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**DEVELOPMENT OF SMALL BUSINESS IN THE CONSTRUCTION
INDUSTRY IN THE REGION**

Specialty 5.2.3 «Regional and sectoral economy»

ABSTRACT

of the dissertation for the degree of Candidate of Economic Sciences

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Relevance of the research topic

In recent years, significant changes in the conditions of doing business in all sectors of the national economy have been observed. Some of the most significant reasons for this kind of change were the consequences of the COVID-19 pandemic and the introduction of sanctions against the Russian Federation by the countries of the collective West.

It is fundamentally important that the ongoing changes have made adjustments to almost all spheres of the socio-economic life of Russia and its regions, and to the functioning of almost all sectors of the national economy. These changes have not bypassed the domestic construction industry, creating new conditions for doing business in it and, accordingly, affecting the state and development prospects of many industry enterprises of all sizes, including small construction enterprises.

At the current stage of economic development, there is a clash of globalization and localization of business processes, as well as a structural and geographical restructuring of markets. These processes are intensified under the influence of scientific and technological progress and political factors associated with sanctions pressure on the economy of the Russian Federation. Uncertainty and risks caused by changes in the parameters of economic security and efficiency, as well as the competitiveness of business in various markets, are increasing. At the same time, small businesses, unlike large businesses, due to their internal specifics, turned out to be the least resistant to the described negative impact of the external business environment. In general, the unstable, largely negative external economic situation affecting the development of the Russian economy is aggravated by internal problems that have a regulatory and legal basis. As a result, significant restrictions arise for the conditions for the development of small businesses, in particular in the construction industry. These processes have largely called into question the possibility of survival of small business entities in the medium term. Moreover, the situation of small businesses in the construction industry in Russia has worsened even more due to the intensification and essential transformation of the competitive struggle with large businesses in the industry.

At the same time, Russian small businesses at the regional level of the economy are becoming increasingly important for ensuring the further development of entrepreneurship and providing jobs for the local population. Small business creates conditions for increasing business activity in local markets, improving the standard of living of the

population, increasing tax revenues to regional budgets, and also contributes to economic development. Small business entities in the construction industry play one of the key roles in saturating the market with building materials and real estate, which results in a positive impact on the processes of stabilizing prices for real estate.

Socio-economic and political transformations are imposed on management systems, internal business processes, product portfolios and final products of small enterprises within the construction industry. A necessary condition for maintaining and, in the long term, improving their positions in the market is the development and implementation of measures for strategic adaptation of the activities of these entities to the new dynamically changing external business environment.

However, as practice shows, in the regions of Russia, including the Krasnodar Territory, not all small enterprises in the construction industry were able to find adequate ways of adaptation and development to the current situation. This can be explained by the following factors:

- insufficient level of resource capabilities (primarily the level of competence of personnel);
- lack of a clear, scientifically sound theoretical and methodological framework for managing the strategic development of small businesses in the industry in the context of an increasingly complex macro- and microenvironment, including unprecedented sanctions on the Russian economy;
- insufficiently effective system of state support for small business development.

In this context, studying the problems of managing the development of small enterprises in the construction industry in Russia in the context of a critical transformation of the economic environment for doing business becomes an important theoretical and practical task. The study is particularly relevant due to the fact that the state of the construction industry has a significant impact on the efficiency of functioning and development prospects of other sectors of the economy - industry, transport, agriculture, non-manufacturing sector, etc. The construction industry provides all sectors of the economy with real estate, helps to solve the housing problem and improve the material standard of living of the population; in general, it has a positive impact on ensuring the socio-economic well-being of the regions.

The degree of the scientific coverage of the topic

Small business, the theoretical and methodological foundations of its functioning, as well as applied issues related to its economic activity, have been studied in sufficient depth in the works of domestic and foreign scientists who have made a significant contribution to the study of the problems of entrepreneurial activity.

