

DEVELOPMENT OF SMALL AND MEDIUM BUSINESS IN CONDITIONS OF SUSTAINABLE DEVELOPMENT

Deshy Musostova¹, Valentina Dzobelova^{2,3}, Nina Shestakova⁴

¹Chechen State University named after A.A. Kadyrov, RUSSIA

²North-Ossetian State University named after K.L. Khetagurov, RUSSIA

³Krasnoyarsk State Agrarian University, RUSSIA

⁴Financial University under the Government of the Russia

goldzr@yandex.ru

Abstract

The article discusses the features of the development of small and medium-sized businesses in conditions of sustainable development. Attention is focused on the concept of corporate social responsibility from the point of view of strengthening the socio-economic security of small and medium-sized businesses. The relationship between the imperatives of the concept of sustainable development and ensuring the security of the state of a small and medium-sized business, in particular in the socio-economic aspect, has been identified. It is substantiated that in the conditions of economic transformation and the transition to a model of a socially oriented market economy, it is necessary to harmonize the principles of managing the socio-economic security of small and medium-sized businesses with the targets of sustainable development, first of all, taking into account ensuring economic growth and achieving social progress.

Keywords: sustainable development, small and medium-sized businesses, social responsibility, enterprise personnel, government regulation, concept

I. Introduction

Achieving a high level of national competitiveness is impossible without ensuring the effective operation of small and medium-sized enterprises, stimulating the creation of a significant number of jobs [7].

In the conditions of the formation and development of a socially oriented market economy, the model of which is based on the requirement for an effective combination of market economic methods with state regulation of the national economy and its social orientation, the problem of sustainable development has become one of the main issues of today. The task of carrying out economic activities that do not deplete natural resources and are aimed at supporting the social sphere is becoming increasingly important for business.

Considerable attention from the world community is aimed at finding a balance between the economic and social needs of society while complying with environmental standards. Understanding the long-term problems of our planet and ensuring security are considered as a prerequisite for further sustainable and safe development for the functioning of both current and future generations.

The key need to solve problems of an economic, social and environmental nature, which are recognized as the triad of the concept of sustainable development, actualizes the problem of strengthening the socio-economic security of business entities in the context of transformation of the national economy.

The following scientists have studied the problems of sustainable development: A.B. Ankudinov [1], D.M. Borisov [1], V.I. Danilova-Danilyana [9], I.N. Gollai [2], M.E. Kadomtseva [4], N.A. Piskulova [9] and others. Recent scientific research in the field of socio-economic security indicates that in the modern theory of security in this area, a significant contribution is made by the works of leading scientists: N.L. Gryaznova [3], V.N. Druzhkova [3], E.V. Karanina [5], V.I. Lobanov [5] and others.

Despite the fact that socio-economic security is a fundamental category and the basis of the economy of the future, one of the effective factors in strengthening it in the context of transformation of the national economy and strengthening the social orientation of market reforms is taking into account the principles of the concept of sustainable and safe development in the further development. At the same time, further research requires questions of clarification of the essence of socio-economic security at the level of a business entity and its provision, taking into account the principles of the concept of sustainable development, which determined the choice of direction for this research.

II. Methods

The purpose of the article is to study the essence of the socio-economic security of an enterprise as a new category of economic security.

The importance of the SME sector is widely recognized throughout the world due to its significant contribution to various socio-economic goals such as higher employment growth, manufacturing, export promotion and entrepreneurship development [10].

In Russia in recent years, despite the not very favorable situation, the number of representatives of small and medium-sized businesses has been increasing. For sustainable existence and development, many of them need to integrate into the supply chains of large businesses and corporations and comply with the principles of sustainable development (ESG).

According to official data [6], at the end of 2023, 6.3 million small businesses were registered in Russia: 2.27 million – legal entities; 4.04 million are individual entrepreneurs. The number of small and medium-sized businesses is growing from year to year: by 7% in 2022, despite the “perfect storm” (negative effect of a combination of many unfavorable factors) of the external environment, and by 6% in 2023 [8].

