Small business as a factor of sustainable development of rural areas of the regions of Russia on the example of social service enterprises

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Abstract. The article is devoted to the analysis of the current state and prospects for the development of small business, contributing to the sustainable development of rural areas in the regions of Russia. The paper presents modern statistical data, on the basis of which we can talk about the active and dynamic growth of small business in many countries of the world, which may be one of the fundamental factors in the formation of economic systems, both in individual regions and in the states as a whole.

The territorial specialization of small business has been determined as an addition to the "big" economy, which has formed a relatively holistic, complex structure of the economy of regions and municipalities, cities and rural areas. The article offers a general overview of registered small businesses in our country and is revealed. that traditionally the maximum number of them falls on the sphere of trade and public catering, which is primarily due to the relatively low start-up costs for these types of business and the relatively fast turnover of capital. Naturally, the largest number of them is concentrated in the largest regions of Russia with a relatively high level of socio-economic development. Nevertheless, global urbanization has an active influence on the development of small business in rural areas of the regions of Russia. Particular attention in the development of small business in rural areas is paid to the provision of services; the Rostov region is considered as an example of active development.

Keywords: small business, service sector, agro-industrial complex, rural areas, Rostov region.

1 Introduction

Modern statistical data show the active and dynamic growth of small business in many countries of the world, which is one of the fundamental factors in the formation of economic systems of both separate regions and states as a whole.

Small business is one of the components of the entire system of small entrepreneurship in the Russian economy; it develops both in large cities and in rural areas of Russian regions. Modern trends in the development of small business in rural areas are explained by

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an increase in the standard of living of the rural population, as well as by the need to fulfill the functions of self-sufficiency and self-employment. The formation of small business in Russia, including in rural areas, as a necessary element of a full-fledged market and a mechanism for its development is a complex and contradictory process. It should be especially noted that the President of the Russian Federation considers the improvement of life in the countryside and the development of the agro-industrial complex as priority areas of social and economic policy.

Modern society is interested not only in increasing the level of food supplies within the country but also in preserving the multifunctionality of agriculture, the historical way of life of the rural population, improving their environment and the quality of consumer services.

Historically, the main branches of economic activity in rural areas are agriculture and forestry, trade, industry, production of building materials. Nevertheless, the service sector is in high demand not only among the urban population, but also among rural residents.

The main factors in sustainable development of Russian rural regions include a constant and sufficient supply of food to the population based on advanced environmentally friendly technologies, reduction of unemployment, an increase in the number of work places and the level of income of the local population.

In the modern world, administrations at both the federal and regional levels are concerned about the development of appropriate regional and structural policies. An integral part of which is the search for new forms of economic activity. The transition of rural areas to sustainable development is a multistage process, consisting not only of planning, the formation of socio-economic development programs, but also organizing this development through the design and creation of small enterprises mobilizing potential, its use for self-development in order to overcome poverty and improve well-being.

Currently, small business occupies a niche of economic activity, mainly focused on regional and local needs. Small entrepreneurs feel most confident in the production of goods and services that used to be in the economic shadow of large producers. Statistics show that in all regions, small business uses local resources by 80% and meets the needs of the local market by 85%.

The maximum number of registered small businesses in our country is traditionally in the sphere of trade and public catering, which is primarily due to the relatively low start-up costs for these types of business and relatively fast capital turnover. Naturally, the largest number of them is concentrated in the largest regions of Russia with a relatively high level of socio-economic development. Nevertheless, global urbanization has an active impact on the development of small business in rural areas of the Russian regions.

Entering a qualitatively new level of small business development in rural areas presupposes the use of its innovative component. This is due to the choice of groups of the population that are susceptible to innovation and are ready to prove themselves as entrepreneurs. The youth environment seems to be the most receptive to innovations.

This is especially clearly reflected in the provision of services, where the beauty industry occupies a leading position, and the Rostov region is one of the examples of active development.