Small business has become an object of research in foreign science since the 1950s, and in domestic science only since the 1980-1990s. Among foreign studies devoted to various aspects of entrepreneurship, including small business, the works of Allen L., Berl G., Weil P., Galbraith J.K., Gammon D., Kornai Ya., Mescon M., Maitland Ya., Rogers J.I., Servan-Schreiber J.L., Siropolis N., Stanworth D., Wilson P., Hayek F., Hoyer V. deserve special attention. Among domestic studies, the works of T. Alimova, A. Blinov, A. Vilensky, A. Ignatiev, A. Krutik, A. Muravyov, P. Myagkov, V. Radaev, N. Chernina, M. Belousova, V. Gaponenko, S. Gulyaev, M. Lapusta, T. Dolgopyatova, R. Ogonkov, S. Polenova, E. Primakov and others can be distinguished. Russian specifics in this area is analyzed in the studies of L.I. Abalkin, A.V. Avilova, Yu.P. Aniskina, O.V. Barsukov, A.O. Blinov, S.K. Glazyev, A.V. Milenko, L.O. Romashova and others. The role of small enterprises, including construction ones, in ensuring the socio-economic development of regions is considered by T.Z. Bogatyrev, T.I. Bukhtiyarova, R.S. Gayrabekova, T.V. Karpenko, I.V. Melnikov, V.Sh. Nakhushhev, D.V. Petrov, H.M. Psikhomakhov, L.G. Rudenko, T.V. Tashkinova, V.S. Uskov, T.E. Khorolskaya, O.V. Khruleva, L.A. Chikatueva and others.

Theoretical and practical issues of strategic management, which are associated with the prospects for the development of small entrepreneurship in the construction industry in the dissertation, are deeply studied in the works of such scientists as I. Ansoff, M. Beer, P. Doyle, R. Randall, D. Day, R. Handfield, D. Moshella, M. Porter, A. Strickland, A. Thompson, J. Wilson and others. The problems of managing the development of small business, including taking into account its industry structure, are covered in the works of L. Abalkin, M. Grachev, V. Afanasyev, T. Alimova, A. Mosov, A. Orlov, V. Radaev, R. Flanagan, C. Jewell, H. Kim, W. Lu, K. Reinschmidt, M. Ye and others.

The mechanisms of functioning of the construction complex are studied in the works of A. Adamenko, A. Asaul, M. Belyaev, V. Buzyreva, A. Vasilyeva, V. Gasilova, H. Gumba,

I. Zakaryan, A. Inyukina, G. Mikheeva, N. Nikiforova, S. Pastukhova, D. Petrova, A. Platonova, Y. Safonyuk, B. Skupova, T. Khorolskaya, R. Shabanova.

The current state, features and prospects for the development of the construction industry in the regional aspect, as well as its role in ensuring the socio-economic development of the regions, are analyzed in the works of such researchers as Adamenko A.A., Borovskikh O.N., Zakaryan I.R., Inyukin A.F., Katsieva Z.V., Kolechkova D.V., Mikheev G.V., Nikiforov N.V., Pastukhov S.P., Petrov D.V., Safonyuk Ya.A., Syrma A.A., Timusheva E.N., Khorolskaya T.E., Shabanov R.N.

The role of small enterprises in the construction industry and the prospects for their development within its framework, including taking into account regional specifics and strengthening of state support measures for small businesses, are studied in the works of such researchers as V.Z. Abdrakhimov, A.Zh. Abdullaev, F.L. Abramyan, P.A. Alexandrov, T.I. Vlasova, A.V. Voloshin, A.A. Glazunov, I.N. Krakovskaya, A.M. Kupchekov, A.P. Rodionov, S.A. Samal, V.A. Umnov and others.

The analysis of the degree of development of the problem showed that to date, theoretical approaches and methods for managing the development of small businesses by relying on its internal capabilities, the use of innovative management methods and organizing its activities, including in the construction industry, have not been sufficiently studied. Moreover, most of the applied research presented in science has lost its relevance to a certain extent, since it does not take into account the influence of largely unique modern factors of the external environment (in particular, the impact of the pandemic, as well as the factor of irreversible destruction of global value chains that have developed over the past decades under the influence of sanctions).

Purpose and objectives of the study

The purpose of the dissertation research is to develop a methodological approach to managing the development of small construction enterprises in the regions of Russia in the post-pandemic and sanctions periods using the example of a small construction enterprise in the Krasnodar Territory.

To achieve this goal, it is necessary to solve the following problems:

1. Determine, based on the analysis, the current state of the construction industry in the Krasnodar Territory, as well as in the interregional aspect using the method of

sequential ordering; assess the role of the construction industry in the socio-economic development of the region and small businesses in it.

