

## Improving the Tools for Assessing and Managing Export Activities of SMEs in the Region\*



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**Abstract.** Internationalization of small and medium-sized enterprises (SMEs) through the access to foreign markets is one of the key issues in economics. Currently, the urgency of tasks related to the pace of economic growth, the increase in the gross regional product, and the expansion the territories' budget revenues is increasing. Non-resource exports are mentioned as one of the sources of growth of the Russian economy until 2024 in the “May” decrees of the President aimed at increasing its competitiveness. Increasing the share of SMEs up to 10% in the total volume of non-resource exports is one of the key tasks of the national project “SMEs and support for individual entrepreneurial initiative”. At the same time, there is a number of problems hindering the effective use of the existing SMEs' export potential as a source of economic growth at the regional level of the Russian Federation. The most acute ones are the following: low competitiveness of the SME manufacturing sector; lack of experience in foreign markets and absence of effective measures to support SME exporters; lack of strategies for using SMEs' export potential, as well as of effective mechanisms and tools for their implementation at the regional level. In this regard, the aim of the research is to develop an approach to managing export activities of SMEs in the region. The article systematizes the research results in various scientific areas and theories related to the management of export activities of SMEs in the region, allowing to identify the main characteristics and features of this process. The author has developed an approach to assessing the specifics and specifications of SMEs in exports and their contribution to the total regional exports, allowing to determine directions

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for further support areas development. The analysis of the existing export promotion system is carried out. The directions, regulations and tools for the Federal and regional levels forming a unified system of SMEs management and support in terms of export activities are proposed.

**Key words:** management, internationalization, export activities, small and medium-sized businesses, region.

## Introduction

One of the most profitable strategies for achieving national development goals in both developing and developed countries is promoting export development of small and medium-sized enterprises (SMEs). The formation of the ability to internationalize firms is possible when the prerequisites for managing export activities of the SME sector (determining their strategy and actions) are created in the dialogue between the regional authorities and business, but do not involve only projects declaration and planned quantitative values of indicators.

In 2018, national projects were approved in Russia. Within the framework of the national project “SMEs and support for individual business initiatives”, a goal to achieve a 10% share of small and medium-sized businesses’ exports in the total volume of non-resource exports by 2024 has been set<sup>1</sup>. Solving this problem requires a systematic approach and high-quality solutions in the field of export management in the region. However, today there are no comprehensive solutions to this problem.

In this regard, the purpose of the study is to develop an approach to managing the export activities of small and medium-sized businesses in the region. To achieve this goal, the following tasks have been completed:

1. Scientific theories concerning export activities of small and medium-sized businesses

in the region have been analyzed, which allowed to identify the main characteristics and features in the management of this process.

2. The specifics of SMEs have been assessed to determine the contribution to the total regional exports.

3. The approach to export activities management in Russia with the allocation of features in terms of small and medium-sized businesses at the regional level has been studied.

4. Developed directions, regulations and tools for the federal and regional levels, forming a unified system of managing and supporting small and medium-sized businesses in terms of conducting export activities.

### Theoretical aspects of the research

The issues of SMEs’ participation in international trade and assessment of firms’ readiness for internationalization are the subjects of research by many economists. As a rule, scientists are based on the theories of international trade (liberalism and protectionism), which can be found in many works on the world economy and international economic relations [1; 2]. Usually, the degree of participation in international trade and the achievements of individual countries and regions in this area are determined by the presence of competitive advantages, the appearance of which is due to the presence of certain factors of production [3; 4; 5].

General approaches in the theory of entrepreneurship that affect export issues, including determining the degree of SMEs’ development effectiveness in an international context, were developed in the works of such

<sup>1</sup> National project “Small and medium-sized businesses and support for individual business initiatives”. Available at: <http://static.government.ru/media/files/uahTsGOc72APotUEQUjhoENhq1qYz4H.pdf>

scientists as T. Singer, S. Lee, M. Kotabe, A. Bernard, S. Gupta, T. Melewar, M. Cinkota, P. Mukerji, A. Panagariya [6–10].

The ability of firms to internationalize has attracted researchers' considerable attention (C.A. Solberg et al., J.W. Lu, P.W. Beamish, J. Child et al., C. Mayer, D.S. Siegel, M. Wright) [11–14]. Alternative approaches to managing SME exports were analyzed, as well as the links between internationalization and resource availability (L. Kubickova et al., N. Dominguez et al., S. Estrin et al., Potter J., F. McLeay, H.C. Andersen) [15–19]. In particular, for small firms, attention is often focused on how resource and information constraints determine the companies' strategy and actions in the foreign market. Most of the literature on the export of small and medium-sized enterprises includes the process (step-by-step) approach to management proposed by J. Johanson and J.E. Vahlne, and the new international concept "born globally" (G. Knight, and S.T. Cavusgil, B.M. Oviatt and P.P. Mc. Dougall) [20; 21; 22]. Despite the criticism, the step-by-step export management model is crucial for the SME sector. It focuses on managing through experience and organizational elements, especially when considering internationalization processes among SMEs with their well-established position in the domestic market.

