



SMALL BUSINESS IN NORTHERN REGIONS OF RUSSIA IN THE CORONACRISIS CONDITIONS: FACTORS, ISSUES AND CONSTRAINTS OF DEVELOPMENT

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ABSTRACT

Objective: This study examines formation issues of the small business entrepreneurial ecosystem in the Northern regions of Russia in the conditions of coronavirus crisis. The importance of small business in the regional economy is not only legally enacted but is also scientifically based and disclosed by researchers. Social and economic infrastructure with a wide range of service support for small enterprises plays a special role in the activity of small enterprises in the Northern oil and gas producing regions. The purpose of the study is to analyze and economically assess small businesses development in the Northern oil and gas producing regions, using the case study of the Khanty-Mansi Autonomous Okrug – Yugra based on retrospective data and to elicit existing relations between the state-of-the-art of small business and the periods of crisis events as well as to assess major problems and constraints. **Methods:** In this paper, the research is based on the Northern regions of Russia with a high level of state support for small businesses activities. **Results:** The authors of this study suggest that the coronavirus crisis has had a significant impact on the transformation of small business in Northern regions of Russia and this negative impact of the crisis may cause adverse consequences for the entire economy of the region. This assumption is verified using the case study of changes in basic parameters of small business and the impact of crisis processes on its development. **Conclusion:** The revealed regional features of the economic development in the Northern regions of Russia are considered by the authors not only as being negative factors but also as potential opportunities; for example, amid biological threats, those Northern regions being remote from the Centre and borders were in a better situation, in terms of spreading infection, etc.

Keywords: Transformation; State support; Anti-crisis measures; Coronavirus crisis; Infrastructure; Problems.



PEQUENAS EMPRESAS NAS REGIÕES DO NORTE DA RÚSSIA NAS CONDIÇÕES DA CORONACRISIA: FACTORES, QUESTÕES E LIMITAÇÕES DO DESENVOLVIMENTO

RESUMO

Objetivo: Este estudo examina questões de formação do ecossistema empreendedor de pequenas empresas nas regiões do norte da Rússia nas condições de crise do coronavírus. A importância dos pequenos negócios na economia regional não é apenas legalmente decretada, mas também fundamentada cientificamente e divulgada por pesquisadores. As infraestruturas sociais e econômicas com um vasto leque de serviços de apoio às pequenas empresas desempenham um papel especial na atividade das pequenas empresas das regiões produtoras de petróleo e gás do Norte. O objetivo do estudo é analisar e avaliar economicamente o desenvolvimento de pequenas empresas nas regiões produtoras de petróleo e gás do Norte, usando o estudo de caso do Okrug Autônomo Khanty-Mansi – Yugra com base em dados retrospectivos e levantar as relações existentes entre o estado da -a arte das pequenas empresas e os períodos de eventos de crise, bem como para avaliar os principais problemas e constrangimentos.

Métodos: Neste artigo, a pesquisa é baseada nas regiões do norte da Rússia com alto nível de apoio estatal para atividades de pequenas empresas. **Resultados:** Os autores deste estudo sugerem que a crise do coronavírus teve um impacto significativo na transformação dos pequenos negócios nas regiões do norte da Rússia e esse impacto negativo da crise pode causar consequências adversas para toda a economia da região. Essa suposição é verificada a partir do estudo de caso de mudanças nos parâmetros básicos da pequena empresa e o impacto dos processos de crise no seu desenvolvimento. **Conclusão:** As características regionais reveladas do desenvolvimento econômico nas regiões do norte da Rússia são consideradas pelos autores não apenas como fatores negativos, mas também como oportunidades potenciais; por exemplo, em meio a ameaças biológicas, aquelas regiões do Norte afastadas do Centro e das fronteiras estavam em melhor situação, em termos de propagação de infecção, etc.

Palavras-chave: Transformação; Apoio do Estado; Medidas anti-crise; Crise de Coronavírus; Infra-estruturas; Problemas.

1 INTRODUCTION

Determining the priorities of small business development in the context of crisis phenomena in the economy is relevant in almost every region in Russia. This is due to the fact that small enterprises play a significant role in the Russian economy in improving the quality and level of public services, as well as in full-scale participation in digitalization and innovation development, and providing new jobs. Crisis events and their recurrence negatively affect small business activities, reducing basic parameters of their activity, with that often leading to bankruptcy. Federal and regional government authorities are developing comprehensive anti-crisis measures to mitigate the negative impact of the crisis on small business which usually include standard measures: legal



system improvement, property, financial, tax, information and consulting support provision, as well as tax benefits, repayment holidays, payment delays and other forms of state support. The fundamental tool of state support for small enterprises in the Northern oil and gas producing regions amid the crisis to implement state policy in the regions is the enhanced activity of infrastructure entities of small business support and its performance efficiency.