Considering the diverse sectoral structure of the region's economy, it can be noted that the service sector, specifically the beauty industry, today can be one of the factors in sustainable development of rural areas in the Rostov region.

In addition, the State Program "Economic Development and Innovative Economy" for the period 2019 - 2030 has currently been worked out and approved in the Rostov Region, which, in turn, includes such subprograms as "Creation of Favorable Conditions for Attracting Investments in the Rostov Region", "Development of Small and Medium-sized Businesses in the Rostov Region", "Development of International, Interregional Cooperation and Support for Export Activities in the Rostov Region."
Among the tasks is the creation of conditions for increasing the number of people employed in the field of small and medium-sized businesses, including individual entrepreneurs and self-employed citizens.

Taking into account the general tendencies of state support for small business and the development of the service sector, the beauty industry can be one of the factors in sustainable development of rural areas.

The purpose of the study is to determine the role of the beauty industry small business in the development of rural areas in the regions of Russia.

According to the goal set, it is necessary to solve the following tasks: to reveal the concept of small enterprises, small and medium-sized businesses; consider the distribution of small and medium-sized businesses by federal districts of Russia; identify the leading industries for starting a small business; to reveal the essence of the beauty industry and to determine the prospects for the development of small enterprises of this kind in rural areas.

2 Materials and methods

The concept of this article is based on the theoretical provisions of scientific works by such authors as L. C. Giunipero, D. Denslow, A. I. Rynarzewska [1], D. Pletnev, V. Barkhatov [2], who considered the problems of functioning and factors of business success of modern small businesses, as well as S. Nebojsa, D. Silvio, C. E. Cedrola [3], whose works are devoted to aspects of the development of research activities of small and medium-sized enterprises in international markets.

The role and place of small business in the non-agricultural sector of rural areas is presented in the works of W. Han, Y. Wei, J. Cai, Y. Yu, F. Chen [4], L. Olmedo, M. Twuujver, Mary O'Shaughnessy [5]. The example of China and Ireland is given. The problems of supporting and developing small businesses in rural areas are described in the works of A. ReiGalvão, C. Mascarenhas, C. S. E. Marques, V. Braga, M. Ferreira [6].

The history of the origin and intensive prospects of the modern development of the world beauty industry is considered in the works of F. Perez, P. G. Jones [7], W. Luo [8], A.V. Menon [9], P. F. Perez [10]. The experience of China, Malaysia and New York is given.


For this study, the provisions of G. Bosworth and R. Turner [14] were also taken into account, in the works, which set out the problems of orientation of rural enterprises to various types of needs of rural residents. The organization and conduct of mass cultural, socio-cultural and ethnographic events in rural areas are considered in the works of Y. Osipova, L. Kazmina [15].

It should be noted that the key roles in the development of the beauty industry are played by both mass culture and modern trends in the development of international activities in this area. This is confirmed by the provisions of the works of Y. Osipova, L. Kazmina [16].

When conducting the study, the authors also relied on the provisions of the works of L. N. Kazmina, V. S. Makarenko, V. V. Provotorina, E. Shevchenko, G. Ekinil, A. Petrenko, T. N. Grigorenko, [17, 18, 19, 20,21].

When characterizing the current prospects for the development of small business in Russia, such research methods were used as the descriptive method; statistical analysis, which consists in the identification and subsequent analysis of small businesses in the beauty industry; comparative analysis of the territorial distribution of small and medium-sized businesses in Russia and its regions on the example of the Southern Federal District
and the Rostov Region; prospective method applied in identifying new forms of promoting the development of small business in the beauty industry in rural areas.

3 Results

Analyzing the current state of small business in Russia, it should be noted that this form of entrepreneurial activity is steadily developing in various spheres and types of economic activity.

Small enterprises in the Russian Federation include enterprises that meet certain numerical criteria for employed in industry, construction and transport - up to 100 people, in agriculture and in the scientific and technical sphere - up to 60 people, in wholesale trade - up to 50 people, in retail and consumer services - up to 30 people, other industries - up to 50 people.

