

3.4. PRIORITIES OF SME SUPPORT

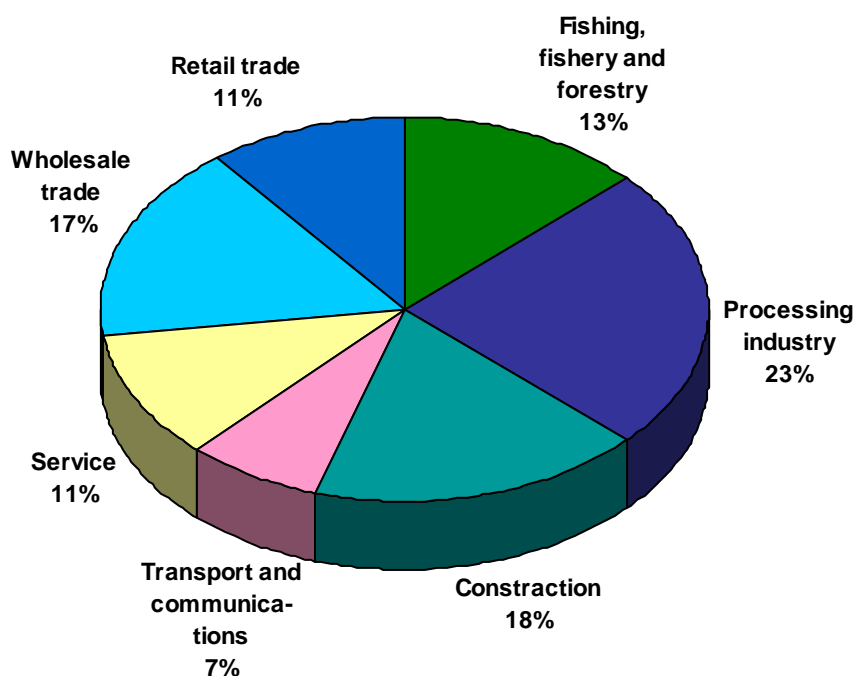
3.4.1. Characteristics of SME in Murmansk Oblast

On the January first of 2006 there were 3060 SMEs in Murmansk Oblast. Their estimated turnover was 12 billions rubles (108% compared with the previous year), specifically, the volume of shipments of the goods and services produced in Oblast was more than 3 billions rubles (107%), the volume of the sales of goods not manufactured in Oblast amounted to 9 billions rubles (109,9%). The essential growth of production was demonstrated by the enterprises producing rubber and plastic products, radio, TV and communication equipment, medical equipment, measurement instrumentation, optical equipment; vehicle repair and home appliances repair; communications, tourism and fishing industry.

The number of employees of SMEs (excluding individual entrepreneurs) constituted about 7% of the economically active population. There are 29,2 thousand full-time jobs and more than 3 part-time or contractual jobs. The sectoral distribution of the employees of the small-scale enterprises is presented at the diagram 3.17.

Diagram 3.17.

The sectoral structure of SMEs (by the number of employees) 2005, %.



In 2005 the contribution of SMEs into economy was following:

- 14.2% of the total volume of the goods shipped, works and services, provided by Oblast enterprises;
- 51.2% of the wholesale trade turnover;
- 45.2% of the truck haulage;
- 20% of the volume of construction;
- 5.5% of the turnover of catering

- the special tax proceeds amounted 5.5% of the revenues in local budgets;
- 25% of employed in the economy of Oblast.

The financial results of SME operations demonstrated the stabilization trend: revenues have increased two times. The number of unprofitable sectors has decreased. The volume of investment into SMEs has increased from 37.2 million rubles in the year 2000 to 250 millions of rubles in 2005, the volume of investment for the first half of the year 2006 was 329 millions of rubles.

Economic forecasts allow concluding that the input of the entrepreneurs into the development of the economy of Murmansk Oblast could be significantly increased by means of improvement of the quality of the entrepreneurship. There are some favorable market factors for this task: the increase of the buying power of population and related demand for goods and services at consumer market, and also the growth of production of goods and services for the large enterprises and municipal sector.

