

FORMS OF SUPPORT OF SMALL AND AVERAGE BUSINESS IN WORLD PRACTICE

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Abstract

In article the condition of small and average business as resource of ensuring stability of national economies is considered. A basis of economic growth is the business activity of the person which is carried out on own initiative and under own responsibility. It staticizes a research of forms of support of small and average business in world practice on the example of EU countries, the USA, China, Japan and other countries. The relevant directions and features of the state and non-state support of business are analyzed.

Keywords: world practice of support of business, direction and feature of the state and non-state support of small and average business

JEL Codes: M10, M12, M13, M21

1. Introduction

Development of small and average business is referred to priority activities of bodies of authority and management of all levels. The analysis of an economic situation in national economies confirms essential increase in a role of small business which during market transformations remains the only strategic resource providing return of invested funds and effective use of all factors of production.

The level of development of small and average business reached so far is insufficient for creation of new jobs, development of new segments, revival "demand - the offer" in the industrial and commodity markets, emergence of

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independent sources of income of a private enterprise initiative in economically active population, decrease in social loads of budgets of all levels. In this regard development and approbation of the forms of support of business, including dissimilation (adaptations and distribution) experience of support which have confirmed efficiency at the level of world practices is staticized.

2. Analysis and discussion

Programs of support and stimulation of small and medium-sized enterprises are developed by federal and regional authorities by formation of synergetic effect of use of various mechanisms of state regulation, including on the basis of use of the statistical data formed by means of instruments of management accounting. It is connected with the fact that in modern conditions small and medium business (SMB) turns into the main source of ensuring sustainable development of national economy.

Each national economy has own approach to formation of infrastructure and the choice of forms of support of small and average business (SAB). We will address tendencies of development and support of small and average business in separate world economy and it is comparable with the Russian practice.

Small enterprises always held a dominant position in economy, despite the happening processes of concentration of production and its integration. The certificate is statistical this development of business in the leading European economies (tab. 1).

Thus, small and average business was and is basis of economic stability of society, and their development significantly improves a situation with employment of the population. At the beginning of the 20th century the most part of the enterprises (80-90%) in Germany, France, Austria, Switzerland was made by small enterprises though the greatest number of workers worked at the large enterprises. On average, at small enterprise no more than 2 people, have been engaged at an average – 14 people, on large – the 190th persons. For the next decades the situation has a little changed.

Table 1. Group of the enterprises for the sizes, 1902-1907

Country	Number of the enterprises		Number of busy	
	Absolute	Percentage of total	Absolute	Percentage of total
Small enterprises				
Austria, 1902 year	913472	94,2	1552065	46,8
Switzerland, 1905 year	176618	92,7	285985	39,9
France, 1906 year	531958	87,4	916441	24,9
Germany, 1907 year	1822234	90,0	3166734	29,1
Average enterprises				
Austria, 1902 year	53392	5,5	840354	25,4
Switzerland, 1905 year	12177	6,4	16744	23,3
France, 1906 year	72209	11,9	1291348	35,1
Germany, 1907 year	176103	8,7	2526135	23,2
Large enterprises				
Austria, 1902 year	3140	0,3	920877	27,8
Switzerland, 1905 year	1819	1,0	264052	36,8
France, 1906 year	4485	0,7	1471999	40,0
Germany, 1907 year	27205	1,3	5180831	47,6

Source: Cobo, R., 1924, p. 500

In the most developed foreign countries as of 2014 small enterprises make about 70-90% of total number of the enterprises (for example, with the USA in this sector 53% of all efficient population, in Japan – 71,7%, and in EU countries – 50% work). At the same time more than a half of all small enterprises (and in Finland – more than 80%) work in the sphere of trade and services (Fink, 2012, p. 177).

The most effective in relation to development and support of small and average business remains policy of **Germany** (The certificate of development of the sector of small and average business in the Germany) which purpose is creation and support of a large amount of the productive, dynamically developing small and average economic structures.

In Germany along with 5800 large enterprises by 1995-2000 there were more than 3.3 million small and medium-sized enterprises and individual

entrepreneurs. They made 99% of taxpayers and provided more than 70% of all jobs, trained about 80% of young specialists and gave nearly 45% of receipts of a sales tax, carried out 30% of the German export. In 1999 these enterprises have received 46% of gross investments and provided 57% of GNP of Germany.

