cooperate with SMEs	62
10.	Further reform of the judicial system, allowing SMEs to more effectively protect their rights and interests	57

The limited format of this work provided an opportunity for the authors to highlight only certain and most significant, in our opinion, aspects of the stated topic. Without pretending to the completeness and comprehensiveness of the scientific research carried out, we will allow ourselves, based on the analysis of the results obtained, to draw a number of conclusions and formulate several comments and suggestions.

The impact of the Covid-19 pandemic on the global economy in general and the Russian economy in particular will be long-term and will cause inevitable transformations and changes in the entire complex of socio-economic and political processes taking place in the country, including a revision of the role and place of SMEs in the socio-economic system of Russia.

The economic crisis caused by the epidemic revealed the previously existing systemic problems and imbalances in the structure of the Russian economy, which impede not only its effective functioning in emergency situations, but also its further development in the context of unprecedentedly aggravated competition in world markets against the background of a pandemic.

Measures of state support for small and medium-sized businesses should be systemic in nature and be aimed at achieving general economic goals - increasing aggregate demand, overcoming the liquidity crisis, maintaining employment, etc.

The potential of small and medium-sized businesses still remains an underutilized resource for the growth of the Russian economy and in the post-pandemic period should become

the basis for its further development. In conditions when the incomes of the population in the past year fell by 3.5% to the level of 2010 [19] and the majority of citizens actually abandoned the consumption model and switched to the accumulation model, namely the SME sphere is able to create new jobs in a short time and provide if not growth, then at least preservation of the previous level and quality of life of a significant part of Russians.

Although state support for small and medium-sized businesses during the crisis period helped to a certain mitigation of the economic turbulence caused by the pandemic, the measures taken still could not fully neutralize all the negative effects caused by its fault [35]. At the same time, it should be borne in mind that the foundation of the economy of a modern state is not state injections, but the market, whose participants today expect from the state, first of all, to establish long-term 'rules of the game' and ensure a favorable business climate. It is important to amend the current legislation as soon as possible, adequately reflecting in it the entire range of socio-political changes caused by the COVID-19 epidemics.

The automation and digitalization of business processes that accelerated against the backdrop of the pandemic has led to the emergence of large players in the Russian markets traditionally occupied by SMEs, which successfully compete with small and medium-sized businesses and are gradually spreading their influence to small towns and settlements, actually 'clean' whole spheres of the economy from small businesses (grocery retail, catering, etc.). A striking example of this trend is the

experience of Sberbank, which, within the framework of its own digital ecosystem, in recent months has been quite successfully promoting such services as Sbermarket, SberFood, Kitchen in the District, SBERAPTEKA, and many others, taking control of a significant segment of the respective markets. It seems to us that such an “economic intervention” in the non-core spheres of such a large player, who has virtually unlimited financial and administrative resources at its disposal, will lead to unfair competition and the withdrawal from the markets of a significant number of SMEs, which will ultimately cause an increase in unemployment, will entail a decrease in the incomes of a significant part of the population, and provoke an exacerbation of social tension in society [10, 12, 13]. In order to avoid such a negative scenario of the development of events, in our opinion, already today, it is necessary to introduce legislative restrictions to ensure the presence of SMEs in the traditional spheres of the Russian economy, setting acceptable limits and determining the optimal quotas for their presence in the relevant markets.

## Discussion

In the context of increasing risks and the persistence of uncertainty caused by the pandemic, the state should facilitate the transfer of the maximum number of business procedures to a digital format and provide economic incentives for SMEs that effectively communicate with customers and partners based on digital technologies, allowing not only to protect staff from coronavirus infection and ensure business continuity, but also significantly reduce costs and evidently increase competitiveness.

The state, in our opinion, should prolong the “anti-pandemic” measures to support SMEs announced in 2020 until the epidemic ends and all “coronavirus” restrictions are lifted. At the same time, it is necessary to abandon the practice of targeted allocation of assistance to small and medium-sized business entities that

are extremely promising from the state's anguish and significantly expand the circle of recipients of state support, including in it in 2021 all entities that have retained their teams and continue to conduct their financial economic activity on the territory of the country.