Some studies (for example, Majocchi et al.) use "company age" as one of the variables that is taken into account in export management and indirectly characterizes the duration of the experience of firms' internationalization [23]. It is assumed that "company age" and internationalization experience will be positively associated with the degree or intensity of firms' international participation in exports.

From K. Helmers' point of view, the choice of generalizing indicators allows to make an in-depth economic analysis and identify negative

trends in the management of foreign economic activity [24]. According to the calculations of H. Hoyt (Hoyt model), high values of indicators that characterize exports justify the inclusion of a specific territory into the system of external relations with other countries and regions [25]. In the Heckscher – Ohlin model (specification), the differences in exports were explained by differences in the countries' relative availability with factors of production or other characteristics, such as buyers' preferences in trading partner countries [26; 27; 28].

Therefore, in order to effectively manage the export activities of small and medium-sized businesses that can ensure economic growth, it is necessary to take into account the assessment of SMEs' specifics in exports and the analysis of their specifications in the regions [29].

#### **Research methodology**

The study of Russian exports, as well as the definition of its constituent product groups, is carried out taking into account the regions' specialization. For these purposes, a methodological approach is used (Balassa and Lafay) [30; 31; 32]. Export specialization is determined by the ratio of the specific weight of a product (a set of products in the industry) in a country's export to the specific weight of a product (similar products) in world exports. The value of the indicator for a product group greater than one indicates the country's (region's) exports specialization in this production sector [33; 34].

The analysis of the qualitative characteristics of small and medium-sized businesses' exports in the regions suggests determining their contribution to non-resource exports [35]. At the moment, the authorities and management bodies in charge of the foreign economic block use the approach of AO "Russian export center" (REC), which consists in attributing exports to primary materials or non- primary materials, depending on the degree of human participation

in the formation of the product's principal characteristics<sup>2</sup>. However, this approach has the following disadvantages: first, the non-primary category of goods includes both primary crop production (grain) and high-tech products; second, intermediate goods (metals, fertilizers, and others) contribute to the structure of non-primary exports to a greater extent; third, this approach puts quantitative characteristics first (volumes expressed in monetary units and the number of export contracts concluded), and the quality ones are relegated to the background.

These disadvantages are overcome in the approach of the Vologda Research Center of the Russian Academy of Sciences [36; 37]. It is based on the allocation of primary (including semi-finished products) and non-primary product groups in accordance with the unified commodity nomenclature of foreign economic activity. Besides, the advantages of this approach include taking into account the priority areas of Russian exports approved in the state program of the Russian Federation "Development of Foreign Economic Activity": improving export specialization of the Russian Federation, export diversification through a consistent increase in exports of non-primary goods.

The methodological approach we use differs from the existing ones by defining the specifics (1) and specification (2) of SMEs' exports, both for the country as a whole and for each individual entity.

1. Specificity reflects the quality characteristics in exports and allows performing sectoral analysis up to a specific product portfolio. It is determined by the ratio of the volume of exports of a specific group of goods (by type or sector) to the total supply of the entire country (region) to foreign markets.

2. Specification allows to identify (evaluate and detail) SMEs' place in exports, as well as its

territorial orientation through the specified analytical parameters. The specification refers to a set of indicators, the main of which is calculated as the share of SMEs' export supplies in the total volume of exports of a country (region). Supporting indicators are the share of SMEs' exports in the country's non-primary exports; the share of machine-building products in the country's non-primary exports in relation to the share of SMEs' exports in non-primary exports; the share of SMEs' exports in the volume of exports of competitive industrial products (non-primary materials). As a result, the profile of the country's (region's) specification in the export is formed.

In the framework of this paper, the specifics and specifications of Russia and its regions are based on the product groups specified in the classifications of the REC and the Vologda Research Center of the Russian Academy of Sciences (primary materials, non-primary materials, semi-finished products).

The developed approach to assessing the specifics and specifications of SMEs in export provides a comprehensive and complete description of trends in international trade for making specific management decisions in the field of export activities of small and medium-sized businesses.

### **Main research results**

To understand the situation with SME exports, it is necessary to take into account their characteristics, as well as the main trends. The specialization of Russian exports in the years of 2007–2017 remained unchanged. The main commodity groups include mineral products, products of the fuel and energy complex, which for the entire period (from 2007 to 2017) account for the largest share in the total volume of export of goods abroad (*Table 1*).