Sustainable development of an enterprise is one of the basic values of its activities. Other important values - market position, profitability, scope of activity - without sustainable development in a turbulent business environment, as I. Ansoff wrote about in the 80s of the twentieth century, do not ensure the long-term activity of the enterprise. The history of entrepreneurship shows that long-term favorable conditions for the development of an enterprise are the exception rather than the rule. In practice, there is an alternation of favorable conditions and economic crises, including systemic global ones. The idea of alternating favorable and unfavorable conditions for the activities of an enterprise is not fundamentally new: the cyclical nature of business activity is covered in the scientific works of famous researchers.

III. Results

The development of an enterprise is important under any conditions of its activity, but it acquires particular value in times of crisis - as an effective way to overcome it, ensure the viability of the enterprise and the possibility of its further activity even in difficult unfavorable environmental conditions. During the periodic occurrence of crises in the external environment of the enterprise, a clear task arises - ensuring not only sustainable activity, but also the development of the enterprise in the decreasing part of the business cycle and at its lowest point - in the crisis. Moreover, we are not talking about an attempt to “wait out” the crisis, but about the active actions of the enterprise in unfavorable conditions, which should lay the foundations for its sustainable development in the ascending parts of the business cycle.

In accordance with the concept of sustainable development, which is recognized by the world community as the basis for the further sustainable existence of mankind, the most promising in the development of modern socio-economic systems is the idea of sustainable development based on the formation of the economy of the future to ensure the functioning of both present and future generations. The concept of sustainable development presupposes the unity of key components, which include economic growth, social progress and the environmental imperative [1; 2; 4]. Economic growth for the national economy presupposes the creation of a more competitive and highly efficient economy, which

has a positive effect on increasing the standard of living of the population and improving its well-being. Only in conditions of ensuring the full use of all benefits provided in the social sphere, economic growth contributes to sustainable development, that is, the economic priorities of sustainable development include compliance with the principles of equality and social justice.

The problem of sustainability of socio-economic systems in the context of sustainable development is manifested in all its dimensions: economic, social and environmental. Strengthening the social orientation of market reforms makes it necessary for the state's socio-economic policy to be aimed at achieving high standards of quality of life and universal human values. Economic security depends on the state of the labor market, the level and dynamics of wages, the effectiveness of social and other components of state policy. In the socio-economic aspect, sustainability involves solving issues of poverty, employment, leveling the stratification of society by property status, ensuring access to education, protecting the health of citizens, preventing a decline in the birth rate, increasing life expectancy, eliminating deformation of the demographic and social structure of society and social conflicts and etc. It should be noted that among the goals of sustainable and safe development, according to the concept of sustainable development, along with the priority of economic growth, there is the need to comply with the principle of social justice, stabilize the population and increase its level of well-being, access to education.

Dynamic changes in the development of society at the present stage are accompanied by a certain aggravation of socio-economic and resource-ecological problems, the basis for solving which is the transition to a model of sustainable development, as M.E. quite rightly emphasized. Kadomtsev [4]. The concept of "sustainable development" in the modern sense and the basic idea of safe development have become widespread since the late 80s of the twentieth century. From the point of view of interpreting the concept of sustainable development as a dominant idea for the further development of human civilization, the unity of the economic, social and environmental components, which reveals the essence of the concept itself, also reflects a certain level of economic security. Therefore, a scientific approach to studying the state of ensuring economic security and its most important components, taking into account indicators of sustainable development, is common.

The concept of sustainable development in the context of the concept of the further balanced existence of society is comprehensive and multifaceted, since it concerns the implementation of this principle at all levels of the economic system - both at the global, national and regional, and at the microeconomic level. This means that the global task of ensuring the sustainability of socio-economic systems at the current stage of development and in the long term must be implemented through specific tasks at each of the hierarchical levels of the economic system. In a market economy, the problems of sustainable development of enterprises as the basic level of the economic system become of particular importance. Taking this into account, it is appropriate to focus on the results of a study of the sustainable development of an enterprise as a necessary condition for the successful functioning of a business and its relationship with the sustainable development of socio-economic systems of the highest level, given by the author in [2]. In another work, the authors [1] point out the need to intensify the social responsibility of all subjects of ensuring social security, subject to the failure of the state to respond individually and in a timely manner to the aggravation of existing threats associated with accumulated social problems and the increasing level of social tension. At the same time, corporate social responsibility of a business is considered as a factor that has an impact on ensuring social security. The social responsibility of an enterprise in a market environment is implemented through such areas as: social responsibility to employees (working conditions, decent wages, motivation and reward system); social responsibility of the enterprise to the state (timely payment of taxes and other payments); social responsibility to the society of the territories in which the enterprise operates (expenses to improve the living conditions of the population, programs for participation in public life). According to the authors [1], social responsibility is an integral part of socio-economic security, and at the same time it is a factor influencing its level. Social security of business is a guarantor of social security of the population.