Each region of Russia has a number of specific regional characteristics, with each one being unique concerning its resource and human potential. Thus, Northern regions of Russia (where the Khanty-Mansi Autonomous Okrug – Yugra belongs to) are single-resource ones and possess all the features mentioned above: harsh natural climatic conditions, significant amounts of natural resources, as well as increasing production of fuel and energy resources, and poorly developed infrastructure. With all these objective factors present, there is a need for adjusting the ongoing state support for small businesses considering local trends, which is especially evident amid the crisis.

2 LITERATURE REVIEW

Multiple scientific studies and publications performed both by international and Russian researchers and practitioners feature the impact of crisis events on small business development. Classic researchers of economic crisis, such as M. Aglietta, R. Boyer, A. Bertrand, in their theory of regulation, determined that the crisis is the result of an external impact, and also a situation wherein economic development stops due to resources shortage, caused by economic or natural disasters. According to the theory by J.C. Sismondi, crisis is explained based on income distribution specifics. It occurs when there is insufficient consumption which is associated with the population poverty.

The historical opinion of the Russian scientists is that economic crises in our country are manifested in a sharper form and have different features than those in developed Western countries (Finn-Enotaevsky, 1911; Yakovlev, 1955). Modern theories of crisis and its impact on the economy as a whole and on the development of small businesses in particular are found in the works by S. Y. Glazyev (2009), Y. M. Voronin (2009) who note that it is reasonable to focus financial resources on the real economy, to reduce unemployment, to partially restore benefits in kind as a form of social support for the population. V. A. Volkonsky and Y. K. Kryukov (2005) claim the significant role of small business in the Russian economy and worldwide. Studying the crisis impact on the

small businesses development, P. A. Guryanov (2011) supposes that the government needs more significant support for small businesses and that reducing the income tax for all enterprises is not enough since their bankruptcy will lead to even greater social tension in the society.

The scientific research into the efficiency of state support for small businesses amid the crisis is an equally important field in the modern economy. Many Russian researchers focus on the implementation of more advanced strategic planning, while the other ones recommend capital management models created for small enterprises due to the growing interest for "lean production" among practitioners (Egorova & Filobokova, 2017).

Of considerable interest are the works by international researchers who raise a wide range of relevant issues of the regional small business development. Some international scientists study the evolution of small business (Walters, 2018), the territorial location of small businesses and their regional entrepreneurial environment, the other ones argue that one of the ways to assess the efficiency of state support for small businesses is to increase international ratings (Williams & Round, 2009). In their works, K. Williams and R. Dzhekova (2014) study the development of team competencies, considering them to be prevailing in the activity of a small enterprise. Other international researchers study entrepreneurship through the prism of a business environment and its impact on the entrepreneurial activity (Hong-Tao & Dong-Ping, 2011). Some international researchers note the relationship between the introduction of social innovations and business efficiency (Begonja et al, 2016). The others note close relationship between the level of education and its impact on the development of territorial small and large enterprises and the need to revise business education system at universities in the Northern regions (Dvoulety, 2017). According to international authors C. Harvie and T. Charoenrat (2015), the significant role in small businesses development is played by state support and not just traditional measures but also by the creation of a networking interaction between the state system and small enterprises. Those researchers studying the forms of state support tend to prefer the prevailing and most effective one – the financial support, however, there are opinions about the effectiveness of non-banking forms, such as leasing and factoring (Shinozaki, 2015).

One of the research fields modern scientists in Yugra study is the issue of small businesses survival and its impact on the economy of Northern single-sector regions. Most of the research concerns theoretical and practical aspects of the implementation

of small business state regulation in the Northern regions, as well as the historical and cultural heritage, and economic assessment of state support for small business development in the Khanty-Mansi Autonomous Okrug – Yugra amid geopolitical instability. A number of publications by I. V. Takmasheva, D. V. Sannikov (2018) study small business transformation in Yugra and the impact of state support on its development amid crises of the past periods and eliciting correlations of the state support impact on of small enterprises activities.

Regional features of small business development in Northern regions are present in the works by L. L. Bogomolova, I. V. Takmasheva, R. K. Araslanov, A. B. Zelinskaya (2011, 2016, 2017).