The performed assessment shows that with all the favorable conditions created and the support measures applied for the development of non-primary exports, high-value-added

<sup>2</sup> Export classification. Available at: [https://www.exportcenter.ru/international\\_markets/classification/](https://www.exportcenter.ru/international_markets/classification/)

goods and machine-building products are not a specialization for Russia in deliveries to foreign markets. This means that Russia is in the “zero zone” in these product groups (the share of the product group is less than one in the total volume, according to Balassa and Lafay) by export specialization, although it has potential (including mechanical engineering; SME sector).

Analysis of the specifics of Russian exports in dynamics (*Table 2*) showed that low-tech goods and raw materials accounted for the largest share in 2013–2017. At the same time, highly processed products (engineering products, pharmaceuticals and hygiene products, construction tools, plastic products in combination with other materials, ready-

made food products, various industrial goods and textiles), which are the engines of regional economic growth, accounted for the smallest part in 2017 compared to raw material exports.

Thus, the main problem of Russia’s export activity remains a high degree of export orientation to the sale of products with low added value, semi-finished products and energy resources, which results in a large dependence on prices for fuel and raw materials, which, in turn, leads to instability of the economy [38; 39]. In view of this, it is crucial to identify priority areas for the export activities development. Supporting the non-resource sector of small and medium-sized businesses at the regional level should be one of them.

Table 1. Components of the Russian export specialization group (for the period of 2007–2017)\*

Product / goods	2007	2010	2017
Mineral products, fuel and energy complex products	4.3	3.9	5.1
Metallurgical industry products	1.8	1.3	1.4
Forest and logging industry products	1.1	0.9	1.2
Other categories of finished products and goods	1.3	1.3	0.7
Food industry products and agricultural raw materials	0.2	0.3	0.6
Chemical industry products, plastics, caoutchouc, rubber and products made of them	0.4	0.4	0.5
Production of other non-metallic products	0.2	0.2	0.3
Engineering products	0.1	0.1	0.1
Goods, materials and finished products of light industry	0.1	0	0

\* Export specialization is determined by the ratio of the product’s specific weight (a set of products in the industry) in the country’s export to the specific weight of the product (similar products) in world exports. The ranking of products is based on data for the year of 2017. Compiled by: UN COMTRADE statistics. Available at: <https://www.trademap.org>

Table 2. Dynamics of export specifics\* in Russia in 2013–2017

Export type	2013	2014	2015	2016	2017	2017 to 2013, %
Commodity exports, billion US dollars	270.1	239.1	155.3	127.3	161.1	59.6
Share in the country’s total exports, %	51.4	48.1	45.2	44.6	45.0	-6.4
Energy exports, billion US dollars	113.7	119.9	70.6	49.3	62.9	55.3
Share in the country’s total exports, %	21.6	24.2	20.5	17.3	17.6	-4
Export of products and semi-finished products, billion US dollars	89.9	85.5	73.1	66.4	84.7	94.2
Share in the country’s total exports, %	17.1	17.8	21.3	23.3	23.7	6.6
Non-primary exports, billion US dollars	55.2	49.8	44.5	42.6	49	88.8
Share in the country’s total exports, %	9.9	10	12.9	14.9	13.7	3.8

\* The author’s technique calculation results were used when evaluating the specifics of Russian export (method of the Vologda Research Center of the Russian Academy of Sciences described in the section “Research methodology”). Calculated by: Customs statistics of foreign trade of the Federal Customs Service of the Russian Federation. Available at: <http://stat.customs.ru/apex/f?p=201:2:1163249375198765::NO>

In this regard, the main task in the foreign economic sphere for Russia is the development of a unified methodological approach to assessing the current situation, including the creation of a system of indicators for a comprehensive assessment of Russian non-commodity exports at the national level (taking into account the SME sector's contribution), based on the definition of the specifics and specification of the country (region).

This necessitates improving the quality of assessment of small and medium-sized businesses in the Russian export of non-primary goods, since its results will become the basis for the development and adoption of management decisions at the federal level. As already noted, one of the key objectives of the national project "Small and medium-sized businesses and support

for individual business initiatives" is to increase the small and medium-sized businesses' share by at least 10% in the total volume of non-resource exports by the end of 2024. This is a daunting challenge posed to the regional authorities and management by the Russian Government. It is possible to solve it only if there is an objective (without concepts substitution) approach to the assessment of quality characteristics and specific features in the export activities of small and medium-sized businesses.

When evaluating the SMEs' export specification, the authors also used data obtained from the calculations of export status in Russia and the regions by means of the two methods, one of the REC's and another of the Vologda Research Center of the Russian Academy of Sciences (*Table 3*).

