

# The impact of small business on sustainable development in the Vuca- and Bani- worlds

*Vitali Daroshka*<sup>1</sup>, *Igor Aleksandrov*<sup>2\*</sup>, *Grigory Kulkaev*<sup>2</sup>, *Sofya Skryabina*<sup>2</sup>, *Irina Chekhovskikh*<sup>3</sup>, *Anastasiya Vasilenkova*<sup>4</sup>, *Victoria Ilina*<sup>4</sup>, and *Ekaterina Ol*<sup>4</sup>

<sup>1</sup>Belarusian Trade and Economic University of Consumer Cooperatives, Oktyabrya Avenue 50, 246012, Gomel, Belarus

<sup>2</sup>Peter the Great St. Petersburg Polytechnic University, Politekhnicheskaya, 29, 195251, St. Petersburg, Russia

<sup>3</sup>St. Petersburg State University of Veterinary Medicine, Chernigovskaya 5, 196084, St. Petersburg, Russia

<sup>4</sup>St. Petersburg State Agrarian University, Pushkin, Peterburgskoe highway 2, 196601, St. Petersburg, Russia

**Abstract.** The article is devoted to the presentation of scientific results of the author's research and development of scenarios for the development of small business in Russia under the conditions of VUCA and BANI worlds. The authors analyze the impact of small business on the process of sustainable development. According to the results of the scientific publication it was argued that the life cycle of small business in Russia is in complex turbulent conditions resulting from the manifestation of VUCA- and BANI-factors and their multiplication as a result of overlapping each other: challenges and threats to sustainable economic development of the Russian Federation in conditions of global military and political turbulence and market fluctuations; the state policy of building a digital economy and scaling the activities of marketplaces; Chinese "soft" and "hard" power. The prospects of the scientific research are the analysis of possible effects of the established "black swans": the collapse of the Eurozone due to the sharp increase in sovereign debts of the countries and deterioration of the financial state; the launch of the center of Islamic finance in Istanbul as a counterweight to the established world financial centers; the forcing by Russia and its allies (primarily China and India) of the processes of launching digital currencies and (or) the approval of a new single currency in contrast to the dollar and the euro.

## 1 Introduction

The current stage of development of the national economy of Russia as a whole and its structural component - small and medium-sized businesses is surrounded by a variety of different challenges and threats to the external environment, generated by both political and socio-economic processes of global transformation of the world order on the way to the adoption of the paradigm of Industry 4.0. This state of affairs forms a field with highly

---

\* Corresponding author: [a7830298@gmail.com](mailto:a7830298@gmail.com)

variable reactions of its actors (subjects of entrepreneurship), so the formation of scenarios of their development by technical methods.

The relevance of the topic of scientific research is conditioned by the growing number of internal contradictions in the Russian society, rapidly growing depletion of internal financial resources and increasing international sanctions pressure on the entrepreneurial sector. This, in turn, requires the academic community to participate more fully and deeply in the development of specific proposals for understanding and accepting the "new reality" of doing business and the fullest leveling of the burden of transformation of managerial behavior and business models of commercial organizations themselves

The purpose of the scientific article is to form the author's vision of scenarios for the development of small business in Russia in the VUCA and BANI-worlds. The object of scientific research is small business in Russia, the subject is the processes of development of small and medium-sized entrepreneurship in the conditions of VUCA and BANI-worlds factors. In the author's opinion, the multiplicity and multidirectionality of the existing challenges and threats prevents the identification of some sufficiently argued possible reactions of the entrepreneurial sector, which could be described by classical methods of technical analysis (econometric models, statistical analysis of development indicators).

To solve this problem, the author proposes to use the methodology of qualimetry, which is a synthesis of technical (statistical and economic) quantitative and qualitative (qualitative indicators for assessing the perception of the business environment, business optimism, etc.) analysis of objects and processes, which allows us to consider the identified factors of the VUCA and BANI-worlds through the prism of future trajectories of development of small businesses.

