Regional business management in the context of foreign economic sanctions: online survey methodology

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Abstract. The purpose of the study is to justify and prove the feasibility of taking regional measures to support small and medium-sized businesses by public authorities under current conditions of foreign economic sanctions. Based on the online survey methodology by the example of Volgograd region, the following problems and risks were identified which include: problems and risks for business entities in the region under sanctions pressure; the level of awareness of small and medium-sized businesses about the measures of state support; the level of satisfaction of small and medium-sized businesses with state support measures; the effectiveness of government support measures for business in the region under sanctions pressure. The study resulted in a comprehensive analytical insight. As small and medium-sized enterprises face various problems in the current conditions of foreign economic sanctions, therefore it is necessary to improve and develop (in view of successful experience of other regions) regional measures to support small and medium-sized businesses by public authorities. Particularly, this concerns maintaining reduced tax rates and rates for microfinance programs. A set of priority areas for leveling the main reasons why entrepreneurs cannot take advantage of measures to support business by public authorities in the context of foreign economic sanctions is proposed by the authors. The scientific novelty of the article is due to the rationale for prioritizing the use of regional support measures based on the methods of economic statistics to support small and medium-sized businesses by public authorities aimed at the development of financial (material) and information resources of business entities in the current conditions of foreign economic sanctions.

1 Introduction

Today, countries are increasingly connected by global value chains and multinational production. This fact is particularly emphasized by foreign researchers. They assess the impact of sanctions that break economic ties between countries as negative, leading to devastating losses in well-being. Some of them [1-3] note that the concept of economic sanctions is more important because of its greater application, since an economic sanction

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is the absence of trade and economic exchange of different countries with a country with the aim of punishment for political and military reasons, i.e. it is the use of economic instruments to achieve political goals. Based on an analysis of events and trends in economic sanctions, researchers [4, 5] identify the negative mechanisms underlying decisions to impose economic sanctions as foreign policy instruments including the consequences of the decisions.

Russian scientists [6-10] note that imposing a new package of economic sanctions against the Russian Federation at the beginning of 2022 had a negative impact on the activities of almost all business entities, especially small and medium-sized enterprises, a significant part of which specializes in retail trade. Researchers generally tend to believe that stimulating the development of national production and supporting business by public authorities are designed to offset the consequences of anti-Russian sanctions.

A critical analysis of the published literature on research issues reveals the main reasons why entrepreneurs cannot take advantage of measures to support businesses by public authorities in the context of foreign economic sanctions. Thus, according to [11, 12], the main reasons include poor awareness of support instruments, mistrust, insufficient amount of financial assistance offered, uncertainty about the future and the effectiveness of the state policy in the field of economy [13, 14] also identify the following reasons: insufficient understanding of support programs, long preparation of the necessary package of documents for obtaining support, complex and confusing reporting after receiving support.

2 Materials and methods

The purpose of this study is to determine and justify the effectiveness of regional measures to support small and medium-sized businesses by public authorities in the current conditions of foreign economic sanctions by the example of Volgograd region.

The key task of the study is to prove primacy of issues which concern support of small and medium-sized businesses in the activities of regional public administration bodies in the current conditions of foreign economic sanctions.

The study is based on the analysis, synthesis, generalization and systematization of data characterizing measures to support the sector of small and medium-sized businesses on the example of Volgograd region.

In order to assess measures to support small and medium-sized businesses in the Volgograd region, a quota sample was made. The selection of respondents according to the online survey methodology (December, 2022) was carried out randomly from among small and medium-sized businesses in the Volgograd region, for which it is possible to collect information.

The required number of respondents was calculated with a 95% confidence level and an error of 5% according to the formula:

\[
n = \frac{z^2 \times p \times (1-p)}{e^2} = \frac{383}{1 + \left(\frac{z^2 \times p \times (1-p)}{e^2 \times N}\right)}
\]

where \(z\) – confidence level (in the form of a z-score);
\(p\) – percentage of responses;
\(e\) – margin of error;
\(N\) – the number of small and medium-sized businesses in the Volgograd region as of December 1, 2022.
A sample of 383 respondents for a general population of 72,000 small and medium-sized businesses in Volgograd region shows a confidence level of 95% and a confidence interval of ±5%. That is, when conducting 100 studies with such a sample, in 95% of cases, the answers obtained according to the laws of statistics will be within ± 5% of the original. The presented sample is representative, since the inclusion of each element of the general population into it took place with equal probability. In addition, this sample is homogeneous, since the controlled parameter is distributed evenly; there are no voids or thickenings.