The works by V. F. Islamutdinov and A. N. Ustyuzhantseva (2017, 2018) are devoted to institutional issues of regional economic development, including small business development institutions that are also based on efficiency assessment issues of small business innovative institutions. Studying the taxation system assessment in their works, O. V. Kostina, E. N. Razdrokov and V. V. Korosteleva (2018) reflect the role of tax revenues to the regional budget of the autonomous region from oil exploration and production on the Arctic shelf. Specific works by scientific researchers are dedicated to the analysis of the innovative processes development level from the institutional approach perspective (Kushnikov & Pelikhov, 2010). The development of indigenous small-numbered peoples of the North and the dependence of their business activities on state support, and the development of methodological tools to justify the possibility of business activities of indigenous ethnic groups within the major trends are studied in the research by V. G. Loginov, M. N. Ignatieva, V. V. Balashenko (2019), R. K. Araslanov (2015).

According to the authors of the study, despite the sufficient level of scientific publications that reveal the role of small businesses in the regional economy, the issue of small businesses survival in the Northern regions amid the pandemic and the following crisis deserves more in-depth studies. Featured works on this topic, describing both the impact of state institutions on the small businesses development in the region as a whole, and on the economic entities behavior amid new coronavirus crisis environment particularly indicate the relevance of the topic picked for further research.

3 METHODS

Systematization and analysis of major challenges of the small business development, the role of major oil production in the autonomous region and its impact



on small business, the introduction of digital technology prior to the latest crisis, and the constraints that have the greatest impact on small business activities in Northern oil producing regions amid recurring crises form the basis of the scientific research, with the results presented in this paper.

In this study, the authors used the following methods:

1) statistical methods were used to study indicators of small business development in the Northern region (changes in indices, coefficients, and other parameters);

2) comparative analysis (technical analysis) is one of the main methods used in economic assessment studies of the dynamics and structural changes in basic indicators as well as for small business diagnostics in the Northern region. In the study, the comparative analysis is used taking into account the following research fields: the level of indicators, the dynamics of changes, the structure, composition, and movement of parameters are under study;

3) content analysis was used to study the documents: orders, regulations, roadmaps of the Government of the Khanty-Mansi Autonomous Okrug – Yugra, strategies and programs for the small businesses development in the region, state support programs, forecasts, statistics data and notes.

As additional methods to the main methods mentioned above, the study used horizontal (dynamic) analysis methods, which were used to assess changes in indicators over the period under study, and the vertical (structural) analysis to assess the share of small business parameters in the region in the aggregate indicators in Russia. Data visualization was displayed using tabular and graphical methods. The accuracy of the information base in the study is evidenced by the fact that the data was sourced from indicators of small business development in the Northern region, issued in official publications (programs, reports, strategies, regulations, analytical notes) and statistical digests of the Russian Federal State Statistics Service.

4 RESULTS

The model of the economic growth due to increasing share of small businesses is a profitable model for single-product regions where raw materials territories of the Russian North belong to. However, the Northern regions are the least competitive ones in the Russian economy due to severe natural climatic conditions. Economic adherence of such a region to one raw material industry significantly complicates the development of other sectors or clusters of the regional economy, especially small



businesses. The oil and gas industry within the next 10 years will remain to be the major one in the Khanty-Mansi Autonomous Okrug – Yugra. The rest of the industries will develop mainly in line with the dynamics of this predominant industry. This indicates the effect of direct economic dependence of the Khanty-Mansi Autonomous Okrug – Yugra (Islamutdinov & Kushnikov, 2020).

Nevertheless, the business sector is the most important one from the point of view of a strategic resource for the country's economic development. As of today, the business sector is becoming a driver that determines the level of socio-economic development of the territory. Entrepreneurship plays a significant role in improving well-being of the population, reducing unemployment, implementing innovative technologies, and developing the infrastructure.

The retrospective analysis performed under the grant showed that over 74.0 thousand entities operate in small and medium business environment in the Khanty-Mansi Autonomous Okrug – Yugra, with officially 126 thousand employees in total. The share of small enterprises in the gross regional product on average over the past three years has been over 491 billion rubles (Department of Economic Development, 2020a, 2021; Fund for Entrepreneurship Support of Yugra, 2020) (Figure 1).