Within the framework of the scientific article due to the objective impossibility of covering by the author the whole set of factors and the presence of "black swans", the following trends will be considered. The following trend-factors, whose influence has a pronounced and confirmed long-term character, will be considered:

1. Challenges and threats to sustainable economic development of the Russian Federation in the conditions of global military and political turbulence and market fluctuations.
2. State policy of digital economy construction and scaling of marketplaces activity.
3. Chinese "soft" and "hard power" changing the landscape of the Russian market.
4. International sanctions and their impact on the business optimism of the pre-entrepreneurial sector.

*Disclaimer* : the content of the scenarios of future development of small businesses is subjective, debatable and based only on the analysis of open information sources (Rosstat) and can not be considered a benchmark for the formation of short- and medium-term development plans of entrepreneurship and (or) decision-making by all interested parties (business representatives, public authorities, media, etc.) in private or public interests.

## 2 Results and Discussion

The initial precision of the scientific study is a statistical analysis of the indicators of small business development in the Russian Federation in 2017 - 2022, including business demographics (Table 1).

**Table 1:** Indicators of SME development in the Russian Federation in 2017 – 2022

Indicators	2017	2018	2019	2020	2021	2022
1. Number of small enterprises (excluding microenterprises), units.	256698	238292	224898	217021	213024	212716

2. turnover (gross income) of small enterprises (excluding micro-enterprises) taking into account the GDP deflator, mln. rub.	19255,1	18671,9	17674,0	15630,5	15330,2	13808,8
3. Production of goods of own production, works and services performed by small enterprises (without microenterprises) with regard to GDP deflator, mln. rub.	11803,8	11534,6	11329,4	10974,0	12966,4	14595,7
4. Average number of employees of small enterprises	6671,8	6271,7	5977,6	5469,1	5390,2	5308,1
5. The share of small enterprises that carried out technological innovations in the total number of surveyed small enterprises, %	5,2	-	5,9	-	7,1	-
7. Quantitative indicators of small business development:						
7.1 Rate of change in the number of small enterprises, %	100,0	92,8	94,4	96,5	98,2	99,9
7.2 Rate of change in the number of employees of small enterprises, %	100,0	94,0	95,3	91,5	98,6	98,5
7.2 Share of small business production of goods (works, services) in GDP, %	1,3	1,1	1,0	1,0	1,0	0,9
7.3 Share of small business income in the country's GNI, %	8,9	7,3	6,3	5,1	4,2	3,0
7.4 Labor productivity of small business, rubles/person.	1,8	1,8	1,9	2,0	2,4	2,7
8. Qualitative indicators of small business development:						
8.1 Level of entrepreneurial activity, %	10,9	10,4	14,4	13,1	11,6	10,7
8.2 Business climate index, points	46,9	46,7	48,1	45,2	38,7	32,4
8.3 Level of entrepreneurial confidence (according to Rosstat), %	-4,5	-4,3	-6,9	-10,7	-11,6	-13,3

As follows from the results of the technical analysis based on the official statistics, the situation with small businesses in Russia has no pronounced positive trends towards quantitative growth: thus, in 2022 compared to 2017, there is a decrease in the number of such entities by 43982 units, or 17.1 p.p. The number of employees of such entities also decreased by 1363.7 persons, or 20.4 p.p. The turnover (gross income) of small businesses (excluding micro-enterprises) in Russia has decreased by 17.1 p.p., or 17.1 p.p. The number of employees of such entities also decreased by 1363.7 persons, or 20.4 p.p., while the turnover (gross income) of small enterprises (excluding microenterprises), taking into account the GDP deflator, decreased by 5446.3 million rubles, or 28.3 p.p. The only positive trend is the growth of the number of small enterprises (excluding microenterprises). The only positive moment is the growth of the share of small enterprises that carried out technological innovations from 5.2% in 2017 to 7.1% in 2021 (there are no

more recent data, as the survey is conducted every two years) and the associated growing labor productivity (+0.98 thousand rubles / person, or + 55.4%).