Table 3. Indicators of SMEs' export specification taking into account the approaches in the non-resource exports

Indicator	Block 1* "Normal (basic) action – net export" (cf. 2015-2017 value)		Block 2* "Strategic action – export growth" (value by 2024)	
	REC's approach	VoIRC RAS's approach	REC's approach	VoIRC RAS's approach
1. SMEs' export volumes in Russia, billion USD	no data	7.3	10.1	8.5
2. Share of SMEs' export in the country's total exports, %	no data	2.2	2.2	1.8
3. Share of SMEs' exports in the country's non-resource exports, %	7.2	21.3	5.1	24.7
4. Volumes of transaction load in non-resource exports per SME engaged in export activities, million USD	0.4	0.3	0.3	0.2
5. The growth of SMEs' exports in relation to the growth of non-resource exports, %	150.5/113.7	107.7/110.1	138.4/156.3	116.4/115.7
6. The share of engineering products in the country's non-resource exports in relation to the share of SMEs' export in non-resource exports, %	25/7.2	58.2/21.3	24/5.1	57.3/24.7
7. Share of SMEs' export in the volume of competitive industrial products (non-resource) export, %	6.5	28.9	4.9	18.8

\* Block 1 takes into account the current state of SMEs' export (cf. the value of 2015-2017) with an assessment by indicators; block 2 takes into account the value of the national project "Small and medium-sized businesses and support for individual business initiatives" in terms of increasing exports.  
REC - AO "Russian Export Center"  
VoIRC RAS - Vologda Research Center of the Russian Academy of Sciences  
Compiled by: Customs Statistics of Foreign Trade of the Federal Customs Service of the Russian Federation. Available at: <http://stat.customs.ru/apex/f?p=201:2:1163249375198765::NO>

Based on the data in the table, the following conclusions can be drawn:

1. There is no statistical accounting of SMEs' export volumes in Russia in value terms after 2015. At the same time, analytical documents by relevant ministries and departments, as well as chief economists, address the issues of SMEs' export development. However, the problem is that concrete specifics and data on the size of SMEs' exports are not reflected in the official documents and analytical reports. This makes it difficult to understand the current situation regarding the specifics of export of small and medium-sized businesses in Russia and in the regions since 2015.

2. The share of SMEs' exports in the country's total exports, according to our estimates, averaged 2.2% in 2015–2017, while the number of participants in small and medium-sized enterprises engaged in export activities more than doubled (by 224%).

3. According to our calculations, the share of SMEs' non-primary net exports in the volume of Russian non-primary exports by the classification of the AO "Russian Export Center" is 7.2%. This approach takes into account the specifics of lower-value goods groups (55.4%), indicating a "soft" export structure, formed mainly by a portfolio of products with low added value, focused on declining and stagnating markets. When using the second approach (VoIRC RAS), the value of this indicator reaches 21.3%. This means that the approaches record almost a two-fold difference in the values of the indicator. When using the second approach, the contribution of SMEs' exports to non-primary exports is 14.1% higher than when using the first approach. This is due to the specifics of the goods structure in the non-resource exports used in the assessment.

4. In non-resource exports, the volume of transaction load per a SME engaged in export activities is estimated to be lower when using

the second approach than when using the first one. We should add that with a lower transaction load, the probability of fulfilling export contracts for SMEs increases, which means that they will get a positive experience when working in the foreign market. This improves the prospects for interaction with foreign trade partners, which, in turn, will contribute to the development of foreign economic relations and increase the competitiveness of the economy in a particular region.

Along with the analysis of specifics and specifications carried out at the country level, the research includes a similar assessment in the regional context, and then identifies the types of regions by the designated features. The practical significance of this analysis is due to the need to understand the current situation in the export of SMEs in a specific territory, which is important when developing effective management decisions in the SMEs' export activities.

When analyzing exports structure in the regions of Russia by product type and calculating the indicator associated with the assessment of the level of SMEs' export specificity, the groups of "international component" were identified in the industry and a typology was built (by the specific weight of goods in the regional export structure, *Table 4*). The value of the export specificity indicator allows to identify a range of goods and industries that are internationally typical for the territory. An industry in a region is considered export-specific if the indicator is greater than one.

Sector 1 includes 4 regions, their share in Russian exports is 10.5%. Most of the exports' commodity structure at the regional level is made up of agri-food products, food products and agricultural products of primary processing.

Sector 2 is represented by 19 entities (35% of the total Russian export volumes). The