Small and medium-sized enterprises have distinctive quantitative features: small – up to 9 people working average – from 10 to 499 people of 65-70% of graduates of institutions prefer to begin work on small and medium-sized companies.

In Germany one of the main instruments of the state support of SMB – stimulation of microfinance of small business. The KfW Group financial group which 80% belong to the state is for this purpose created. This organization credits on favorable terms about 2,9 million small enterprises of the country, providing: low rates on the credits, the medium-term and long-term credits (at most – 10 years), release from payments for the credit in the first 2 years, a possibility of long-term return of the credit, a possibility of participation financing, etc. (Zverev, 2009, p. 12). The main advantage of the German state programs consists in uniform for all rules of receiving the credits and the standardized transparent procedures of crediting of MSP. The address for receiving the credit is accepted by private commercial banks which sign with KfW-group the contract on refinancing of the credits according to which they undertake to return the means provided to them. Further the national bank transfers money to commercial banks, and those, in turn, grant the loans to MSP, at the same time all subsequent payments of businessmen are listed to national bank. Financing of the following directions isn't allowed: conversion of debts, additional injections in earlier financed projects, restoration of liquidity of the enterprises.

In Germany tax benefits include three main versions: the special norms of depreciation charges, creation of reserves of tax-free profit and investment extra charges paid by tax departments. The enterprises which will independently organize preparation and retraining of the workers use tax benefits: reduction of contributions to social insurance varies from 50% of total amount of obligatory payments before liberation. Income tax has been lowered by the special decision in crisis years from 39% to 30%, contributions to funds of social

insurance are reduced (the obligatory contribution for unemployment has decreased from 6.5% to 3.3%).

For Germany support of innovative small business which assumes stimulation of a technological transfer and consulting activity also is priority. Infrastructure of such support has included 16 higher educational institutions of a technical profile.

Decisions in the sphere of support of small and average business are included into competence of authorities at the level of federation, federal lands, city and land districts, communities. A part of functions on support of MSP is transferred to the specialized banks which are carrying out programs for support in federal scale and also the self-regulating organizations (SRO) of private business, for example, to Chambers of Commerce and Industry.

Small and medium-sized enterprises are the most dynamic sector of economy of Belgium, their value constantly increases, at the same time, they face a number of problems. Small and medium-sized enterprises – 99% of the total number of the enterprises registered in Belgium. The share of employed at small and medium-sized enterprises reaches 55% a sector share in production of GDP makes 46%.

In the **Belgian** legislation exists several definitions of the sector of small and medium business differing depending on the territory. The general remain restriction for number working – no more than 50 people for small firms and no more than 250 people – for averages.

Economists have developed the plan consisting of 50 offers on 8 directions which pursues tasks for improvement of a situation: to facilitate tax burden for small and medium-sized companies, to simplify administrative procedures at formation of the enterprises, to change the social status of independent businessmen, to facilitate access to the risk capital.

In **Great Britain** 21% of commodity turnover and 36% of labor of the country fell to the share of small business in 2005. Every eighth full age citizen of the country is busy with individual business. About 50% of a gain of new jobs fall to the share of small business.

Small firms function in all branches of the English economy, but they play a special role in the knowledge-intensive and high-tech industries (electronics, biotechnology, chemistry, instrument making). Small business of

Great Britain considerably advances other European countries in the specified spheres.

In Great Britain there is no uniform definition of small and average business. In most cases carry the enterprises with number to him working no more 250th persons.

The main forms of support and stimulation of development of small business are implemented through budgetary and tax and credit policy of the state. Treat measures of the general character: establishment for small firms of the lowered rates of taxes, the postponed payment of accounts, drawing up balance for calculation of a value added tax only after payment of the accounts, the effective system of discounts at payment of overdue loans, privileges at collection of the local property tax.

According to "The program of guaranteeing the loans" 70-80% of the credits granted by banks to small business, guaranteed by the government.

Active participation in development of small and average business is accepted by the large enterprises practicing sending at them the qualified managers and experts for biennial term.