As for qualitative indicators, the level of entrepreneurial activity of the sector, which characterizes the intensity of entrepreneurial actions and interaction of the entrepreneurial firm with the internal and external environment [2], practically did not change in the analyzed period and fluctuated around 10.4 - 13.1%. The business climate index, which allows assessing the prospects of business, what concerns and expectations are shared by the management and what effects for the national economy they may have, decreased from 46.9 points in 2017 to 32.4 points in 2022, and the "collapse" occurred precisely during 2022 and is associated with the concerns of the business sector about the sectoral sanctions and other restrictions in the international relations of Russia and the world that are unfolding against its background..

Further, using the provisions of qualimetry methodology and data from the annual report "Monitoring "The State of the Russian Economy and Company Activity" published by the Russian Union of Industrialists and Entrepreneurs, the author identified the main VUCA- and BANI-factors:

- the first group (VUCA) included those generated mainly inside the country and associated with decision-making by state regulators and partially - with the first international restrictions on Russia, introduced in 2014.[1];

- the second group (BANI-factors) is associated with external factors and begins its countdown with the beginning of digitalization of the national economy of the Russian Federation and the largest in modern history pandemic COVID-19, which became a driver of business model redesign for the majority of representatives of the business sector [5] (Table 2).

**Table 2.** Key VUCA- and BANI-factors affecting small entrepreneurship in 2015 - 2022, in %

Influencing factors	2015	2016	2017	2018	2019	2020	2021	2022
<b>I. VUCA-factors</b>								
1. Non-tariff restrictions on export/import of products by state regulators	11,5	16,5	14,9	17,7	20,1	25,2	33,7	49,3
2. Increasing influence of the effects of market inequality between private and state-owned businesses	7,5	8,8	9,6	12,3	14,8	25,6	30,8	44,7
3. Decrease in investment attractiveness of the Russian jurisdiction	...	11,5	14,8	16,9	25,3	...	20,8	35,7
4. Deterioration of logistical links between Russia and Western countries	9,5	12,6	18,9	22,4	27,8	33,7	36,5	40,2
4.5 Reputational (business) risks of cooperation with Russian business	...	...	4,4	11,6	12,2	13,6	18,4	35,9
<b>II. BANI-factors</b>								
1. restriction (prohibition) and (or) prohibition of transfer of licenses, technologies and patents, finished NMA and other objects	2,3	3,7	10,5	14,8	19,6	37,8	2,3	3,7

of OIS, "departure of strong anchor brands"								
2.Settlement and financial restrictions and bans, including by Russian banks; reduced availability of foreign capital and projects in the field of international technical assistance to SMEs	...	...	11,8	17,2	19,5	60,9	...	...
3.Blocking (suspension) of joint investment projects, including innovative ones.	7,2	9,8	15,5	19,8	26,2	35,4	7,2	9,8
4. Chain (network) effects of sectoral sanctions imposed against state corporations in IT, fuel and energy, military-industrial complex, agro-industrial complex, transportation, which have an impact through subcontracting mechanisms.	9,5	12,9	14,7	16,4	28,7	49,3	9,5	12,9
5. Forced relocation of IT-companies and their personnel / blocking of international cooperation in the ICT sphere; strengthening of state influence and regulation of the IT-industry.	...	2,5	12,6	14,4	19,3	35,7	...	2,5

As follows from the analysis of the importance of VUCA-factors obtained in the course of a comprehensive survey of the business sector in the period from 2015 (the starting point of the beginning of the impact of international sanctions against Russia, the so-called "Crimean package") to 2021. non-tariff restrictions on export/import of products by state regulators (for example, in the sphere of trade in consumer goods, supplies of high-tech equipment and complex electronics) and the increasing influence of the effects of market inequality of private and state-owned businesses (the share of state ownership at the end of 2022 amounted from 55.7 to 62%) were considered to be the main internal ones [9]. Starting from 2019, the re-respondents noted the factor of decreasing investment attractiveness of the Russian jurisdiction (25.3%) and deterioration of logistics links (27.8%).