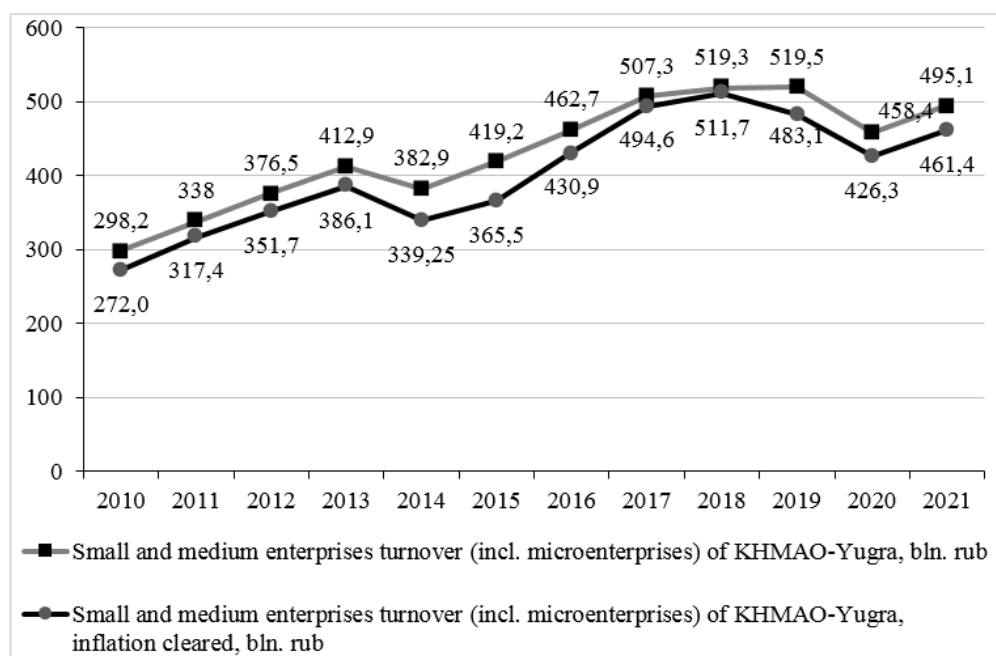


Figure 1. The dynamics of changes in the turnover of small enterprises (including microenterprises) of the KHMAO – Yugra, billion rubles

The role of small business in the autonomous region's economy is significant. The share of small business turnover in the autonomous okrug's GRP within the past three

years has almost reached 14.4%. Small business in Yugra in Russia's GRP is 0.7% on average (Figure 2).

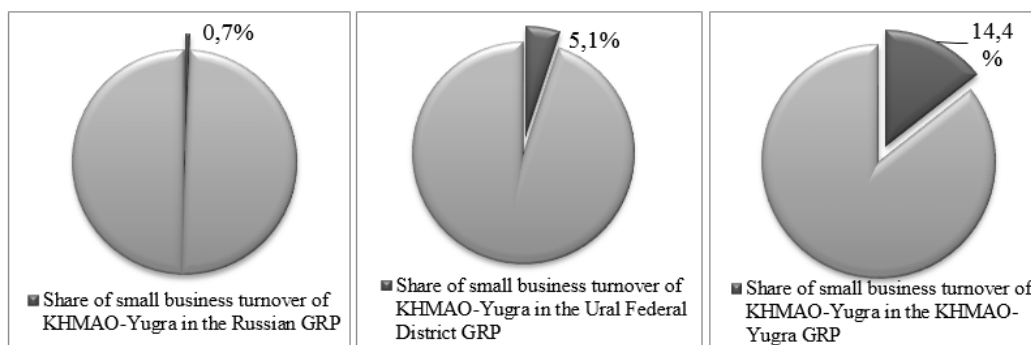


Figure 2. The role of small business in the GRP of the Russian Federation, the Ural Federal District and the KHMAO – Yugra, on average in 2010-2021

Small business in the Northern territories is developing successfully due to significant state support for small businesses, higher solvency of the Northern territories population and a special demand due to specific features of the Northern way of life of the population. The business sector is a priority in terms of a strategic resource necessary for the region's economic development. As of today, the business sector is becoming the most important driver that determines the level of socio-economic development of the territory. Entrepreneurship plays a significant role in improving the population well-being, reducing unemployment, implementing innovative technologies, and developing the infrastructure (Tyaglov et al., 2018).

The dynamics of changing amount of the state support for entrepreneurial initiatives in small businesses within the autonomous region during the crisis periods of 2013 and 2018 changes abruptly (Figure 3). The pre-crisis period of 2010-2012 is characterized by the increase in state support in almost equal proportions: in 2011, the growth rate of state support for small businesses was 20.1%, 93.3 million rubles; in 2012, it was 14.6% or 81.5 million rubles; in 2013, state support decreased due to pronounced crisis phenomena and geopolitical instability. The dynamics of changes in the amount of state support after 2015 tended to decrease, and by the onset of the coronavirus crisis, the level of state support decreased to 483.7 million rubles, with 55.1% of its maximum level in 2015. During the pandemic, from 2019-2021, the Government of the autonomous okrug allocated 1837.1 million rubles. The maximum provision was at the peak of the corona crisis in 2020 - 770.6 million rubles or 42% of the total allocated funds.

Nevertheless, the Government of the autonomous okrug supports the development of small businesses in the region, securing funds to support small enterprises activities

for the "National Economy" item within 14.9% of total costs annually. But the amount of these costs is not always the same, since their amount depends on the region's capabilities during economic crises.