2. Identify the key problems and limitations hindering the recovery of small entrepreneurship in the construction industry of the region in the post-covid and sanctions periods.
3. Form a theoretical and methodological basis for managing the development of small construction enterprises in order to increase their sustainability and efficiency in modern conditions.
4. To develop a model of strategic transformation of the product portfolio of a small construction enterprise of the Krasnodar Territory and an algorithm for its implementation and to justify the choice of the Limited Liability Company "Specialized Developer" of the residential complex "Tikhiy Don" as an object for testing the developed model of transformation of the product portfolio of a small construction enterprise.
5. To assess the potential effect of the implementation of the developed methodological approach to managing the development of a small construction enterprise in the medium term (using the example of the Limited Liability Company "Specialized Developer" of the residential complex "Tikhiy Don").

The object of the research

The object of this dissertation research is small business entities in the construction industry in the region.

The subject of the research

The subject of the study is management decisions aimed at developing and improving management methods and tools for the development of small businesses in the construction business.

Field of the research

The topic of the dissertation research and its content correspond to specialty 5.2.3 – “Regional and sectoral economics”. Research areas (according to specialty passport points): 1.3. “Regional economic development and its factors. Problems of regional development balance. Balance of regional socio-economic complexes”; 1.10. “Regional and local markets. The problem of ensuring the unity of economic space”; 2.16. “Intra-firm and strategic planning tools at industrial enterprises, industries and complexes”; point 6.1.

“Theoretical and methodological foundations for analyzing the development processes of the construction complex and supporting industries. Methodological support for investment and construction activities and relationships in the field of construction and real estate”.

The methodological basis of the research

The methodological basis of the research is represented by a systemic and integrated approach. The following approaches were used in the study:

- general logical methods – such as analysis, synthesis, deduction, induction;
- theoretical methods – such as generalization, system analysis method, BANI/SHIVA-world concept (Brittle Anxious Nonlinear Incomprehensible world) – the concept of a new disturbing reality that deprives modern reality in all its manifestations of stability due to the fragility, nonlinearity and incomprehensibility of the external environment;
- empirical methods – such as measurement, comparison, description;
- private methods – traditional document analysis, dynamic series analysis, methods of economic and financial analysis, methods of comparative evaluation of objects based on the distance metric (TOPSIS), methods of strategic analysis (PEST, SWOT, M. Porter's 5 forces, BCG matrix), etc.

The theoretical basis of the research

The theoretical basis of the dissertation work was theoretical research, scientific concepts and developments contained in classical and modern works of Russian and foreign scientists, practicing economists and managers devoted to the problems of strategic management of business development and small entrepreneurship. The theoretical basis of the study was also based on the fundamental principles of economic theory, scientific works in the field of construction industry economics, and entrepreneurship economics.

Empirical/practical basis of the research

The empirical basis of the study was based on:

- official statistical and analytical data from Rosstat and a number of specialized executive bodies of state power at the federal and regional levels (for example, the Ministry of Construction and Housing and Communal Services of the Russian Federation, the Department of Construction of the Krasnodar Territory, the Ministry of Economic Development of the Russian Federation, the Ministry of Economy of the Krasnodar Territory, etc.);

- regulatory legal acts of state authorities of the Russian Federation at all levels;
- reports of analytical and consulting agencies;
- facts published in scientific literature, news publications and on the Internet;
- primary accounting and statistical reporting of the Limited Liability Company "Specialized Developer "RC "Tikhiy Don".
- The research was conducted with specialized statistical data for the Russian Federation as a whole, Krasnodar Territory, Volgograd Region, Rostov Region, Stavropol Territory.

The scientific novelty of the research

The scientific novelty of the dissertation research is revealed in the results obtained by the author:

1. It was determined on the basis of a systemic study and analysis of empirical data that, despite the negative impact of the pandemic and economic sanctions, the construction industry still plays the role of a system-forming factor in ensuring the socio-economic development of the region (paragraph 1.1.). In terms of the volume of construction work, the construction industry of the Krasnodar Territory has occupied 7th and 8th place in the top ten among all subjects of the Russian Federation in recent years (2022 and 2023), respectively. Due to it, a multiplier effect of development of production and non-production spheres of Krasnodar Krai is formed and implemented, consisting in support and development of regional infrastructure (water supply and sanitation facilities, paved roads, radio relay communication lines, antenna-mast structures for cellular communications, warehouses, etc.), agro-industrial complex (353.1 thousand agricultural premises were introduced in 2022 and capacities for the production of vegetable oil - 2000 tons per day), the educational sector (14,440 educational and workplaces), retail facilities (222,427.7 sq. m), industry, provision of the region's population with housing (34,488 residential facilities were commissioned) and social infrastructure facilities, jobs, improving the quality and level of well-being of their lives (for example, an increase in the average salary in comparable prices or the total number of jobs created), etc.