In the 1980th integration of small enterprises into structure of the large companies, including the system of franchizing have gained development. The leading English banks contribute to the development of similar communications. The national council of economic development has prepared the specialized catalog of small enterprises by means of which the large companies can choose potential partners. The special center promoting contacts and the business relations between large and small enterprises is also created and functions.

Much attention is paid to programs of training of businessmen. The general program of training includes several schools. On the basis of the universities and colleges, regional control centers and private consulting firms courses for "small business" lasting training of 6-10 weeks work.

In **Finland** more than 90% of all registered enterprises of the country fall to the share of SMB. The total annual turnover of SMB of Finland makes 52% of a total turnover of all companies, and a share in production of GDP – 50%. 50% all working are engaged at them and annually with their help it is created up to 60% of new jobs. SMB share in the Finnish export makes 17% and grows quicker, than at the large companies.

The state support of SMB in Finland is carried out by completely state JSC Finnvera which grants to businessmen the loans with the increased risk. Most often Finnvera acts as the co-investor, developing the scheme of multichannel financing for each enterprise separately on the basis of the analysis of his economic activity. Besides, analyzing the Finnish experience of support of SMB, authors pay attention to territorial differentiation and targeting of the state support: Finland is conditionally divided into three "zones of development" (assisted area) and the size of subsidies for SMB directly depends on a zone of location of the enterprise. In addition, Finland strenuously attracts investors to SMB sector for what at the legislative level limits for receiving the credits and the choice of legal form for the foreign citizens wishing to organize the small business in Finland have been lifted.

In economy of **Spain** small and medium-sized companies prevail: more than 1 million enterprises (for 98% of the enterprises the number of working doesn't exceed 100 people). Individual and family business remains the most common form. In Spain carry to SMB: number working at small enterprise – no more than 50 people, for an average – no more 250th persons. Share in the capital of other enterprises shouldn't exceed 35%.

In the system of executive bodies of national level of Spain development and realization of state policy on support of small business is assigned to the Ministry of Industry and Energy. The main forms of support assume: the help in diagnostics of small enterprises, training of businessmen, cooperation with medium and large business, adaptation to norms and requirements of the EU. Coordination of this activity is carried out by the autonomous organization - Institute of the small and medium-sized industrial enterprises (IMPI) which also analyzes application of forms of support and prepares offers on their improvement.

The Center of development of industrial technologies (CDTI) is responsible for providing the state scientific and technical policy of Spain and participation in her of small enterprises. His tasks: selection, financing and control of realization of applied researches and research and development, coordination of actions within the National development plan for science and technology. The center gives financial support to small enterprises which act as customers necessary him research and development in the scientific

organizations and finance them on a contractual basis or carry out works as own resources.

Began to play a noticeable role of SMB in economy of **Italy** from 1950th. Unlike the majority of the capitalist countries of Europe in Italy agrarian structure of economy in which small and medium-sized enterprises worked always. In the country there is a definition of SMB on number occupied in him: the microenterprise – no more than 19 people working small enterprise – from 20 to 99 people, an average (small) – from 100 to 199 people, an average (big) – from 200 to 499 persons.

In modern practice the national system of financing of small and average business which is carried out by "Mediokredito Centrale" and the Ministry of the industry of Italy functions. Preferential crediting is carried out by also public institutions of the medium-term credit on the terms of favorable interest rate – for the sum up to 40% of estimated expenses. The term of crediting is established in 15 years for new initiatives and 10 years for modernization and expansion of the operating business. At the same time interest rates usually are 36-60% from market depending on the volume of investment.

In 1991 the government of Italy has adopted the law on measures for assistance of modernization and to development of the small enterprises that intensified financing of scientific research at small enterprises, was promoted technical modernization, improvement of quality of training, by creation of control systems of quality of production, support of small firms in foreign markets.

In **France** small and medium-sized enterprises make 99.9% of total of the economic subjects producing more than 50% of value added which are carrying out up to 50% of investments and concentrating nearly 2/3 busy.