The key quality criterion for an enterprise to belong to a small business is also the attitude of the enterprise owner to labor and enterprise management, the degree of his direct contacts with personnel. The founder of a small business, as a rule, not only independently manages his enterprise, has direct contact with his employees, but also quite often shares work duties and functions with them.

Modern statistical data on the state and development of small business in our country allow us to come to the conclusion that the corresponding basic provisions, formed in the mid-90s and transferred to the current concepts and programs, need to be adjusted taking into account the fact that business is very strong "territorialized", i.e. small business in modern Russia is predominantly regional. Small enterprises and small business in general were the first to occupy the niche of economic activity, which is maximally focused on regional and local needs. They feel most confident in the production of goods and services that used to be in the economic shadow of a large industry. Regional small business uses 80 percent of local resources and 85 percent meets the needs of the local market.

The existing territorial specialization of small business supplemented the “big” economy and formed a relatively holistic, complex structure of the economy of regions and municipalities, cities and rural areas. For each region, it is important to assess not only the efficiency of an individual small enterprise, but also the specific contribution of each enterprise to ensuring the viability of the rural area as a whole. According to the statistics provided by the Federal Tax Service of Russia for September 2021, there were 5,620,997 entities in the unified register of small and medium-sized businesses. The data are presented in Table 1.

<table>
<thead>
<tr>
<th>№</th>
<th>Federal Districts of Russia</th>
<th>Total number of subjects</th>
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<tbody>
<tr>
<td>1.</td>
<td>Central Federal District</td>
<td>1761918</td>
</tr>
<tr>
<td>2.</td>
<td>Volga Federal District</td>
<td>994836</td>
</tr>
<tr>
<td>3.</td>
<td>Southern Federal District</td>
<td>660559</td>
</tr>
<tr>
<td>4.</td>
<td>North-Western Federal District</td>
<td>650426</td>
</tr>
<tr>
<td>5.</td>
<td>Siberian Federal District</td>
<td>589129</td>
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<td>6.</td>
<td>Ural Federal District</td>
<td>476804</td>
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<tr>
<td>7.</td>
<td>Far Eastern Federal District</td>
<td>296130</td>
</tr>
<tr>
<td>8.</td>
<td>North Caucasus Federal District</td>
<td>191195</td>
</tr>
</tbody>
</table>

According to the data presented, the top three are the Central Federal District, the Volga Federal District and the Southern Federal District. It should be noted that according to the analytical department of Sberbusiness in 2020, the most attractive industries for starting a small business were wholesale and retail trade enterprises, manufacturing enterprises,
transportation enterprises, construction enterprises, public catering enterprises, and service enterprises. The data are presented in Figure 1.

![Leading industries for small business openings in 2020](image1)

**Fig. 1.** Leading industries for small business openings in 2020.

Analysis of the leading industries in small business shows that the third place is occupied by the service sector, which includes the beauty industry.

Traditionally, the maximum number of registered small and medium-sized enterprises in the Southern Federal District falls on such types of activities as wholesale and retail trade, transport, catering and consumer services. The data are presented in Figure 2.

![Small and medium-sized enterprises of the Southern Federal District](image2)

**Fig. 2.** Small and medium-sized enterprises of the Southern Federal District.

One of the key problems of rural areas is the lagging behind the city in sectoral development. Since most of the regions of the Russian Federation are agricultural regions, the activities of small businesses in the countryside are focused directly on serving the agricultural sector. Thus, the opportunities for small and medium-sized businesses in rural areas cover mainly the agricultural sector. At the same time, in the countryside there is a need to develop social services. Today, a set of measures for the development of small businesses in rural areas should include not only support for agricultural sectors, but also close attention to the development and improvement of social infrastructure and the service sector. The development of small businesses in rural areas will saturate the domestic market
with goods and establish social services, creating additional work places. One of the areas requiring active development in the countryside is social services.