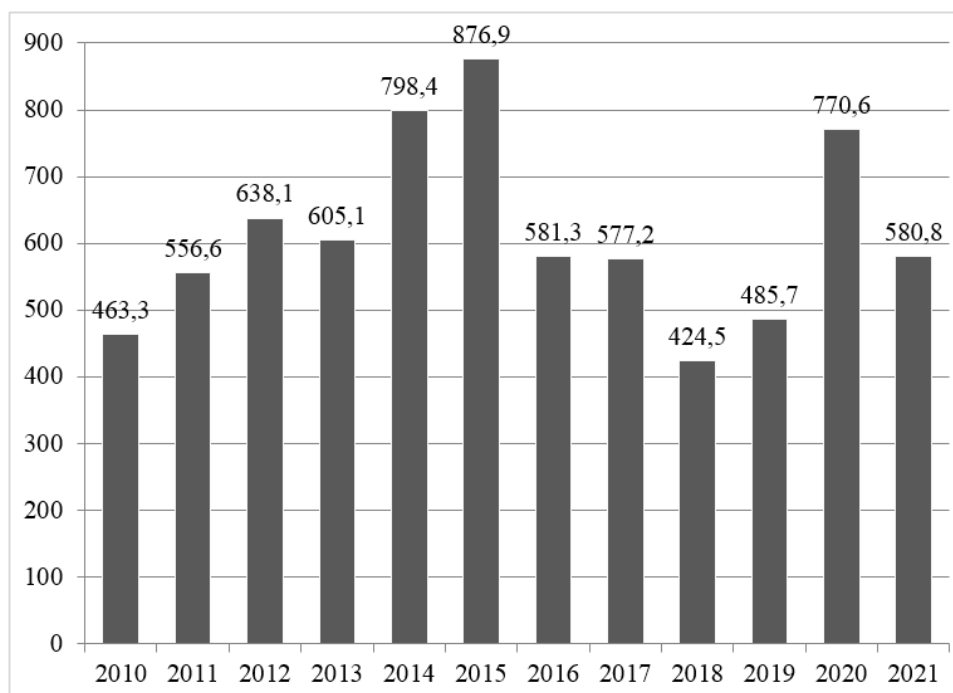


Figure 3. The dynamics of the state support amount for the development of small and medium businesses, million rubles in total

Source: compiled by the authors based on the official data published by the Russian Federal State Statistics Service (2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018), Department of Economic Development of the Khanty-Mansi Autonomous Okrug – Yugra (2021).

The small businesses development in the Northern territories is significantly affected by natural problems and restrictions:

- location features and Northern natural climatic environment: low temperatures, short summer season, long winters, etc.
- insufficient transport accessibility between cities within the region;
- the localities are way too distant from one other;
- restricted use of all modes of transport, which significantly increases transportation costs;
- inability to expand city agglomerations, which is explained by the lack of available land plots due to too many swamps;
- high migration rates in rotational cities and short employment period of the region's workforce, which leads to high staff turnover.

5 DISCUSSION

Crisis phenomena of 2020 which occurred as a result of the coronavirus pandemic or the so-called coronavirus crisis revealed a number of issues in the small businesses development in the Northern territories. Moreover, scientists believe that the pandemic will affect for an extended period of time and will change not only the healthcare system but also many areas of human activity (Phelan et al., 2020).

Since coronavirus crisis was advancing very rapidly in time, small businesses in the Northern territories failed to keep its previous production volumes. Small businesses were not provided with financial cushions in the form of surplus monetary funds, and it was not possible to withdraw money from the business quickly, therefore many businesses were on the verge of bankruptcy. This applies primarily to enterprises in the tourism industry, hotel business, flower business, sports and fitness facilities, children leisure centers, private dental clinics and cosmetology, as well as small industrial trade and service industry. Furthermore, the rate small businesses are switching to remote working is not as high as for large businesses, which led to significant waste of time. By the time the crisis broke out, over 67% of small enterprises in Yugra were under commercial lease which accounts for 25 to 30% in the total cost structure of small enterprises due to quite high costs for leased space. Amid the crisis, commercial lease appeared to be the main negative factor, since force majeure events as a legal term do not exempt one from rent payments under the contract. Nevertheless, the current conditions for small businesses survival amid the coronavirus crisis revealed not only negative trends in its development but also a number of opportunities (Table 1).