In France there is no official definition of SMB. It is accepted to refer the enterprises with number to category of microfirms working up to 9 people, to small and to average – from 10 to 499 persons. In the Charter of General confederation of SMB it is specified that the small (average) enterprise is such enterprise in which the owner irrespective of the legal status of firm bears personal and direct responsibility for her financial, technical, social and commercial development.

SMB role for economy of France is many-sided. Small and medium-sized enterprises get into the most remote territories, promoting employment and

ensuring activity of the population. SMB allow to develop also raw material resources in limited quantities, necessary for satisfaction of local specific requirements, with the smallest costs. Besides, they provide to the large enterprises a certain set of services and semi-finished products, or make end products on the terms of a subcontract. The strategy of the large enterprises lead at the same time and to SMB development, and to economic rise.

The state support of SMB is carried out through planned contracts of the regional and local level "The State — the Region" in which the main attention is paid to involvement of businessmen to the solution of economic problems and stimulation of moving of small and medium-sized companies to the province.

Small and medium-sized enterprises can apply for more than 1500 types of support. Financial aid will be organized at the national level, then broadcast on regional. Financing and carrying out operations with SMB is a task of Bank of financing of small and medium business. In 1996 the Development bank of small and medium-sized enterprises has been created. The deposit and consignment cash desk (CDC), is the main financial source, supporting projects and programs for SMB of the national importance at the expense of the state budget.

In France at the initial stage (2 years) small enterprises are exempted from local taxes, from contributions to funds of social security, also other taxes for businessmen decrease if their enterprises work in depressive zones. Further within the third year 25% of a usual rate of taxes, the fourth – 50%, the fifth – 75% are paid.

The considered European practitioners directly are connected with policy of the EU for SMB which is based on vertical and horizontal approaches to the solution of problems of his creation and functioning. Vertical approach is expressed in the direct actions focused only on small and medium-sized enterprises. These events are held under the direction of General management of the European Commission (policy for business, commerce, tourism and social economic activity) in cooperation with the European Parliament, Economic and social council, the representative organizations of small and medium-sized enterprises in bodies of the EU and other services of the EU Commission. Horizontal approach is based on protection of interests of SMB in a field of activity of the EU: researches and technical developments, regional policy, international relations, etc.

Considering SMB value for economic structure of the EU and integration of economy concerning less developed members of the EU inside, with assistance of business two lines are optimum combined: macroeconomic (general political) and microeconomic (enterprise).

Main goals of supranational regulation and support of SMB from the EU are: strengthening of uniform domestic market, internationalization of business activity at the level of the enterprises, elimination of administrative barriers and creation of a common economic space in the EU by standardization of the legislative base on small business.

The national policy in EU countries is focused on granting the best conditions for business activity, increase in competitiveness and growth of business. Especially during bilateral sanctions. At the same time leaving from "heavy" to support in a form of grants and loans and transition to "soft" support in a form of consulting services is observed.

Thus, active regulation of activity of SMB is carried out to the EU and broad assistance is rendered his development with use of the forms and methods considering requirements of the European integration.

Despite vulnerability and low standard of survival, small enterprises have adaptability at occurrence on the new markets. In the **USA** in 1960 there were about 5 million small and medium-sized companies (on average – up to 5 working at each enterprise), in 1970 – 10 million, in 1980 – 14 million, and by 1990 – about 20 million.

In the early nineties in the **USA** economists call into question a dominant position of the large enterprises. Small business takes the leading place in national economy (99,9% in total of the managing units of the **USA**): 40% a share in GDP, over 50% of all investments, 2/3 occupied from cumulative labor.

In the introduction of the Law of the **USA** on small business it is specified that "the essence of the American economic system of private business consists in free competition. Only full and free competition can release the markets, release entry into business and possibilities for expression and growth of a personal initiative and ensuring personal judgment. Such situation can't be reached if the available and potential opportunities of small business aren't encouraged and don't develop".

The economic help to small business in the **USA** from the state appears at 3 levels:

1 level – federal (Administration of small business – Small Business Administration, SBA);

2 level – the Governments of the States;

3 level – municipal.