Rostov region is known to be part of the Southern Federal District; it includes 463 municipalities consisting of 12 urban districts, 43 municipal districts, 17 urban settlements, 391 rural settlements. This indicates the quantitative predominance of rural areas.

This explains the leading position of agriculture in the region. This is followed by housing, manufacturing, retail, catering and services.

It should be especially noted that the volume of paid personal services provided to the population of the Rostov Region in January-June 2021 amounted to 126.9 billion rubles, which is 20.6% more in comparable prices than a year earlier (in Russia - an increase of 18.7%). This is the second position in terms of the level of income of enterprises in the Rostov region (the first place is taken by retail trade) and in terms of percentage growth (the first position is taken by public catering). The data are presented in Figure 3.

**Fig. 3.** Financial turnover of organizations of the Rostov region January-June 2021.

It should be noted that in many regions of Russia, including the Rostov region, the service sector in general and the beauty industry in particular occupies a leading position in the service market for both urban and rural populations. The data are presented in Figure 4.
This is primarily due to the urbanization of rural areas, the development of agro-industrial production, which, accordingly, leads to an improvement in the quality of life in the countryside and the rejuvenation of the rural population.

Beauty industry services are included in the consumer services block. Currently, there are about 75,000 enterprises providing services in the beauty industry in Russia. At the same time, the statistical data do not reflect small individual entrepreneurs, with the staff number of no more than 3 people.

Modern statistics of state registration by type of economic activity showed that today in the Rostov region 7815 enterprises with registration of legal entities operate the beauty industry and more than 1000 individual entrepreneurs, which is more than 10% of all enterprises in Russia. These figures indicate that this industry is highly demanded and quite developed in the region.

The beauty industry is a service sector combining such areas as cosmetology, hairdressing, nail service, visage, permanent make-up, tattooing, SPA procedures, massage...

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**Fig. 4.** Structure of the service sector of the Rostov region.
parlors, tanning studios, etc. In addition, the beauty industry includes not only the provision of beauty service but also industries producing cosmetics and cosmetology equipment. In rural areas, as a rule, the most demanded enterprises of the beauty industry are hairdressing and beauty salons.

4 Discussion

Analyzing the distribution of small and medium-sized businesses by federal districts of Russia, it can be concluded that the top three are the Central Federal District, the Volga Federal District and the Southern Federal District. Modern trends in the development of small business in rural areas are explained by an increase in the standard of living of the rural population, as well as by the need to fulfill the functions of self-sufficiency and self-employment. The most attractive industries for starting a small business are wholesale and retail trade enterprises, manufacturing enterprises, transportation enterprises, construction enterprises, public catering enterprises, and service enterprises. Today, the service sector is in high demand not only among the urban population, but also among rural residents.

The Rostov Region is part of the Southern Federal District and ranks second after Krasnodar Territory in terms of the number of registered small and medium-sized enterprises. The Rostov Region includes 463 municipalities, 391 of which are rural settlements. This indicates the quantitative predominance of rural areas. Since most of the regions of the Russian Federation are agricultural regions, the activities of small businesses in the countryside are focused directly on serving the agricultural sector. At the same time, in the countryside there is a need for the development of social services in general and the beauty industry in particular.

Nowadays, the beauty industry is known to occupy one of the leading positions in the development of the world economy. Enterprises in this area can be of different types, sizes and forms of ownership. Statistics indicate the quantitative predominance of small businesses providing services in the beauty industry.

Naturally, the largest number of them is concentrated in the largest cities of Russia with a relatively high level of socio-economic development. Nevertheless, modern statistics indicate an active growth of small business in the beauty industry in rural settlements. It is worth recognizing that today a small business in the beauty industry can be one of the factors in sustainable development of rural areas. With proper development, it can play an important, systemic role in creating a new regional and local economy.