As follows from the data in the table, starting from 2017, representatives of the business sector noted as the most significant factors:

- settlement and financial restrictions and bans, including by Russian banks; reduced availability of foreign capital and projects in the field of international technical assistance to SMEs (at the end of 2022, the value amounted to 60.9%);

- chain (network) effects of sectoral sanctions imposed against state corporations in the IT, fuel and energy complex, military-industrial complex, agro-industrial complex, transportation, which have an impact through subcontracting mechanisms (49.3%), as many of them were contractors or partners of large state corporations ;

- forced relocation of IT-companies and their personnel / blocking of international cooperation in the ICT sphere; strengthening of state influence and regulation of the IT-industry (35.7%).

Based on the results of analyzing the impact of VUCA- and BANI-factors and the key trend factors identified at the beginning of the research article, the author prepared scenarios for the development of small business taking into account their impact:

*Scenario 1.* "Deep integration of small businesses with the largest industry state corporations in the format of business satellites" - aggravation of international confrontation between Russia and the countries of the collective West aggravates the breakdown of the established international cooperation ties of large industry businesses in such important industries as energy, oil and gas, aerospace, and IT. Russian management of state corporations and state regulators turn to small businesses as "agents of deep implementation" to organize them-port of critical technologies and equipment, since de jure small businesses are not subject to sectoral sanctions, and besides, they can be in countries with neutral policy towards Russia.

The consequences of the realization of such a scenario for the subjects of entrepreneurship is the actual loss of independence and acceptance of the role of "vassal" of large companies, which in turn will mean the consolidation of the market, the growth of the share of state ownership and the shrinking of the "pure" entrepreneurial sector. From the point of view of international law, such actions will be regarded as new attempts to circumvent sanctions, and "blacklists" will be formed in respect of such quasi-entrepreneurs, which may significantly complicate their work in the future [6].

*Scenario 2.* "State policy of building digital eco-economy and scaling of marketplaces" - a powerful VUCA-factor is the aggressive policy of the largest Russian marketplaces from the "Big Four" (WB, Ozon, Yandex Market, Megamarket), which is now literally absorbing small businesses.

On the one hand, such players provide the most advanced infrastructure for entrepreneurs, physical and cyber security of goods (services) supply operations and payment discipline, on the other hand - agglomeration of the entrepreneurial sector around marketplaces changes the market landscape, for example, in particular, the availability of financing for small entrepreneurs in banks (the latter become uninterested in working with small businesses), oppressive pricing policy and internal competition of marketplace participants, which makes the independent p-players more competitive.

This scenario is convenient for the state in that the entrepreneurial sector becomes more controllable in terms of income and tax payments, and a new instrument of influence on the development of the entrepreneurial sector is formed by introducing stimulating or, on the contrary, suppressive measures through marketplace operators.

It is also important to keep in mind the large-scale initiatives of the state to introduce artificial intelligence technologies and predictive analytics based on them, which, on the one hand, should contribute to a better understanding of the development of small business.

*Scenario 3:* Expansion of Chinese "soft" and "hard" power changing the landscape of the Russian market - in the current conditions of political instability and market turbulence, the managerial elite is actively interacting with China in terms of importing technologies dropped out due to sanctions, as well as attracting financing for the implementation of national projects and programs. For small businesses, the main BANI factor is the practical inability to compete with the Chinese entrepreneurial sector, which in the future will lead to the degradation of the national segment of entrepreneurs engaged in production, including high-tech products, as Chinese companies will seek every possible way to either re-locate such players in their market or squeeze them out of the market and replace them with their own representatives.

It is important not to forget about China's "soft power", which is implemented through the popularization of Chinese culture, education and specific programs for searching and selecting talented young people and then offering them relocation and employment in Chinese companies (currently these are Iskra, Fa-kel, 1000 Talents, Project 211, as well as

private corporate programs of Chinese corporations Tencent WeStart, ZJ Innopark. In the long term, such a policy will lead to an erosion of intellectual capital and a shrinking of the innovative segment of the entrepreneurial sector.