The administration of small business (it is created in 1953 as the independent agency of the federal government with own financing) aims at support and protection of small business. SBA carries out gradation of the enterprises for quantity occupied at them and on the volume of annual revenues. According to it to small carry the enterprises with a number of the occupied from 1 to 100 people, to averages – from 100 to 500 persons. The volume of annual revenues for small and average business has branch differentiation.

SBA carries out annually more than 50 programs which are constantly renewed and calculated on achievement of a specific goal, a segment of action, a condition of participation and businessmen. The largest are programs of support of business activity of women and representatives of ethnic minorities, rendering legal services, assistance in research work, development of export-oriented productions and others. The most popular programs – "7a" and "504" (The comparative analysis of systems and instruments of support of small business in 5 countries, 2006, p. 37-38).

The 7a program consists in provision of a guarantee for loans of commercial banks. The loans are granted by private banks and other financial institutions which obtain from the U.S. Government represented by SBA a guarantee of their return at the rate to 90% of the sum of a loan. The term of a loan is established depending on the purposes of receiving the credit and opportunities of small enterprise. When financing working capital this term is established from 5 to 10 years. When financing expansion of fixed capital term is established in limits to 20 years.

The 504 program is intended for the help to businessmen in expansion and modernization of the business through granting the long-term credits with a guarantee under 40% of a loan (the maximum sum of the credit – 1 mln. dollars). Financing of the export operations SMB is carried out by the Centers of assistance to export on the basis of SBA and the U.S. Department of Commerce.

The great value in SBA is given to information support and training of the businessmen who are in competence of special groups – SCORE

(Counselors to America's Small Business) having nearly 500 branches and staff of 10000 former and current heads and owners of SMB (Shepelev, 2008).

In 42 states special programs of granting the credits to small business, in 32 states – loans for purchase or rent of service premises and in 22 states – guarantees of loans are carried out. The majority of states provide the whole aid packages to small firms. "Business incubators" work in 29 states. Governing bodies of states and large cities offer the preferential programs calculated on involvement of small business in state programs of production of goods and rendering services of the population. Preferences are often applied to firms which owners are representatives of ethnic minorities or women. The role of municipal structures isn't less considerable in development of small business. Programs of placement of purchases among small and average business, especially in the defensive industry where considerable number of the state orders for business are carried out actively. In 1994 the Law on a guarantee of loans of conversion small and medium-sized enterprises which gives the chance to small firms to obtain the state guarantees on loans to 100 million dollars is adopted.

Small and medium-sized enterprises manufacture nearly 30% of all exported production in the USA. Federal financing of their export activity is carried out within the City/State program program of Export-import bank of the USA in which 29 states participate.

In the USA at the federal level, besides a rate of a corporation tax of 34% at income more than 75 thousand dollars, apply two more, lower rates to the taxation of subjects of SMB, – of 15% at income to 50 thousand dollars, and 25% at income to 75 thousand dollars. Besides, for small enterprises with sales volume less than 200 thousand dollars are provided additional deductions of the sums of income for calculation of income tax. In addition, in the USA, as well as in Europe, practice of granting a so-called "bonus of the first year" is widespread, for example, such tax benefits often reach 50%, and the state independently repays about 90% of the loans obtained small by the enterprises in commercial banks.

In a modern economic reality of **Canada** one of the major places is allocated to small business. The intensification of efforts on development of small business of the state was come from the outside for 1980-2000 when orientation to the large enterprises as the main carriers of economic and

scientific and technical progress was replaced by understanding of opportunities of small enterprises, interest in revival of culture of business.

By the beginning of the 1990th in Canada there were 885 thousand firms of which 99% made small enterprises. The enterprises reckon as small with number of the occupied no more than 100 people in Canada and with an annual turnover there aren't higher than 2 million dollars. 37% busy, and in branches of preprocessing, construction, a services sector, trade up to 80% of all busy work at small firms.

Development of small business in Canada is considerably facilitated by the help to which to him federal structures render. Financial aid is provided by the Federal National Business Development Bank (FNBDB) in the form of loans and their guarantees and also services of management, consultations, training, information. For small enterprises the low rate of federal income tax remains: 15% against 36% for other firms. Provincial income tax for small enterprises is twice lower, than for other economic subjects.