3 Results

The authors conducted a survey of 383 representatives of small and medium-sized businesses in Volgograd region on the following issues:

1) How do you assess the level of conditions for the implementation of entrepreneurial activity in the region on a 5-point scale?
2) How do you assess the situation in the field of entrepreneurship over the past six months?
3) What problems have you encountered in the last six months?
4) How do you assess the likelihood of risks for your enterprise in the face of sanctions pressure?
5) Did you have or did not you have problems when carrying out foreign exchange transactions; if so, please indicate which ones?
6) Do you know about measures to support entrepreneurship?
7) Is there enough information about measures to support entrepreneurship on the Internet?
8) Do you approve of measures to support entrepreneurship?
9) Have you used measures to support entrepreneurship; if so, which ones?
10) Do you think business support measures are sufficient?
11) How satisfied are you with business support measures?
12) What business support measures taken by the regional authorities do you consider the most effective in the face of sanctions pressure?

The results of the first question are presented in Fig. 1.

![Fig. 1. Results of a survey to assess the conditions for the implementation of entrepreneurial activities in the region on a 5-point scale. Source: compiled by the authors.](image-url)
respondents found it difficult to answer this question.

Fig. 2 presents the results of a survey of respondents assessing the situation in the field of entrepreneurship over the past six months.

**Fig. 2.** Results of a survey assessing the situation in the field of entrepreneurship over the past six months. *Source:* compiled by the authors.

The results of the survey on the problems encountered by the respondents are shown in Fig. 3.

**Fig. 3.** Results of the survey on the problems encountered by respondents over the past six months. *Source:* compiled by the authors.

To the question “How do you assess the likelihood of risks for your enterprise under sanctions pressure” (see Fig. 4), the ratings are set on a scale from 0% to 100%, where 0% is no such probability, and 100% is the maximum probability.
Fig. 2. Results of a survey assessing the situation in the field of entrepreneurship over the past six months. Source: compiled by the authors.

The results of the survey on the problems encountered by the respondents are shown in Fig. 3.

Fig. 3. Results of the survey on the problems encountered by respondents over the past six months. Source: compiled by the authors.

To the question “How do you assess the likelihood of risks for your enterprise under sanctions pressure” (see Fig. 4), the ratings are set on a scale from 0% to 100%, where 0% is no such probability, and 100% is the maximum probability.

As can be seen from the data in Fig. 4, respondents estimate the probability of an increase in prices for raw materials and production costs as the maximum (22%). According to the data received, the termination of agreements on the provision of loans, credits, investments (40%) and the termination of the business as a whole (38%) have a minimal probability.

Amount of the respondents who use currency in financial transactions are presented in Fig. 5.

Fig. 4. Assessing the likelihood of risks for your company under sanctions pressure. Source: compiled by the authors.

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Amount of the respondents who use currency in financial transactions are presented in Fig. 5.

Fig. 5. Problems in conducting foreign exchange transactions. Source: compiled by the authors.

The majority of respondents (86%) are aware of business support measures (see Table 1). At the same time, 55% of them consider the information about these measures posted on the Internet sufficient, only 27% used these support measures and 75% rated the level of satisfaction as high.

Table 1. Awareness of measures to support entrepreneurship by category.
As can be seen from the data in Table 1, respondents most often know or have heard of the following support measures: repayment holidays (49%), soft loans (48%), deferral of loans and contributions (41%) and extension of tax payment deadlines (41%). Respondents most often plan to take advantage of the following regional business support measures: maintaining rates for microfinance programs (16%), reduced tax rates (14%), consulting and educational activities (12%), deferral of payments under microloan agreements (10%).

The scale of satisfaction with support measures from the authorities of Volgograd region is shown in Fig. 6.