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Table 1. SWOT analysis of the positive and negative aspects of small business activities in Yugra amid the coronavirus crisis

Disadvantages	Opportunities
<ul style="list-style-type: none"> - crisis events have led small businesses having to transform from one type to another and to decrease its turnover. The small business sector saw an increase in unemployment rate; - crisis events have made non-chain stores close down, as they faced declining sales; - pricing amid crisis events does not consider market trends and real costs, which can drive small businesses out of the market as being market players failing to compete with large companies; - the issue of the population's credit solvency: low creditworthiness amid the crisis; - in the service sector, the troubled franchising funding that emerged on the onset of the crisis forced several small businesses into bankruptcy. Selling a franchise does not bring the franchisee the estimated income and profit margin invested in the contract in the regions. <p>In our opinion, the disadvantages of developing the region's infrastructure to support small businesses in a crisis are as follows:</p> <ul style="list-style-type: none"> - no methodical approach to their formation, which was clearly highlighted in the times of crisis. Each facility of the infrastructure has its own functions and tasks, which often do not overlap one another; - the necessary elements of the infrastructure to support small business are either missing or exist formally, i.e. on paper; - the commercialization of services of small business infrastructure entities negatively affects the activities of small businesses; - the lack of up-to-date information on the current needs of small businesses for state support remains to be a constraints as well. 	<ul style="list-style-type: none"> - there are new types of state support that were not previously used in times of crisis: salary loans at 0% interest for small businesses, repayment holidays in banks, delayed payments, rent subsidies, etc., which allow many small businesses to survive the crisis; - the opportunity to review business approaches and operational re-specialization, which will make it possible to start a business not from scratch after the pandemic; - new opportunities emerged for small businesses to come out of the shadow, since the state provides more advantages; - the advantages of state-owned lease over the commercial one are revealed due to delayed payments, lease subsidies and, in some cases, zero rents; - switching to remote working allows small businesses to reduce current costs: office and travel expenses, food costs, etc; - active development of digitalization wherein new types of business emerge based on online sales, chatbots, fintech, online education, online conferencing services, entertainment; - development of technologies for remote work and tools for business automation; - industries related to IT and robotics are developing at a faster pace; - within the food consumption structure in the Northern regions, the share of local production of Northern traditional crafts has increased as being eco-friendly and healthier one.

First months into the pandemic, infrastructural transformations in the small business sector were completed: the functions of region's infrastructure facilities changed promptly and new entities were organized, with functionality being relevant to the latest requirements (Figure 4).

As of the peak of the coronavirus crisis 2020, 93.4% (74.9 thousand units) of organizations continue to operate in the autonomous okrug, including 92.7% (65.0 thousand units) of small and medium businesses and individual entrepreneurs, 747.9 thousand people or 97.8% of the average staff number of organizations continue to operate, including 189.2 thousand people or 93.6% of those employed in small business. Among the employees mentioned above, about 149 thousand people are those working on a rotation basis (Department of Economic Development, 2020b).

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Coronavirus Emergency Response Center of the Khanty-Mansi Autonomous Okrug-Yugra	•Providing latest information on anti-crisis measures and state support for small businesses amid the coronacrisis
Yugra Entrepreneurship Support Fund	•Providing financial support for SMEs
Yugra Microfinancing Fund	•SMEs funding based on providing microloans on certain conditions
Regional Business Incubator, LLC	•Providing access for business incubator residents to financial, educational, consulting and information support, premises rent
High Technology Park	•Ensuring the innovative activity of small enterprises
Yugra Center For Social Innovations	•Developing social and social entrepreneurship initiatives in the autonomous okrug based on support for social projects powered by SMEs, as well as support and support for NGOs
Yugra Center For Export-Oriented SMEs Support Coordination	•Providing assistance to entrepreneurs who sell their products or services to other regions, including abroad amid the crisis
Digital Platform «My Business»	•Conducting online consultations on additional support measures
Center For Social Innovation	•Providing comprehensive online consulting assistance: financial, legal, educational, as well as the implementation of innovative social projects
Coworking Centers («Start», Khanty-Mansiysk, etc)	•Converging business and creative activities for entrepreneurs, investors, freelancers, etc; establishing partnerships, training and sharing experience
Institute of the Commissioner for Entrepreneurs Rights Protection	•Ensuring guarantees of state protection of the rights and legitimate interests of business entities in Yugra amid the coronacrisis
Yugra Portal For Small And Medium Business	•Providing the business sector with recent updates on forms and types of state support

Figure 4. Infrastructure elements functionality of small business in Yugra amid the coronavirus crisis

Crisis events of the early 2020 caused concerns and forced us to monitor the state of small businesses on a monthly basis. According to the Federal Tax Service (2022), a total of 61,789 small and medium-sized businesses were registered when the pandemic started.