At the federal level the Aid program to scientific research to the small firms operating in the industry for the purpose of increase in national and international competitiveness of the Canadian companies is adopted. The amount of the provided help – from 15 to 350 thousand Canadian dollars for a period of 36 months.

At the regional level, in each province of Canada (in city and micro territorial cuts), there are features of activity of small enterprises and rendering support to them.

It is expedient to begin experiment of the Asian countries on development and support of SMB with the analysis of its value for economy of Japan. In 1993 99.2% of the total number of the national enterprises fell to the share of small and medium-sized enterprises, at which 80.6% all occupied worked and they provided 51.6% of total sales in manufacturing industry and 80,4% - in retail trade.

According to the legislation on SMB the enterprises with the maximum indicators of authorized capital and number of workers are carried to their number: in the industry, on transport and in construction – 100 million yens and 300 people; in wholesale trade – 30 million yens and 100 people; in retail trade – and a services sector – 10 million yens and 50 people Besides, are allocated

category of the microenterprises with a number of workers in the industry – no more than 20 people, trade and a services sector – no more 5th persons.

Basis of success of the **Japanese** economy is cooperation of the state and business which has begun from 1940th and was marked by creation of Management on small and medium-sized enterprises. Now in Japan the developed and effective infrastructure of support of small and medium business is created.

One major element of infrastructure of the state support of SMB in the developed countries is representation of information service. The most positive in this area is experiment of Japan on creation of national system of support of business. Elements of this system, interaction through the independent Organization of support of small business and innovative development of regions of Japan (Organization for SME and Regional Innovation of Japan) make the state infrastructure of support of small business of the country. In the course of her functioning monitoring of a condition of SMB of the country, complex researches, the analysis and assessment of efficiency of measures of state regulation are carried out by means of the information system J-Net21 based on crowdsourcing technologies which is the effective instrument of creation of feedback of the state and enterprise community.

Development of small economic forms in developing countries is connected with the following factors: positive experience of creation of small and medium-sized enterprises, and demonstration effect of the West; the demographic processes in developing countries aggravating a problem of employment and providing income of the main segments of the population; awareness of inadequacy of strategy of industrialization in imitating option; urbanization. Small business is historically inherent in developing countries, and industrialization has allowed them on the basis of change of structure of world economy, to create additional basis for development. From 1990th the increasing use of small forms of business by the multinational corporation in developing countries for expansion of the production and marketing networks, and as a result, the international division of labor became the typical phenomenon of globalization.

The economic reform in **China** promoted rapid growth of individual and private business ("the individual yards") though they are considered as auxiliary in relation to the state business. By 1997 28 million individual yards at which

62 million people (9% of the number of economically active population of the country) are engaged are registered. Funds of the registered yards have exceeded 590 billion yuans (3.5% of total amount of the capital of the state and collective enterprises). Investments into fixed assets of the yards for 1980-1996 1789 billion yuans (15.4%). The share in gross output of the industry has made 15.5%, in retail commodity turnover – 32%.

In China, since 2005, the number of the busy urban labor population at the enterprises of small and medium business has increased up to 75%. Up to 80% of modern production of China it is made by small enterprises, and the share of small business in the total amount of export makes more than 60%. As the basic state bodies of support of small enterprises in China the specialized agency – the Chinese center for coordination and cooperation of business – CCBCC providing creation of necessary infrastructure for technological cooperation between the national and foreign organizations in the sphere of support of business acts. Enters his functions: research of problems of small business; collection of information and development of policy in the sphere of small business; creation of complex system of rendering services for small business; organization of trade fairs, exhibitions and help in carrying out business negotiations; training and consultation of business.

Also Public foundation of development of small and medium-sized enterprises which is completely financed by the state which main task is protection of lawful revenues of small and medium-sized enterprises against encroachments of any faces and the organizations and also upholding of the rights of small business in all spheres (soft loans, taxes, etc.) is engaged in support of SMB. As well as in other countries, in China are created and public foundations of assistance to SMB development will actively be improved. Their main objective – providing guarantee certificates and mortgage providing to small business enterprises for a possibility of receiving the bank credits for business. Besides, financial support of small and average business is carried out also from regional budgets. So, the administration of the southern Chinese province of Guangdong from 2003 to 2009 invested more than 5 billion yuans (602.41 mln. dollars of the USA) in technological restructuring of SMB thanks to what the annual gain of investments of small and medium-sized enterprises into fixed capital has made 24% (Syutin, 2010, p. 8).