Table 4. The types of Russian regions by SMEs' export specifics

Name*	Regions
Sector 1	Kamchatka Krai, Rostov Oblast, Magadan Oblast, Kabardino-Balkar Republic
Sector 2	Moscow, Saint Petersburg, Sakhalin Oblast, Primorye Krai, Republic of Sakha (Yakutia), Amur Oblast, Kemerovo Oblast, Republic of Buryatia, Tomsk Oblast, Tyumen Oblast, Republic of Tatarstan, Republic of Bashkortostan, Udmurt Republic, Leningrad Oblast, Arkhangelsk Oblast, Republic of Komi, Republic of Mari El, Krasnodar Oblast, Volgograd Oblast
Sector 3	Stavropol Krai, Karachay-Cherkess Republic, Republic of Adygea, Tula Oblast, Voronezh Oblast, Smolensk Oblast
Sector 4	Khabarovsk Krai, Irkutsk Oblast, Perm Krai, Kirov Oblast, Saratov Oblast, Republic of Karelia
Sector 5	Krasnoyarsk Krai, Sverdlovsk Oblast, Chelyabinsk Oblast, Republic of Khakassia, Novgorod Oblast, Vologda Oblast, Pskov Oblast, Belgorod Oblast, Lipetsk Oblast
Sector 6	Novosibirsk Oblast, Kurgan Oblast, Ulyanovsk Oblast, Republic of Mordovia, Republic of Dagestan, Astrakhan Oblast, Kaliningrad Oblast, Moscow Oblast, Yaroslavl Oblast, Tver Oblast, Kaluga Oblast, Vladimir Oblast, Bryansk Oblast, Ivanovo Oblast
* Sector 1 – agri-food sector; Sector 2 – consumer goods; Sector 3 – chemical industry products and related products; Sector 4 – wood and wood products, eco-products; Sector 5 – construction materials, metal products; Sector 6 – machinery, equipment, spare parts and accessories. Calculated by: author's approach using data from the Customs Statistics on Russian Foreign Trade.	

Table 5. Russian regions' grouping by the territorial specification of SMEs' export

Name*	Regions
Group 1 (< 50% **)	Moscow, Saint Petersburg, Belgorod Oblast, Voronezh Oblast, Kostroma Oblast, Kursk Oblast, Lipetsk Oblast, Ryazan Oblast, Tver Oblast, Tula Oblast, Yaroslavl Oblast, Republic of Karelia, Komi Republic, Arkhangelsk Oblast, Vologda Oblast, Kaliningrad Oblast, Leningrad Oblast, Murmansk Oblast, Novgorod Oblast, Republic of Kalmykia, Krasnodar Krai, Astrakhan Oblast, Volgograd Oblast, Rostov Oblast, Republic of North Ossetia – Alania, Stavropol Krai, Republic of Mari El, Republic of Bashkortostan, Perm Krai, Kirov Oblast, Nizhny Novgorod Oblast, Samara Oblast, Saratov Oblast, Ulyanovsk Oblast, Sverdlovsk Oblast, Tyumen Oblast, Chelyabinsk Oblast, Republic of Altai, Republic of Buryatia, Republic of Tyva, Republic of Khakassia, Zabaykalsky Krai, Krasnoyarsk Krai, Irkutsk Oblast, Kemerovo Oblast, Tomsk Oblast, Republic of Sakha (Yakutia), Kamchatka Krai, Primorsky Krai, Khabarovsk Krai, Amur Oblast, Magadan Oblast, Sakhalin Oblast, Jewish Autonomous Region, Chukotka Autonomous Okrug
Group 2 (< 50% **)	Vladimir Oblast, Ivanovo Oblast, Kaluga Oblast, Moscow Oblast, Oryol Oblast, Smolensk Oblast, Tambov Oblast, Pskov Oblast, Republic of Adygea, Republic of Dagestan, Kabardino-Balkarian Republic, Karachay-Cherkess Republic, Republic of Mordovia, Chuvash Republic, Orenburg Oblast, Penza Oblast, Kurgan Oblast, Altai Krai, Novosibirsk Oblast, Omsk Oblast
* Group 1: territorial focus – EU, APEC, BRICS, and ECOWAS countries; Group 2: territorial focus – EEU and CIS member states. ** The volume of exports to this group of states. Calculated by: author's approach based on data from the Customs Statistics of Russian Foreign Trade.	

largest share in deliveries to foreign markets of the regions' exports structure is made up of goods from the economy of "simple things".

Sector 3 includes 6 regions, their share in the total volume of Russian exports is 5.2%. The specifics of these regions' export structure are related to chemical products, consumer goods and goods that are used in the manufacturing sector.

Sector 4 is represented by 6 regions, the share of which in the volume of the all-Russian export group is 17.5%. The main commodity group in the export structure is wood and

products made from it (with a predominance of medium-processed goods and eco-friendly products).

Sector 5 includes 9 subjects (12% of the total Russian export volumes). Their export structure is represented by the commodity group "metals and products from them", where the main segment is simple products.

Sector 6 contains 14 regions (19.8% of all-Russian export volumes), the basis of the exports commodity structure here is made up of machine-building products (goods with high added value).

During the study the author also calculated the regions' specification (the ratio of the subject's supplies to the international region to the total volume of regional exports), which resulted in the identification of two typological groups with characteristic export directions (Table 5).

The first group includes 61 entities (47.2% of all-Russian export volumes), the key export destinations of which are European, Asian, and West African States (the European Union, BRICS, the Asia-Pacific Union, and the United States). The structure of exports is made up of technical and food products of various industries, including eco-products.