The estimated annual growth of the volume of consumer goods and services production by the subjects of the small-scale entrepreneurship is 12-16%. The estimated annual growth of the number

of the stably operating enterprises is 3 - 4%. It is forecasted that the annual growth of the tax proceeds from the small-scale entrepreneurship into budget will be 5 - 7%.

The share of employed at the small-scale enterprises will constitute about 35% - 40% of the total number employed because of the further privatization of the municipal enterprises, the development of outsourcing and the changes of legal norms for the small- and medium-scale entrepreneurship. The development of the small-scale entrepreneurship should significantly advance the role of the small-scale business in socio-economic development of Murmansk Oblast, besides reproduction and qualitative changes in this sphere, including:

- the saturation of the market with the high quality goods and services for acceptable prices;
- the growth of incomes and the degree of social protection of the small-scale business employees;
- the increase of the level of education of the entrepreneurs;
- the development of the cooperation in the small-scale business sector and also the cooperation of the small-scale business and large industrial enterprises;
- attracting investments in the economy of Murmansk Oblast.

The small-scale business in Murmansk Oblast encounters with the numerous problems and needs assistance for their successful resolution. The regional task program "The development of the small-scale entrepreneurship in 2005-2008" was developed for assisting small business to resolve its most important problems:

- High production costs.
- Low profitability.
- Administrative and market barriers.
- Low accessibility of financial resources.
- An access to real estate and equipment.
- The lack of qualified labor force and specialists.
- The problem of access to interregional and international markets.
- The lack of information

Priorities of the Regional task program "Development of SME in 2005-2008"

The main purpose of the Program is to increase the input of small-scale entrepreneurship into economy of Murmansk Oblast and to increase social responsibility of business.

The program sets following strategic directions for SME support:

- Providing conditions for business start-up
- Increasing efficiency and competitiveness of SME
- Developing of a partnership of the state and private enterprises
- Creating the network of interregional and international cooperation

The main directions of the program, providing the attainment of the strategic goals, are following:

The organizational and legal provisions for the efficient entrepreneurial activity:

- Registration of the enterprises
- Certification and licensing
- Lease of facilities
- Land issues
- Taxation
- Investments etc.

Assistance for promotion of the goods and services of SME subjects and formation of the favorable public opinion:

- Annual "Days of entrepreneurship in Murmansk Oblast" and the contest "The entrepreneur of the year"
- Organization of the international, interregional, regional and municipal exhibitions
- The preparation of the collective stand of Murmansk Oblast for the participation in the exhibitions taking place outside the region
- The participation of the small-scale entrepreneurs in the commodity producers contests

Development of infrastructure supporting innovations and informational support for entrepreneurship activity

- Development of “Technological Park Apatity” project
- Development of a center for technologies transfer
- Creation of business incubators, subcontracting and marketing centers
- Development of informational-analytical systems in SMEs
- Development of informational centers
- Publishing catalogues, articles, brochures

Resolving social issues, including social protection for entrepreneurs and employees and decreasing poverty and unemployment:

- Social guarantees for entrepreneurs and employees
- Educating those, who want to start their own business with the help of regional network of business-centers
- Preproject consulting for new entrepreneurs, including representatives of socially disadvantage categories of population
- Developing of micro-crediting system

Developing the forms and methods of interaction of executive authorities, local government, and small-scale entrepreneurship:

- Developing and discussing the projects of the normative and legal acts, regulating entrepreneurship activity
- Organizing conferences, seminars, round tables for the discussion of the issues important for entrepreneurs
- Organizing “The Day of Entrepreneurship in Murmansk Oblast”
- The meetings of the governor of Murmansk Oblast and the heads of local governments with entrepreneurs

Developing of self-regulation and self-management of entrepreneurship activity:

- Organizing annual contest “The entrepreneur of the year”
- Organizing city and town contests of professional skills etc. for the entrepreneurs
- Assisting the creation and the development of cooperatives, trade unions, entrepreneurs alliances
- Implementing the system of facultative certification