![Fig. 6. Scale of satisfaction with support measures from the authorities of Volgograd region. Source: compiled by the authors.](image)

As can be seen from the data in Figure 6, the majority of respondents (75%) are satisfied with the support measures from the authorities of the Volgograd region, 16% are neutral and 4% are not satisfied. At the same time, 60% of them have a positive attitude towards the measures taken by the authorities to support business. In the face of sanctions pressure, 20% are neutral and 3% are negative.

Fig. 7 shows the business support measures taken by the regional authorities, which respondents consider the most effective in the face of sanctions pressure.
Category of business support measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Awareness (%)</th>
<th>Made use (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment holiday</td>
<td>49</td>
<td>17</td>
</tr>
<tr>
<td>Soft loans</td>
<td>48</td>
<td>38</td>
</tr>
<tr>
<td>Deferral of loan payment</td>
<td>41</td>
<td>15</td>
</tr>
<tr>
<td>Extension tax payment deadlines</td>
<td>41</td>
<td>14</td>
</tr>
<tr>
<td>Moratorium on bankruptcy</td>
<td>34</td>
<td>16</td>
</tr>
<tr>
<td>Deferral of micro-loan payment</td>
<td>27</td>
<td>18</td>
</tr>
<tr>
<td>Maintaining rates under microfinance programs</td>
<td>27</td>
<td>26</td>
</tr>
<tr>
<td>Reduced tax rates</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>Consulting and educational activities</td>
<td>17</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: compiled by the authors.

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Fig. 7 shows the business support measures taken by the regional authorities, which respondents consider the most effective in the face of sanctions pressure.

As can be seen from the data in Fig. 7, the following regional business support measures are the most effective: reduced tax rates (26%), maintaining rates on microfinance programs (20%), lowering the interest rate on existing loans (13%) and not increasing the cost of a patent (13%).

4 Discussion

The results of the analysis revealed that when assessing the level of conditions for the implementation of entrepreneurial activities in Volgograd region, a good assessment prevails: 34% and 37% of respondents, respectively, assess the level as medium and high. In the next six months or a year, 32% of the surveyed representatives of entrepreneurship predict an improvement in the situation in Volgograd region in the field of entrepreneurship, and 31% of respondents predict its deterioration.

Over the past six months, the majority of respondents (60%) have faced various problems of doing business. These survey results confirm the results obtained [6, 10, 12,
that the activities of small and medium enterprises are influenced (in various directions) sanctions from Western countries, and retaliatory sanctions from the Russian Federation.

According to respondents, the priority areas of regional support by public authorities for small and medium-sized businesses are reduced tax rates (26% response rate) and maintaining rates for microfinance programs (20% response rate). In works [7, 14, 16] this circumstance is also emphasized. Therefore, it seems appropriate to further implement these support measures.

5 Conclusion

According to the popular scientific resource-oriented approach, entrepreneurial activity combines six main resources including institutional, informational, organizational, material (financial), human and technical resources [6, 8-10]. State support measures taken by regional public authorities affect each of the resources of the activity of a small and medium-sized business entity in varying degrees. The art of each individual public authority lies in the optimal distribution of available financial resources according to state support measures that cause the maximum socio-economic effect from their application.

In the age of digitalization, each business entity and public authority should have direct and feedback links in the decision-making system for choosing one or another measure of state support. Such a decision-making system can be based on a digital platform based on an online survey methodology that allows you to quickly identify the current needs of a small and medium-sized business entity in the necessary measures of state support and regulation.

In the course of the study, based on the online survey methodology, it was revealed that entrepreneurs in Volgograd region currently need state support and regulation measures aimed primarily at the development of material (financial) and information resources. Moreover, material (financial) resources reflect the transformational nature of their activities, and information resources reflect the transactional one.

The authors propose priority areas for leveling the main reasons why entrepreneurs cannot take advantage of measures to support business by public authorities in the context of foreign economic sanctions. They include:

- intensification of an information campaign to popularize support by public authorities for small and medium-sized businesses;
- demonstration of the positive experience of supporting small and medium-sized businesses by public authorities;
- transmission of successful regional experience in supporting small and medium-sized businesses by public authorities;
- implementation by public authorities of preventive strategic forecasting and response to challenges and potential threats of a long-term nature.

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