It has been established that small business companies, including microenterprises, make up more than 90% of the total number of construction enterprises in the region (using the example of the Krasnodar Territory). It is shown that the recovery of small business in the construction industry of the region in the post-COVID and sanctions periods is carried

out mainly in the form of individual entrepreneurship (IE) as a legal form of business organization, which generally corresponds to the current trend in the small business segment in the region as a whole under the specified conditions.

(Research direction point according to the specialty passport: 1.3.)

2. For the first time, a multi-criteria assessment method based on the distance metric (TOPSIS ordered preference method) was applied for the construction sector (paragraph 1.1). This made it possible not only to expand the scope of application of this method, but also to increase the scientific validity of the conclusions regarding the sustainable leadership of the construction industry of the Krasnodar Territory (1st place in the rating of construction industries for three years among a number of regions in the south of Russia (regions of the Southern Federal District and Stavropol Territory)). It was possible to identify, while simultaneously taking into account seven criteria in the calculations, the significance and dominant influence of the criteria: "revenue of construction organizations in the region", "the share of small businesses in the total volume of construction work" and "the total number of construction organizations in the region" - on the size of the integral assessment of the compared regions. In particular, this result of the work confirmed the importance of small entrepreneurship in the construction industry of the regions. The calculations carried out using the method made it possible, within the framework of solving the problem of geographical interregional diversification, to determine potential market niches for the supply of building materials for the research object, taking into account the values of the integral assessments of the regions (Rostov Region - 0.211 and Stavropol Territory 0.160). The possibility of using the TOPSIS method for a comparative assessment of the state of industries in the regions of southern Russia is substantiated. This method can be used to study the construction industry of other federal districts of Russia.

(Research direction points according to the specialty passport: 1.10; 6.1.)

3. The list of factors limiting the development of small business in the construction industry in the regions of Russia in the post-COVID and sanctions periods has been expanded and systematized by including a previously unaccounted for factor of the destruction of the global industry market, which manifests itself, among other things, through the destruction of traditional value chains and the lack of a sufficiently self-sufficient national market for construction materials (paragraph 1.3). It has been clarified that high tax payments, included by many researchers as one of the main problems in the

field of small entrepreneurship, can act as a significant factor for small business in construction only in terms of mandatory insurance premiums, since its entities have the opportunity to switch to a special tax regime - a simplified taxation system (STS), which provides not only exemption from VAT, income tax and property tax of organizations, but also significant regional benefits in the form of reduced tax rates. Insurance premiums not only burden the financial results of their activities, but also restrain the growth of wages in construction, which, in the conditions of a shortage of personnel even in the market of low-skilled labor, makes small enterprises uncompetitive in this market, not to mention the market of highly qualified specialists.

(Research direction point according to the passport of the specialty: 6.1.)

4. Scientifically substantiated using the tools of strategic analysis of the internal and external environment: SWOT analysis, PEST analysis, etc., that along with measures to strengthen state support, put forward by most researchers as the main condition for the restoration and development of small entrepreneurship in the construction industry, an important vector of its development in the medium term is reliance on its internal capabilities, including the use of innovative methods for transforming the product portfolio of small construction companies (paragraph 2.1, 2.2). Based on the conducted research, the author's approach to managing the development of small business in the construction industry of Russia in the medium term was formed and substantiated, taking into account the approach of the BANI / SHIVA world, which deprives modern reality of stability. As a result, the author substantiated the choice of the concept of internal dynamic capabilities of using own resources to adapt the business to the current state of the external environment, characterized by a high level of turbulence.

It was also formulated that for the further development of small business, it is necessary to focus on the balance between internal and external capabilities and resources while maintaining priority in the internal management processes of small enterprises as a condition for the effective use of resource potential and the development of new opportunities. This conclusion is the theoretical basis for the development of the author's model for transforming the strategic product portfolio of a small construction enterprise in order to increase its sustainability and development in the modern economic environment, which is still under the influence of the consequences of the pandemic and experiencing the increasing impact of economic sanctions.