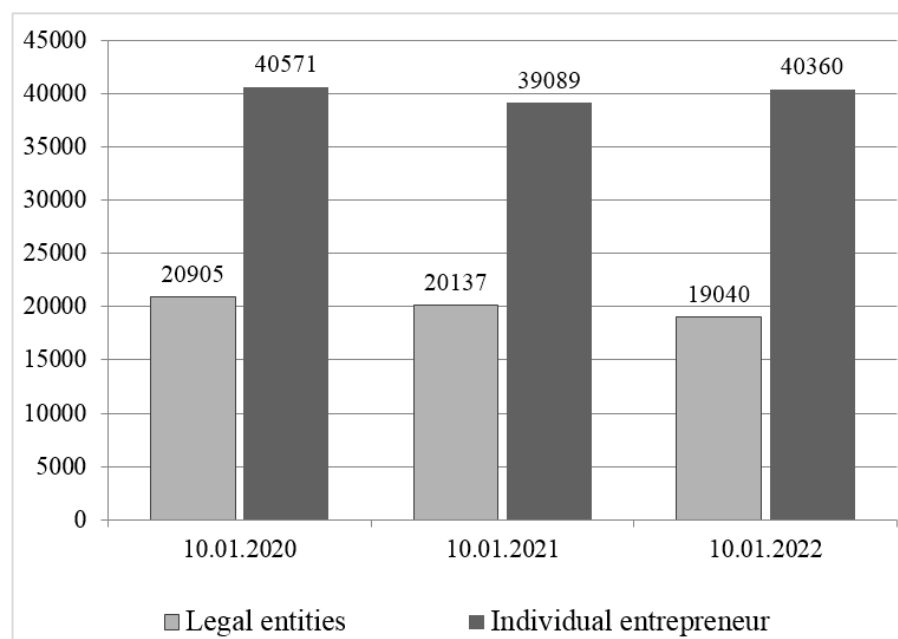


Figure 5. Number of SMEs during the coronavirus crisis from January 2020 to January 2022, units

The dynamics of changes in the number of small businesses is uneven (Figure 5). There is a negative trend in both the category of individual entrepreneurs and legal entities – by 0.4% within 4 months since the beginning of the year. Structurally, the small business sector in Yugra is almost entirely represented by microenterprises, where the number of employees does not exceed 15 people, with the annual income accounting for 120 million rubles. The share of microenterprises among individual entrepreneurs reaches 99.4 %, while among legal entities – 90.6 % By January 2021, there is a significant reduction in small enterprises due to their bankruptcy to 59226 or 2250 small enterprises. By 2022, small and medium-sized businesses reach 59400 enterprises, or 3.9% less than at the beginning of the pandemic (Federal Tax Service, 2022).

Amid the pandemic and the spread of new coronavirus infection (COVID-19) in the Autonomous Okrug – Yugra, additional measures were taken to support small and medium entrepreneurship in order to ensure social stability and sustainable development of the economy in the region:

- for SMEs that operate within the simplified tax system, the tax rate has been reduced to 1% during the pandemic;
- the corporate property tax rate for real estate has been reduced from 2% to 0.7%;
- for individual entrepreneurs, the application of the deflator coefficient to the amount of the potential annual income for an individual entrepreneur has been suspended (Duma of the Khanty-Mansi Autonomous Okrug – Ugra, 2020);

- rent payments deferral was granted, and its payment in equal shares during the pandemic for the possession and (or) use of property, land plots owned by the autonomous okrug, leased out to them (Government of the Khanty-Mansi Autonomous Okrug – Ugra, 2020a, 2020b).

An earlier survey performed in the business sector concerning the role of state support, featuring 1,341 entities, revealed the following results (Figure 6). Most of the entrepreneurs surveyed are mainly engaged in service and trade industries (44.2 % and 32.7% of those surveyed, respectively), about the half of the respondents had been doing business for at least 5 years (45.6%). Among those participated in the survey, almost the half applied for state support – 652 people or 48.6% of the respondents. A total of 60.9% of those surveyed rated the result of the support received as being satisfactory.