As part of the study of the content of the category of socio-economic security and its objects, the work [5] states the fact that the constant development of economic security has led to the identification of new types of economic security, therefore, along with the already established categories of economic security and social security, the category "socio-economic security", which should not be considered as

the result of a merger of social and economic security. Socio-economic security is formed in the process of interaction between economic and social security, while the social component acts rather as a superstructure of the category of socio-economic security, since the growth of activity and productivity of economic entities is not the final goal, such growth should affect the well-being of the population, in particular thanks to increasing wages, the volume of social assistance, improving the quality of social services.

The strengthening of mutual coherence between the social and economic components of development is due to a number of trends, since economic security as a complex characteristic of the development of an economic system synthesizes all forms of manifestations of social relationships that can cause a real or potential conflict of interests.

Naturally, the concept of security requires a new dimension in the status of socio-economic. When analyzing the definitions of socio-economic security of an enterprise in their work, the authors [9] point in this context to the ability of an enterprise to withstand adverse external and internal influences by harmonizing socio-economic interests in order to ensure sustainable activities, that is, the concepts of "sustainable development" and "social -economic security of the enterprise" are closely interconnected. The implementation of the economic interests of a business entity (primarily making a profit) and conducting a socially responsible business (social responsibility to employees, the state and society) influence to a certain extent the level of socio-economic security of the enterprise and create the basis for ensuring the security of the state of such a business entity. Proponents of the harmonization approach to the interpretation of the essence of the socio-economic security of an enterprise consider the conditions for ensuring the socio-economic security of an enterprise through the prism of multi-vector harmonization of the interests of the enterprise with the subjects of the external environment. At the same time, the social significance of the activities of large industrial enterprises can be traced during the provision of jobs and income to residents of the territories, replenishment of local budgets, construction and maintenance of social infrastructure.

Among other factors in increasing the level of economic security of an enterprise, a significant role is given to managing the motivation of the enterprise's personnel as one of the conditions for the safe development of a business entity. The level of satisfaction of the socio-economic needs of workers in relation to the development goal affects the feeling of security and safety. If a sufficient level of material remuneration for the corresponding work forms the basis for satisfying the economic needs of the employee, then the main factors for realizing the social interests of the staff should be noted the needs for self-expression, recognition of individual successes, social relations of the employee, creation of prerequisites for his self-development, etc. In terms of increasing social - economic security of a business entity, it should be noted the formation of an effective system of personnel motivation, which makes it possible to fully satisfy both economic and social needs in the process of work.

IV. Discussion

In the process of clarifying the essence of the concept of socio-economic security of an enterprise, V.N. Druzhkova, N.L. Gryaznova [3] come to the fair conclusion that social and economic security are decisive in the activities of an enterprise, based on the fact that the main value of an enterprise is its personnel, and the level of labor productivity, opportunities reproduction and efficient use of labor resources. At the same time, studies of the social aspects of sustainable development suggest that the sustainable development of an enterprise is due to a certain mutual consistency of socio-economic interests, since in order for an enterprise to pursue an effective social policy, it is necessary to achieve a sufficient level of economic security.

Differences in approaches to defining the essence of social responsibility of business are explained by the predetermination of the content of this concept by local economic traditions, the scope and specifics of doing business, the size of the enterprise, the geographic region in which it operates, and, of course, the time horizon. Among the features of the considered definitions of social responsibility of business, it is necessary to highlight the voluntary nature of such activities and the orientation towards

achieving business success, which does not contradict socially responsible goals.

Summarizing the views of researchers, it should be noted that the system of social responsibility of business is a complex set of relationships between business and stakeholders, which is focused on obtaining social, economic and environmental benefits in the process of economic activity, which will not harm society and the environment. It is the balancing of the economic, social and environmental interests of humanity that must be ensured through a responsible attitude and mutual understanding between individuals, the state, society and business structures. This will ensure the formation of a favorable environment for the beginning of new thinking and the correct perception of one's significance and purpose in society.