China is the state with success applying possibilities of national complex information systems for support of national SMB. In 2001 The government of the country with assistance of the National commission on development and reforming (The National Development and Reform Commission) has started the public non-profit information service of China – China SME Online – CSMEO which serves all regions of the country. The website of this service represents 58 main headings and 180 thematic sections containing up to 1000 various messages, more than 200 thousand visits are daily carried out. Information network provides operational information about changes in the legislation, about results of marketing of the local and foreign markets, publishes the general information on a condition of the national market of SMB, on the needs for a manpower for small enterprises in various regions and etc. (Kunin and other, 2011, p. 39).

The government of China recognizes need of support and development of all forms of private business by improvement of the legal mechanism providing equal conditions of the competition between the enterprises of various sectors, control of their activity and receipt of income. In the long term without change of the predominating role of public form of ownership the share of the private sector in GNP can grow to 30%, and a share of the individual sector and the mixed enterprises with participation of the foreign capital – to 10%.

For economic model of **Taiwan** domination of small and medium-sized enterprises is characteristic. 98% of total number of the firms covering 78% of able-bodied citizens fall to their share. By 2000 about 1/3 sales volumes and about 1/5 parts of export of the country fall to the share of SMB. The size of income gained by the budget of the country from a value added tax was 44%.

On Taiwan in SMB carry firms, different in the sizes, depending on branch: in the industry and construction – less than 200 people and the authorized capital to 60 million dollars; in other branches – less than 50 people and with annual sales volume less than 80 million dollars. Among forms there are supports: special training courses for businessmen; information databases about the markets and the competition, technologies and their profitability; construction of communication and transport infrastructures and others.

In 2000 48 business incubators uniting more than 300 small and medium-sized enterprises specializing in IT, biotechnologies, electronics, etc. operate on Taiwan.

According to OECD, 10-20% of all novelties at specific weight in expenses on innovations are the share of a share of all small and medium-sized enterprises in the world – 4-5%. The large enterprises use about 50% of the inventions made by them whereas small enterprises – more than 70%.

Owing to competition between small enterprises the quality of the made production and the rendered services increases that positively influences consumer loyalty since businessmen are closer to the consumer, than other economic subjects.

Priorities of public administration of the majority of the European countries and the USA it is connected with active policy of support, stimulation and protection of wounds and the USA it is also connected with active policy of support, stimulation and protection of SMB in the retail sector of trade.

Thus, foreign state policy on development of small and average business differs in creative development of the complex and quickly changing programs of the state support and stimulation of SMB that does it effective.

In the majority of the countries of SMB it is legislatively defined as the special subject of state regulation therefore we will consider only quantitative indices (tab. 2.).

Table 2. Comparative analysis of quantitative indices of SMB in world practice

The country	Maximum number of the busy population at the enterprise, persons	Volume revenues
The USA	the microenterprises – to 20 small enterprises – from 21 to 100 medium-sized enterprises – from 101 to 500	up to 3,5 – 14,5 mln. dollars
EU countries	microenterprise – to 10 small enterprises – from 11 to 50 medium-sized enterprises – from 51 to 250	to 427 one million euros
Japan	the industry, construction – to 300 wholesale trade – to 100 retail trade and the industry of services – to 50	isn't present restrictions

Source: Ivanov, V.V. and other, 2014, p. 26

In general, SMB development scales abroad look as follows (tab. 3). Despite close attention to the sphere of SMB and its priority allocation for national economies, development of small and medium-sized enterprises is diagnosed not in full (there is no uniform set of indicators) therefore a part of information in the provided table is absent.