The organizations within the infrastructure granting support for small and medium businesses of the autonomous okrug provide for a number of additional measures to support SMEs:

- moratorium on forfeit charges (fines, penalties) under microloan contracts;
- opportunity to restructure their principal loan under microloan contracts for those borrowers experiencing payments difficulties;
- increased amount of financial support for SMEs. A total of 140 million rubles were allocated from the Reserve Fund of the Government of the Autonomous Okrug for additional capitalization of the “Yugra Regional Microcredit Company” Fund to provide operational support for SMEs;
- changes were made to the guidelines regulating granting microloans, concerning payment delays of up to 30 days;

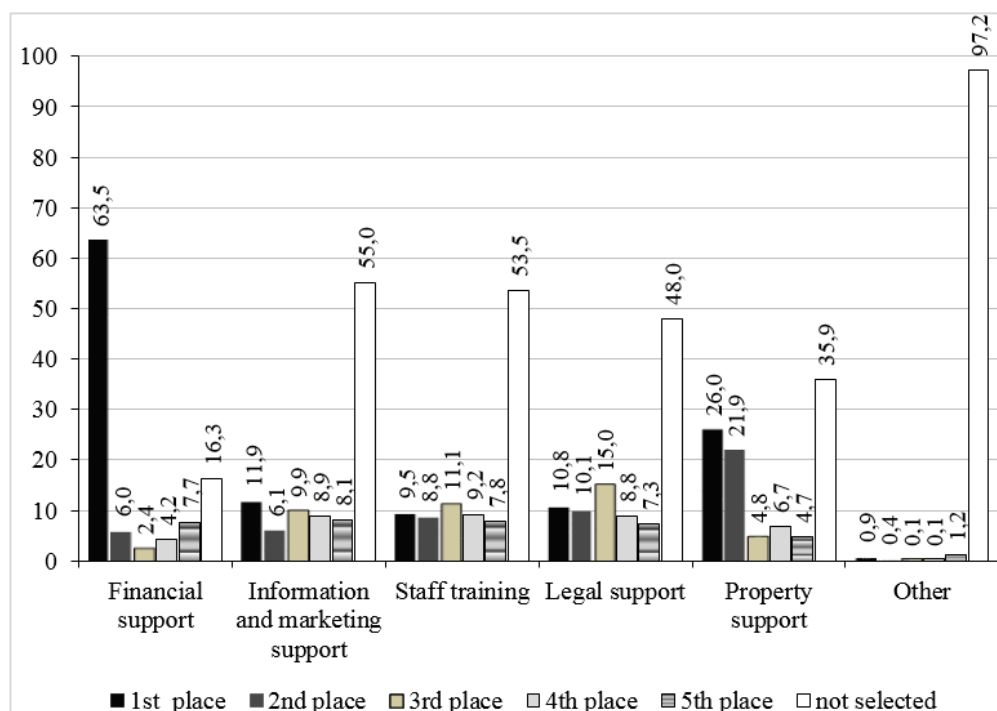


Figure 6. The results of the questionnaire survey on the demand for types of state support for small businesses in the Autonomous Okrug –Yugra

- changes were made to the procedure of granting guarantee support for SMEs, concerning the reduction of the remuneration amount for guarantees granted up to 0.5% per annum and a payments deferral during the pandemic;
- a digital platform for supporting small and medium businesses "My Business" was created for hosting online consulting on additional support measures (Department of Economic Development, 2020b).

6 CONCLUSION

Regional features of Russia's Northern oil and gas producing regions and force majeure circumstances during the coronavirus crisis limit full-scale opportunities for small businesses development within these territories.

Small businesses in the Northern territories are developing in leaps and bounds due to recurring crisis events. Over recent years prior to the coronavirus crisis, there has been a pronounced downward trend in its parameters. The share of small business in the autonomous okrug's GRP is 14.4% on average and has remained so for several years; compared to foreign countries, this rate is insignificant, thus in the USA, Britain, Germany and other states the share of small businesses ranges from 50 to 65%. The autonomous okrug spends millions of rubles to support small businesses; not all entrepreneurs can take advantage of this support due to a number of significant

restrictions.

However, the anti-crisis measures of state support for small businesses, developed by the Government of the Autonomous Okrug, have made it possible for many small businesses to survive amid the rapid onset of the latest coronavirus crisis.

Analysis and assessment of the small business issues and restrictions in the region amid the crisis caused by the pandemic, as well as the development assessment of the regional infrastructure of small businesses allows us to set up basic recommendations for their elimination:

- to develop, preserve and multiply the coronavirus crisis experience and its impact on small businesses activities in the Northern regions in order to develop methodological and practical recommendations and mechanisms for interaction between small businesses and government bodies;

- to develop criteria for monitoring the effectiveness of state laws and regulations, motivated by crisis conditions;

- to optimize the number and composition of infrastructure facilities and the functions they perform in order to exclude functional overlaps and ineffective use of budget funds during a crisis period;

- to develop and implement methods to assess the demand for and effectiveness of anti-crisis measures. Only an infrastructure facility that provides real rather than declared reduction in transaction costs can be considered effective.

The challenges and limitations identified in small enterprises activities in the Northern oil and gas producing regions have contributed to the creation of a completely new toolkit for assessing the current crisis that will be capable of meeting the current needs of government bodies for state regulation of the small business sector.

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