Consequently, it becomes important to ensure that businesses have a responsible attitude towards the environment, the process of producing safe products, providing their employees with the necessary benefits, meeting the needs of consumers, as well as interaction with various groups of stakeholders. This approach is due to the combination of environmental, economic and social components of sustainable development, thanks to which it is possible to achieve the introduction and implementation of modern strategic guidelines for social responsibility of business.

For most modern enterprises, the basis is compliance with ethical standards in operations and regular and fair remuneration of employees. But more and more companies are becoming convinced of the need to improve management systems in order to develop mutually beneficial relationships with all stakeholders in order to realize all the benefits of a corporate responsibility strategy: creating increased investor interest in the company; increasing customer and stakeholder loyalty; increased social awareness of consumers; improving relations with society and local authorities; increasing competitiveness; increasing the level of organizational culture; formation of a positive image of the enterprise among employees; attracting and retaining the best employees, etc.

An enterprise is not only an economic unit and an instrument for generating profit, it is also a system that influences and is itself influenced by its environment: suppliers, consumers, local communities, public organizations, as well as employees, shareholders and investors. The CSR strategy should become a standard element of the company's development strategy, and activities within its framework, the desire to gain competitive advantages with a simultaneous sense of civic duty, will become the main motive of business entities implementing this idea.

It should be especially emphasized that the socio-economic security of an enterprise guarantees sustainability and stability, that is, it is closely related to the conditions for ensuring the sustainable development of the enterprise. This allows us to point out the dialectical relationship between the sustainable and safe development of a business entity and the socio-economic security of an enterprise, which are inextricably linked. Indeed, speaking in the terminology of the concept of sustainable development, it is economic growth that forms the potential, which, in turn, creates the basis for meeting the socio-economic needs of workers, protecting their interests and rights and improving the quality of life, that is, in general, contributes to the achievement of social progress, which ultimately affects the ability to ensure an appropriate level of socio-economic security of a business entity.

At the present stage of transformation of the national economy and its transition to a model of a socially oriented market economy, problems of sustainable development must be solved in combination with issues of ensuring an acceptable level of socio-economic security of domestic enterprises, which is fully consistent with the postulates of the concept of sustainable and safe development of society.

Consequently, in conditions of increasing social orientation of market transformations, the balanced development of an individual enterprise in the light of the concept of sustainable development provides for the unity of its components and reflects the level of socio-economic security of a business entity, which creates grounds for subordinating the principles of managing the socio-economic security of an enterprise to the fundamental goals of its sustainable development.

References

[1] Ankudinov A.B., Borisov D.M. Corporate social responsibility as a factor of long-term growth // News of USUE. – 2013. – No. 1. – P. 109-114.

- [2] Gollai I.N. Sustainable development of the enterprise and interests of stakeholders / I.N. Gollai // SUSU Bulletin. – 2021. – No. 2. – P. 152-163.
- [3] Druzhkova V.N. Analysis and assessment of the state of labor resources that determine personnel security as a component of the economic security of an organization / V.N. Druzhkova, N.L. Gryaznova // Equipment and technology of food production. – 2017. – No. 2. – P. 133-141.
- [4] Kadomtseva M.E. Concept of sustainable development // *AlterEconomics*, – 2023. – No. 1. – P. 166-188.
- [5] Karanina E.V., Lobanov V.I. Transformation of the category of socio-economic security in modern conditions // *Russian Journal of Management*. – 2022. – No. 1. – pp. 66-70.
- [6] Number of SMEs in the Russian Federation. Of. website of the Ministry of Economic Development of Russia. – URL: <https://www.economy.gov.ru/material>
- [7] Krakovetskaya I.V., Vorobyova E.S. and others. Trends in the development of small and medium-sized businesses in the Russian Federation in crisis conditions // *Economics, entrepreneurship and law*. – 2023. – No. 1. – P. 113-124.
- [8] Large businesses and SMEs: how to enter into a contract and what does ESG have to do with it? *EcoStandard.journal*. – URL: <https://journal.ecostandard.ru/esg/ustoychivoe-razvitie>
- [9] Sustainable development: New challenges / V.I. Danilova-Danilyana, N.A. Piskulova. – M.: Aspect Press, 2015. – 336 p.
- [10] Chepalo A.S. ESG strategies as a factor in the development of small and medium-sized businesses // *Leadership and management*. – 2023. – No. 3. – P. 987-1000.