Scenario 4. International sanctions and their impact on the business optimism of the business sector - the final scenario based on the BANI-factor is the uncertainty of further development of entrepreneurship in the context of international sanctions and the practice of the country's leadership to form a pro-Russian business community in the "new territories" obtained as a result of a special military operation: the business sector faces the issue of not only ensuring the physical security of its activities, but also the sustainability of its business activities.

On the one hand, Russia gets new markets for sales and application of entrepreneurial forces, on the other hand, at present the fragility of borders and their dynamism (some sources use the concept of "flicker") may lead to rejection of such "business migration" by entrepreneurship and even active resistance, which will form a loop of contradictions between the business community and state regulators. In addition, it should be understood that a serious set of benefits and financial support of pioneer entrepreneurs will be required to restore market infrastructure and establish logistical links [3].

## 5 Conclusion

Based on the results of the scientific publication, it was argued that the life cycle of small business in Russia is in complex turbulent conditions resulting from the manifestation of VUCA- and BANI-factors and their multiplication as a result of overlapping. The scenarios of further development of the entrepreneurial sector presented by the author are based on a critical review of the views of Russian scientists and representatives of the business community, and are of a discussion nature, since there are currently a number of "black swans" - factors or events, the probability of occurrence of which and the effect of their influence are currently very difficult to assess or measure:

1) collapse of the Eurozone due to a sharp increase in sovereign debts of the countries and deterioration of the financial condition due to active financial support of Ukraine - when this factor is realized, the outcome of "appropriation of assets" of Russian businesses, which were frozen in 2022, is realistic. [7];

2) the launch of the center of Islamic finance in Istanbul as a counterbalance to the established world financial centers will lead to a global revision of cash flows and international programs to support entrepreneurship;

3) forcing Russia and its allies (primarily China and India) to launch digital currencies and (or) approve a new single currency in opposition to the dollar and the euro, which will fundamentally change the balance of power and influence of Western countries on the national economy of Russia in general and entrepreneurship in particular.

Thus, the development of small business in the next 3-5 years will take place in the conditions of global entropy, and the question: "What awaits entrepreneurship?" will remain debatable, but from this its relevance will in no way diminish, on the contrary, it is a powerful motivator for the development of flexibility and adaptability of the business community, which can be turned into economic added value and a tool to ensure the economic security of our homeland.s.

## References

1. De Godoy, M. F., Filho, D. R. (2021, August 1). Facing the BANI World. International Journal of Nutrology. Georg Thieme Verlag. <https://doi.org/10.1055/s-0041-1735848>

2. Grabmeier, S. (2020). BANI versus VUCA: A New Acronym to Describe the World. Stephan Grabmeier Blog, 1–6. Retrieved from <https://stephangrabmeier.de/bani-versus-vuca/#infographic>
3. Nigay, E. A., & Naumchenko, A. A. (2023). Administrative Consulting, **(5)**, 63–75. <https://doi.org/10.22394/1726-1139-2023-5-63-75>
4. Gegechkori I.M. // Audit Vedomosti. 2022. **1**. 97 - 100. DOI: <https://doi.org/10.24411/1727-8058-2022-1-97-100>.
5. Minciu, M., Berar, F. A., Dobrea, R. C. (2020). Management and Marketing, **15(2)**, 236–254. <https://doi.org/10.2478/mmcks-2020-0015>
6. Sarkar, A. (2016). Development and Learning in Organizations, **30(3)**, 9–12. <https://doi.org/10.1108/DLO-07-2015-0062>
7. De Godoy, M. F., & Filho, D. R. (2021, August 1). Facing the BANI World. International Journal of Nutrology. Georg Thieme Verlag. <https://doi.org/10.1055/s-0041-1735848>
8. Grabmeier, S. (2020). BANI versus VUCA: A New Acronym to Describe the World. Stephan Grabmeier Blog, 1–6. Retrieved from <https://stephangrabmeier.de/bani-versus-vuca/#infographic>
9. Zachosova, N., Kutsenko, D., Koval, O. (2022). Financial and Credit Activity: Problems of Theory and Practice, **4(45)**, 223–233. <https://doi.org/10.55643/fcapter.4.45.2022.3819>