The Russian experience in combating the negative consequences of the pandemic in the socio-economic sphere clearly demonstrates the significantly increased level of bureaucratization of the current system of state and municipal administration and objectively calls for the redistribution of state powers in favor of the constituent entities of the federation and municipalities. At the start of the administrative reform in the early 2000s, the federal center was endowed with about 5.5 thousand powers, which by the beginning of 2021 had increased to 14 thousand, which undoubtedly affects the efficiency of the entire system of Russian public administration. It is not for nothing that the representatives of the expert community recognized the timely and most effective measures to counter the pandemic that were taken at the federal and regional levels, which is called “manual mode”, breaking traditional ties and violating established procedures that sometimes require months of approval [25-26]. Practice has confirmed the expediency of empowering the heads of regions with additional powers, which ultimately made it possible to timely and more adequately respond to newly emerging “pandemic” challenges, promptly, without constantly looking back at the federal center, making management decisions dictated by the changing situation.

The results of the sociological survey of entrepreneurs confirmed the clearly insufficient role of municipalities in the implementation of programs of state support for SMEs. Practice has shown that, in fact, being the closest branch of government to business entities, the overwhelming majority of municipalities do not have at their disposal any effective financial instruments and do not have any significant

resources and mechanisms to provide effective assistance to small and medium-sized businesses limiting themselves, as a rule, only to the placement of a municipal order through competitive procedures. In our opinion, it is necessary to carry out work to strengthen the material, and financial base of municipalities by making changes to the current legislation and adjusting the existing tax system. In particular, the refusal of taxation at the place of registration and the transition to the principle of tax exemption at the place of value creation will qualitatively increase the economic interest of municipalities in the development of small and medium-sized businesses in their territories and will make it possible to more efficiently form the revenue side of the budget.

In addition, an analysis of business practice revealed a request for the creation of “small” municipal banks and the return of “medium” banks to the financial market, the number of which has significantly decreased in recent years not so much as a result of competition, but due to the optimization policy pursued by the Central Bank of the Russian Federation. As a result, the need of SMEs for loans to modernize their production and implement innovative development programs remains largely unfulfilled, and the current system of financial and credit institutions, for various objective and subjective reasons, is not able to fully satisfy the demand for affordable financial and credit resources formed in this area of the economy [27]. The course towards creation by banks of their own digital ecosystems, covering the traditional spheres of interests of a significant number of SMEs, objectively turns them from partners into competitors, drastically reducing the motivation of the banking sector to support entrepreneurial structures carrying out their financial and economic activities in the now common markets for all. In this regard, quite relevant, in our opinion, is the remark of the President of the Russian Federation V.V. Putin that “Sberbank, although it is an ecosystem, it is a bank in the first place” [22], which essentially called on the

banking sector to focus primarily on fulfilling its main function - ensuring the functioning and development of the Russian economy through the mechanism of providing loans and organizing an effective settlement system, thereby marking the boundaries of rational, from the point of view of the state, participation of financial and credit institutions in non-core activities for them.

## Conclusion

The majority of SMEs, due to the lack of the necessary experience and qualified personnel, in their financial and economic activities still rarely use alternative mechanisms and sources of financing – leasing, factoring, venture investments, etc., thereby significantly narrowing the financial base for its development.

Against the background of relative successes in the fight against coronavirus and the phased elimination of restrictive measures by the regions, the entrepreneurial community of the Republic of Tatarstan in January 2021 faced a shortage of qualified personnel, which primarily affected the service sector, catering, and construction. According to information received directly from survey participants, more than 30% of catering enterprises, despite the “explosive” demand for their services from the “pandemic-tired” population, in January-February 2021 were unable to fully restore the “pre-COVID” schedule of their work precisely because of the lack of the required number of specialists on the staff. According to the majority of respondents, the shortage of personnel in these areas of business was due to the “pandemic” closure of borders and the introduction of restrictions on the movement of CIS citizens in Russia traditionally employed in these industries, as well as due to the loss of the previously established motivation to work in a part of employees during the period of self-isolation, some of whom moved to the “gray” sector of the economy or became “professional” unemployed, while the other gave preference to

the newly emerging remote forms of labor organization.

Small and medium business, being one of the pillars of the Russian economy, is in constant dynamics and is permanently transformed under the influence of internal and external factors, which means that the task of studying it requires unremitting efforts from the expert and scientific communities to continuously conduct scientific research, and the authors hope making a certain contribution to it with the presented work.

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