Export of the second group, represented by 19 regions (52.8% of all-Russian export volumes), is focused at the member states of the EEU and the CIS. The export commodity structure includes mixed groups of non-primary products and simple products. In general, the territories' specifics allow us to speak about the balance of SMEs' exports in the regions. In this case, the SMEs' export is considered as one of the tasks of the region's economic development.

Effective economic cooperation with other countries can become the "engine" of economic growth in the region, and then in the country as a whole. The regions with a high level of non-resource exports are characterized by higher risks, but they are more resistant to crisis events [40]. As a result of the analysis of spatial specifications of the SMEs' export, a group of regions (external relations are crucial for territorial space) has been formed, in which the relationship between the studied factor and the occupied group of exports can be discerned.

Thus, in order to prioritize the SMEs' export development in the region, it is necessary to use the tools for assessing the territorial specification and the specific foreign market (the impact of foreign competition). These include an assessment of foreign market

conditions, analysis of compensatory measures, and assistance mechanisms used in international export practices for effective SME sector diversification in the region.

In world practice, the formation of a whole package of measures to support foreign economic activity of small and medium-sized businesses can be noted. Russia is no exception, where a state system of support for foreign economic activity has been established at the federal level, including the following types of measures and institutions (Figure).

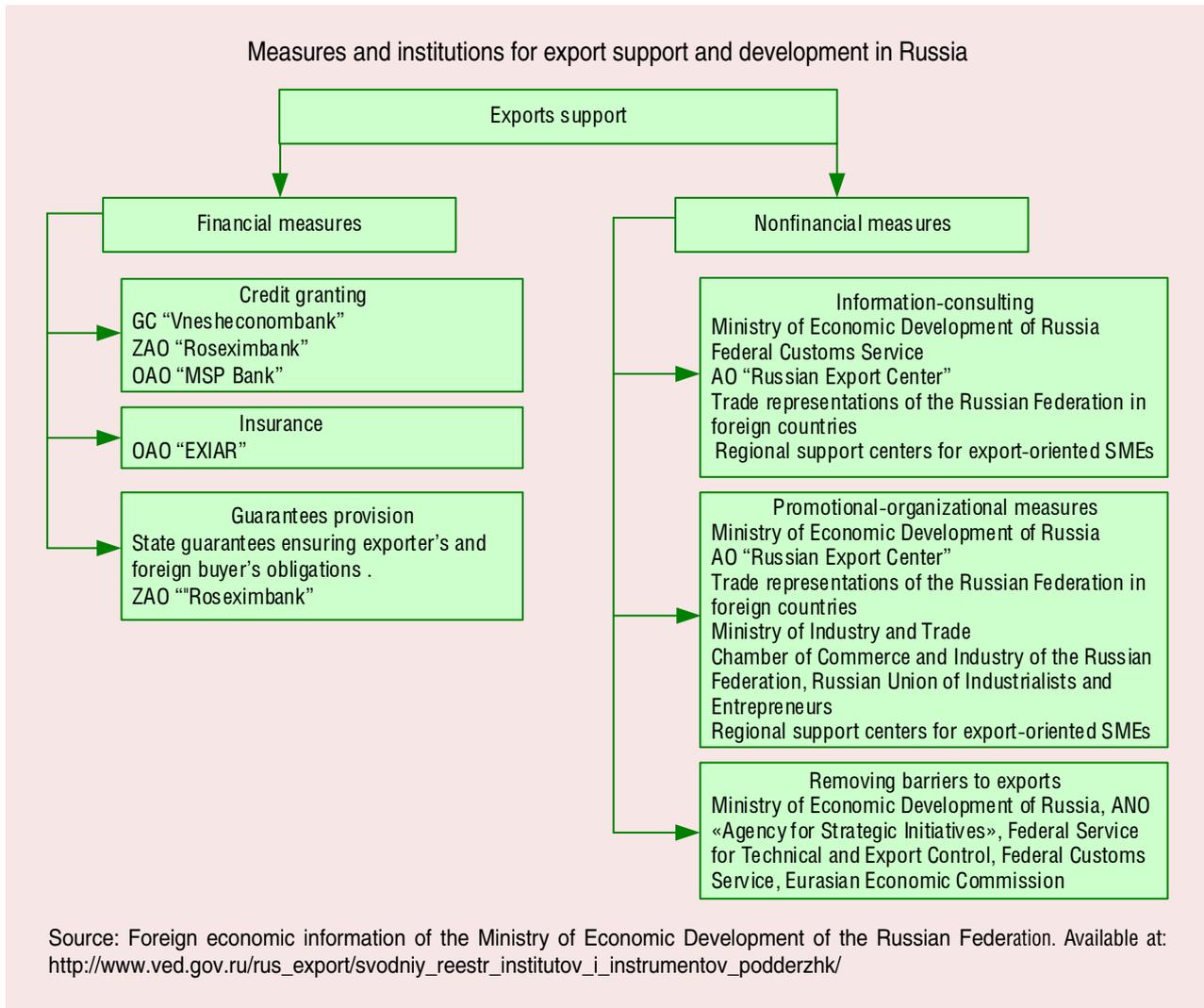
In addition to the mentioned measures and institutions supporting SMEs' export, special business regimes for enterprises engaged in foreign economic activity are applied within special economic zones operating on the territory of the Russian Federation<sup>3</sup>:

- the possibility for an investor to get the infrastructure for business development created at the expense of the state budget;
- provision of tax preferences;
- receiving customs benefits;
- interaction with state regulatory authorities through the "Single-window" administration system.

Having analyzed the structure of foreign trade support in Russia, we can conclude that a system of institutions and tools for export development has been created at the federal level, and their analogues operate abroad [41; 42].

At the regional level, SMEs' export support is currently being implemented in 40 regions in 8 federal districts of the Russian Federation (5 units in the Central, 6 in the North–West, 5 in the South, 1 in the North Caucasus, 3 in the Far East, 5 in the Ural, 6 in the Siberian, 9 in the Volga). It is represented by export support centers (or special divisions in business

<sup>3</sup> Foreign economic information of the Ministry of Economic Development of the Russian Federation. Available at: [http://www.ved.gov.ru/rus\\_export/svodniy\\_reestr\\_institutov\\_i\\_instrumentov\\_podderzhk/](http://www.ved.gov.ru/rus_export/svodniy_reestr_institutov_i_instrumentov_podderzhk/)



support infrastructure organizations, such as ANO “My business”), created for the purpose of information and analytical, consulting and organizational support of foreign economic activities of SMEs in Russia. As of 2017, according to the Ministry of Economic Development of the Russian Federation, 350 million rubles were allocated for the activities of export support centers, and another 170 million rubles were co-financed from regional budgets<sup>4</sup>. The main tools of export support centers are [43]:

- encouraging small business in the regions to conduct export activities;

<sup>4</sup> Economy: the government will help to enter foreign markets. Available at: <https://wtcmoscow.ru/services/international-partnership/actual/ekonomika-vyyti-nazarubezhnye-rynki-pomozhet-pravitelstvo/>

- assisting commodity producers in entering the interregional and international market;
- organizing and holding enterprises’ business missions to any country in the world, depending on the needs of the export activities participant.

A study of the Russian regions’ experience in supporting non-primary exports has shown that the examples of notable exporters’ support include Moscow, Saint Petersburg, the oblasts of Moscow, Kaluga, Novosibirsk, Tomsk, Omsk, Oryol, Vladimir, Nizhny Novgorod, Sverdlovsk, Yaroslavl, and the Republic of Tatarstan. According to publicly available analytical data for 2017 (no information is available for 2018–

2020), the following indicators were achieved in these 13 regions of the Russian Federation:

- the number of small and medium-sized enterprises that received services in the centers increased by 10–20%;
- the number of small and medium-sized enterprises that started exporting their products to the non-primary export segment increased by 49%.

Despite the organization of a single window support system for the exporters, only a few representatives of the SME sector, including innovative companies, manage to create a successful business at the international level [44]. The reason for this is not only the regions' geographical location, but also the lack of sufficient financial, information and human resources required to enter the foreign market. To address these problems, it is necessary to continue to develop the infrastructure for the small and medium-sized businesses' support, provide specialized high-quality services for export-oriented SMEs, and create conditions to ensure their access to the interregional and international markets. In addition, the centers should implement measures aimed at improving the professional level of employees and top managers of such export-oriented small and medium-sized businesses, as well as attract professional consultants to solve certain local problems.

At the same time, a significant coordinating role in the field of export promotion should belong to the territorial authorities. The Federal Centre indisputably remains to be in charge for the strategic study of the issue, whereas the stimulation of foreign economic relations should gradually move from the federal level to the regional one, since maintaining jobs, providing tax base and other comparable issues largely fall on the regional governments at the present stage of the regional economic complex's development.

### **Recommendations for managing SMEs' export activities in the region**

At present, the system for managing, primarily for promoting SMEs' exports, is not aimed at long-term development and expansion of non-primary and high-tech products exports. This is due to a number of key problems in managing the SMEs' export activities in the region. First, financial support measures are mainly concentrated at the federal level, they are distributed among all participants in export activities (including large businesses), which does not allow to fully stimulate the development of SMEs' exports in the regions. Second, export support centers in the regions pay more attention to the organization and holding business missions, rather than complex work aimed at developing the SMEs' export potential. Third, and most important, the specifics and specification of SMEs' exports are not taken into account. The focus is just on increasing the number of exporters including any company that has made at least one delivery abroad.