Table 3. Scales of development of SMB in separate economies (the end of XX – the beginning of the 21st centuries)

The country	SMB share in total of economic entities, %	SMB share in GDP, %	SMB share in the volume of investment, %	It is engaged in the sector of SMB,	SMB share of export, %	the number of SMB on 1000 inhabitants, piece
Belgium	99,0	46,0		55,0		
Great Britain	75.8	53,0		36,0-49,0		46,0
Hungary	99,0	50,0		65,0	20,0	80,0
Germany	99,0	57,0	46,0	70,0	30,0	37,0
India	70,0-85,0					
Spain	98,0					
Italy	84,0			73,0		16,3
Canada	99,0			37,0-80,0		
Kyrgyzstan	38,3		76,0			
China			15,4	9,0		
Korea				61,0		
The USA	99,9	48,0	50,0	65,0	30,0	74,2
Taiwan	98,0			78,0	20,0	
Uzbekistan		12,6				
France	99,9		50,0	65,0		35,0
Estonia	98,6					
Japan	99,2			80,6		50,0

Guarantee support of SMB in foreign countries is characterized by the following features (Ivanov and other, 2014, p. 28):

1) a high share of guarantee support of SMB in GDP (1.2% for countries of Eastern Europe and Asia and 0.2% for countries of Western Europe) and in volume of SMB crediting (4.2% for countries of Eastern Europe and Asia and 2% for countries of Western Europe), in volume of SMB issuances of credits (4.1% for the countries of Eastern and Western Europe). At the same time the significant level of guarantee support of SMB in GDP for countries of Eastern Europe and Asia is not less than 0.5% (in Russia following the results of 2013 – 0.1% in GDP and 1% in volume of SMB crediting);

2) the developed market of financing of SMB the banking sector (the share of the loan portfolio of SMB in GDP in countries of Eastern Europe and Asia reaches 25%, in Russia - at the level of 12%) and a high share of the investment credits in SMB portfolio (76% and 48% in countries of Western Europe and countries of Eastern Europe and Asia respectively against 26% in Russia);

3) rather low cost of financing of SMB (the difference between rates for subjects of SMB and the large enterprises is in range from 0,7 items in countries of Eastern Europe up to 1.7 items in countries of Western Europe, in Russia – 2.6 items).

The directions of the state support are abroad relevant for subjects of the economic relations in the sphere of SMB:

1) legislative control of expansion of large retail chain stores in the local markets by input of restrictions of the area of shops and the ban of sales at a loss. One of the most widespread technologies – delivery of the controlling permissions to opening of shops, whose floor space shouldn't exceed the established threshold level. For example, in France, since 1973 a number of the laws limiting opening of shops more than 300 sq.m. has been adopted. Similar requirements are used in Austria (threshold level – 800 sq.m), Belgium (400 sq.m), Denmark (1000 sq.m), Finland (2000 sq.m), Germany (800 sq.m), Hungary (3000 sq.m), Italy (1500 sq.m), Poland (2000 sq.m), Portugal (500 sq.m) and Spain (2500 sq.m). In Russia for comparison there are no similar restrictions as the majority of megalopolises tries to increase an indicator of security of the population with objects of trade due to construction of large network shops, driving out of the local market small business;

2) strengthening of coordination interaction of all elements of infrastructure of support of small and medium business, creation of the

centralized body for development of SMB at the federal level with territorial offices in each region for increase in efficiency of implementation of the existing state programs, expansion of a package of the financial services provided to small business at all stages of his functioning by the state credit institutions;

Development and start of federal system of complex information service of small business for the purpose of monitoring and the analysis of efficiency of state policy in the field of support and stimulation of SMB.

Tax policy concerning SMB. The global trend consists in reduction of tax burden of SMB through formation of effective system of the taxation, the complete tax law and tax benefits that is one of prerequisites of their successful development of small business abroad.

Development of model and instruments of management of credit guarantees for support of SMB for expansion of access to cheap financial resources, risk management of return of money, stimulations of effective export-import transactions of SMB.

3. Conclusion

Basis of economic growth is the business activity of the person which is carried out on own initiative and under own responsibility. Thus, experiment of North America, Europe and number of the Asian countries on implementation of comprehensive programs of support and stimulation of small business can be adapted and used for development of this sector of business in national economies since without purposeful state and regional policy, on support and ensuring access to resources (financial, legal, material, information, human, scientific and technological and another) small and average business won't be able to develop.

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