In this regard, it is necessary to assess not only the effectiveness of an individual small business, but also the role of a particular enterprise in ensuring the viability of a rural area. This can be done by evaluating the following criteria:

- profitability (or loss ratio);
- number of workplaces;
- quality of jobs;
- the company's links with the local resource base;
- adaptation of the enterprise to the structure of the local economy;
- spatial integration of the local community;
- satisfaction of the rural population.

The strategic goals for the development of small business in the beauty industry in rural areas should be:

- development and diversification of the rural economy;
- strengthening interregional cooperation and interregional ties;
- reducing the unemployment rate in rural areas;
- solving the problem of social services for the rural population;
development of rural settlements with low indicators of socio-economic development through the introduction of innovative technologies and investments.

- creation of competitive enterprises in the countryside;
- increase in tax revenues to the budgets of all levels;
- attraction of investments into the rural areas, which will be directed to the development of the material and technical base of the rural settlement and the modernization of infrastructure;
- solving the problem of unemployment in rural areas;
- increase in the wages of rural residents.

Thus, it can be argued that the small business of the beauty industry has prospects for active development not only in cities, but also in rural areas. Nevertheless, it is necessary to popularize this service sector and conduct, for example, such events as:

- “Weeks of Beauty (in the city, khutor, village)”, “Festivals of Hairdressing Art”, “Festivals of Nail Service”, “Contests of Beauty Industry Specialists”, master classes (for both professionals and consumers);
- the opening of the "School of Beauty" or "Academy of Beauty" in rural settlements;
- refresher courses with the involvement of beauty professionals;
- online exhibitions (for example, as part of the “Know Ours” online exhibition);
- invitation of nail service masters, hairdressing and the organization of master classes in the framework of rural mass events;
- specialized thematic events "Weeks of Beauty (in city, khutor, village)", "Festivals of Hairdressing art", "Festivals of Nail Service", "Contests of Beauty Industry Specialists."

The active promotion of small business in the beauty industry should undoubtedly be reflected in the formation of priority areas of investment policy in the regions and may be one of the factors in sustainable development of rural areas in the regions of Russia.

5 Conclusions

Thus, the study of small business in the beauty industry as a factor in the sustainable development of rural areas in Russian regions allows us to draw the following conclusions.

1. The beauty industry is one of the demanded sectors of the economy that allows the development of small business both in large cities and rural settlements.

2. Modern trends in the development of small business in rural areas are explained by an increase in the standard of living of the rural population, as well as by the need to fulfill the functions of self-sufficiency and self-employment. In modern conditions, great attention should be paid to the development of not only agricultural production and processing of products, but also the development of the sphere of social services and specifically the beauty industry.

3. One of the key problems of rural areas is the lagging behind the city in sectoral development. Since most of the regions of the Russian Federation are agricultural regions, the activities of small businesses in the countryside are focused directly on serving the agricultural sector. Thus, the opportunities for small and medium-sized businesses in rural areas cover the agricultural sector. At the same time, there is a need for the development of social services.

4. At the moment, a set of measures for the development of small businesses in rural areas should include not only support for agricultural sectors, but also close attention to the development and improvement of social infrastructure and the service sector. Today, the development of small businesses in rural areas will saturate the domestic market with goods
5. The presence of efficiently operating small businesses in the beauty industry not only contributes to employment of the population and an increase in the quality of life and can be one of the factors in the sustainable development of rural areas in the regions of Russia.
6. Today, in many regions of Russia, including the Rostov region, the beauty industry occupies a leading position in the market of services provided to the population. Undoubtedly, such an active development of this sector of the economy should be reflected in the formation of priority areas of investment policy in the regions.
7. Considering the small business of the beauty industry as a factor in the sustainable development of rural areas in the regions of Russia, it can be said that this issue requires active legal support, both at the state and at the regional level. It is necessary to work out drafts and programs for "Comprehensive Development of Small Business in the Beauty Industry in Rural Areas."
8. The development of small business in the beauty industry in rural areas will have a positive effect on the formation of priority areas of investment policy in the regions, and will also contribute to improving the living standards of the local population and creating additional workplaces.

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