To activate export-oriented SMEs in the regions, it is necessary to identify priority measures of state support. To do this, it is important for the authorities and management to take into account the priorities of public policy and provisions for improving management processes in the field of export activities (including SMEs) at different levels.

1. It is required to meet the following objectives in the sphere of public policy at the federal level:

- updating the methodological approaches currently used for evaluating exports (including SMEs) in order to determine the specifics and specifications;
- ensuring access of the region's industrial enterprises to foreign technologies;
- developing high-tech production in the regions in order to develop export potential;

- supporting collaboration with foreign partners in science and industry in order to facilitate the transfer of technologies to the territories' economy;

- promoting domestic high-tech products to foreign markets.

2. In the sphere of state policy at the regional level, the following tasks should be provided for:

- building an effective program to support full-cycle export activities of the “region – federal center – region” type, where the beneficiary is the exporter, and the prerogative in obtaining financial support and non-financial measures is at the regional level in cooperation with national specialized organizations and supervising ministries;

- developing segmental support forms with the construction of an integrated system aimed at the development of export-oriented non-resource industries, taking into account the best practices of foreign countries;

- identifying the promising territorial workshop groups (sectors) for the formation of financial forms of support at the regional level, aimed at specific beneficiaries, taking into account the analysis of specifics and specifications.

In terms of improving the processes of managing the development of SMEs' export activities, it is advisable to take into account the need to implement the following tools and measures by the authorities and management responsible for the foreign economic block.

#### *Block 1 “Integrated assessment”*

First, it is necessary to have a methodology (developed in the software environment, taking into account the existing Russian and foreign experience) allowing to evaluate the export activities of small and medium-sized businesses.

Second, it is worth considering the SMEs' export not only in value terms, but also with the allocation of concrete specialization and

specification in the region based on the customs nomenclature of foreign economic activity.

Third, it is advisable to assess the SMEs exporters' contribution to the economy of the country and regions. Also, when conducting an assessment at the regional level, it is necessary to take into account the territory's export specifics.

Fourth, to assess SMEs' exports, it is necessary to use the results of domestic research carried out by scientific institutions and universities.

Fifth, it is necessary to organize networking between all participants involved in export issues, entrepreneurship and regional management to assess the SMEs' export, in order to develop export activities of small and medium-sized businesses in the region that contribute to economic growth.

#### *Unit 2 “Development priorities”:*

- 1) development and expansion of SMEs' high-tech and innovative products exports for the formation of new products and market segments, improving the quality of products produced from local raw materials, with the possibility of participating in major integration projects;

- 2) creation and development of regional infrastructure to support export-oriented SMEs with an emphasis on the technology companies' development (ensuring the construction of strategic priorities and effective alignment of the state's export policy);

- 3) increasing export activity and a culture of behavior in the foreign market among the business sector (to stimulate entrepreneurial ability in international expansion);

- 4) financial support and assistance in attracting investment in export projects implemented by SMEs (to promote regional exporters in the national interest in the global economy);

5) increasing the availability of quasi-credit resources for exporters (to reduce risks with foreign partners (non-fulfillment of contractual obligations, securing property rights, insufficient patent protection, etc.));

6) implementation of effective information systems for export project management in the SME sector (regulation and standardization of business processes, which allow to quickly adapt the system to the requirements of the range of stakeholders);

7) introduction of modern digital management systems for the SME exporter with the construction of business networks abroad (to improve the company's image in the eyes of foreign and Russian partners, as well as to increase the enterprise's investment attractiveness).

### Conclusion

The result of the conducted research consists in developing an approach to the classification of SMEs' exports in the region, which allows to assess its structural specificity and specification. The essence of the developed approach, in contrast to the existing ones, is to form the indicators (the volume of SMEs' exports; the share of SME's exports in the volume of all country's deliveries to foreign markets, as well as non-primary goods) that reflect the sectoral characteristics of SMEs' export activities. Using the approach makes

it possible to present the SMEs' contribution and its specifics in regional exports for each industry sector, which allows determining the prospects for further development of the region's economy and scientific and production cooperation.

Due to the lack of organized comprehensive (systematic) work to manage the export activities of small and medium-sized businesses aimed at the territory's development in the regions, the conceptual provisions and directions for improving these processes at the federal and regional levels have been developed and scientifically justified, allowing to activate the SMEs' export potential.

The proposed method, which consists in using a systematic approach (from assessing the specifics and specification of SMEs' exports to developing specific priorities, tools and measures) in managing the export activities of small and medium-sized businesses in the region, allows to fill in the gaps in solving this issue.

The research contributes to the theory of entrepreneurship development in terms of the internationalization of the SME sector at the regional level. Its results can be used to analyze the regional SMEs' export, as well as to develop program and target documents in the field of foreign economic sector management aimed at the territory's development.

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