(Research direction point according to the specialty passport: 2.16.)

5. A step-by-step algorithm for diversifying the product portfolio of a small enterprise has been developed for the model of its transformation proposed by the author, which provides for the construction of five phase types of portfolios for the construction business in a given sequence: a starting portfolio of construction works; a modified portfolio of construction works; a transformed portfolio of projects with the inclusion of new construction materials; a portfolio of new products for companies existing in the regional market of goods and services; a portfolio of unique products for the regional and national markets; a final portfolio of goods and services with a description of the procedure for transforming each type of portfolio into the next one (paragraph 2.3). The methodological value of this development is that it allows selecting rational conditions for the innovative transformation of the portfolio to achieve the strategic goals of the enterprise with the specification of the main aspects of personnel and technological strategies, as well as taking into account investment and operating costs for the transformation of the portfolio, which allows for a reasonable development of a financial plan for the company's development. The proposed algorithm was tested with an assessment of the economic efficiency of the new portfolio using the materials of the Limited Liability Company "Specialized Developer" of the residential complex "Tikhiy Don" in Krasnodar Krai (paragraph 3.2). This company was selected taking into account the profile of its activities and its affiliation with small business entities, its financial condition and the starting range of products in order to ensure sustainability in the medium term, which proves the feasibility of diversifying the product portfolio of small enterprises in the construction industry (paragraph 3.3).

(Research direction point according to the specialty passport: 2.16.)

The theoretical and practical significance of the study

The theoretical significance of the study lies in the fact that its results make a significant contribution to the theoretical and methodological apparatus in the field of small business development management in the construction industry, taking into account the turbulent impact of internal and external factors on the development of the enterprise.

The practical significance of the study lies in the possibility of using its results in developing strategies for the adaptation and development of small businesses in the construction sector in the regions of Russia at the present stage. Moreover, the results of

the study can be used in government bodies in the process of determining current directions for the development of the system of state support for entrepreneurship in the construction industry, as well as in the development of programs for the socio-economic development of regions.

Degree of reliability and approbation of research results

Some of the research results are used in the practical activities of a small enterprise of the Krasnodar Territory, the Limited Liability Company "Specialized Developer" of the residential complex "Tikhiy Don", which is confirmed by the certificate of use.

Practical testing of the author's research results took place during the following scientific forums and conferences:

1. 2022 - Forum of students and graduates of the Graduate School of Management of the Russian Presidential Academy of National Economy and Public Administration on the topic: "Anti-crisis transformation of business in the new economic conditions-2022" in Moscow.

2. 2023 - Forum of students and graduates of the Graduate School of Management of the Russian Presidential Academy of National Economy and Public Administration on the topic: "Introduction of business in new socio-economic conditions" in Moscow.

3. III International Scientific and Practical Conference "Innovative Development and Creativity" (Moscow, RANEP, 2023).

Publications

During the period of research activity, four scientific papers with the results on the topic of dissertation research were published in scientific peer-reviewed publications approved by the Higher Attestation Commission:

1. Antonyants D.A. Management of development of a regional small and medium-sized construction company // Leadership and Management. 2023. Vol. 10. No. 3. doi: 10.18334/lim.10.3.118484.

2. Antonyants D.A. The construction industry of the Krasnodar Territory: current situation and development problems // Housing strategies. 2024. Vol. 11. No. 2. doi: 10.18334/zhs. 11.2.120902.

3. Antonyants D.A. The impact of uncertainty factors of the sanctions policy and the pandemic on small and medium-sized business of the Krasnodar Territory // Economy, entrepreneurship and law. 2024. Vol. 14. No. 5. doi: 10.18334/epp.14.5.121019.

4. Antonyants D.A. Application of a multi-criteria approach to assessing the construction industries of Russian regions // Central Russian Bulletin of Social Sciences. 2024. Vol. 19. No. 6. P. 148–174. DOI: 10.22394/2071-2367-2024-19-6-148-174. EDN:WWBWVG.

The structure and the scope of the research are determined by the purpose and objectives of the research. The dissertation consists of an introduction, three chapters, a conclusion, a list of used sources and literature, and three appendices. The scientific qualification work consists of 226 pages, including 14 figures, 54 tables, and 174 used sources of information.