

IMPROVEMENT OF THE SMALL BUSINESS CLIMATE ENTERPRISE

PERFEȚIONAREA CLIMATULUI DE ANTREPRENORIAL PENTRU BUSINESSUL MIC

BARBAROȘIE ECATERINA

Academy of Public Administration
Office of the President of Republic of Moldova

Abstract. *Perfection of manufacture of the enterprises of small business creates favorable conditions for improvement of economy: the competitive environment develops, additional workplaces are created, the consumer sector extends. Prospects of development in small business in Republic of Moldova are connected with creation of a favorable enterprise climate. It is expedient to concentrate attention to concentration of all financial assets intended for support of small business, and for again created enterprises of small business wide introduction of such forms as leasing and franchising is necessary. Development of these forms of activity at the enterprises of small business should be promoted by the large enterprises.*

Key words: *small business; favorable climate; market infrastructure; state assistance; bank's credit.*

In development of economy of many countries the small and average enterprises play a greater role. So, in the countries of the European community, the USA and Japan on the small and average enterprises by the end of the twentieth century it was necessary more than 50 % of an aggregate number occupied, and them in a total internal product exceeded 55 %.

MATERIAL AND METHOD OF RESEARCH

In work general scientific methods of research were used: the analysis and synthesis, groupings, economic-statistical methods of research. The list of the used references is resulted in the end of work.

RESULTS AND DISCUSSIONS

Experience of the developed countries proves conclusive advantages of development of small business, in comparison with the large enterprises. Among them it is possible to note:

- affinity to the local markets and the adaptation to inquiries of clientele (including not only to the consumer market, and the market of manufacturers, including and foreign),
- production by small parties (it is unprofitable to the large enterprises), exception of superfluous control links and others.

Besides development of manufacture of the enterprises of small and average business creates favorable conditions for development of economy:

- ✓ the competitive environment develops,
- ✓ additional workplaces are created,
- ✓ the consumer sector extends.

There of expansion and development of small business conducts to saturation of the market by the goods, increase of an export potential, an effective utilization of a local source of raw materials.

In **Republic of Moldova** scales of development of small business (the enterprises concern to small enterprises in Republic of Moldova according to the legislation with average number up to 50 person and the annual sum of pure sales up to 10 million lei) and their contribution to development of economy (in comparison with the developed countries) are still insufficient.

Subjects of small business in the Republic Moldova, carrying out enterprise activity in the priority branches of economy confirmed by Parliament, enjoy the state support.

The basic directions of the state support of subjects of small business are:

- a) the differentiated support of the enterprise depending on a kind of activity, the period of functioning and its size;
- b) use of various forms and methods of support and sources of financing;
- c) interaction of the measures accepted by the state bodies and not state organizations, on rendering support;
- d) stability at performance of the obligations taken on by the state bodies and not state organizations in relation to the enterprise, before their full realization;
- e) publicity by granting and use of all kinds of privileges.

According to the Ministry of Economics and Trade of Republic of Moldova the State program of support of small business for 2002-2005 provided a number of actions on improvement of conditions to activity of small enterprises. However, as they have not been sufficiently provided by the finance, not all actions have been realized in full, but only on 85 %.

Among the important achievements of realization of this program it is possible to note:

- ✓ simplification of system of licensing and procedure of registration of the enterprises;
- ✓ full clearing of subjects of small business of payment of surtax for three years from the date of establishment of the enterprise.

It promoted some reduction of parameters of "shadow economy" as in 2004. At 11 thousand small enterprises according to their financial reporting the profit has made 356 million lei (into the last years many of these enterprises were "unprofitable").

In Strategy of support of development of Republic of Moldova to the small enterprises for 2006-2008 following basic directions are provided:

- Promotion of favorable policy of development of sector through creation of the stimulating legislation regulating, institutional and tax character;
- Simplification of access to financial resources;
- Development of enterprise culture and modern consulting services in business;
- Increase of competitiveness;
- Promotion of dialogue between Government of Republic of Moldova and a private sector.

Let's stop more in detail on second of these directions.

One of the basic barriers interfering development in small business, the limited access to financial assets is. Banks abstain to finance the fine enterprises, referring on the increased risk. Is of interest, the experience saved up in this area in the developed countries.

So, for example, the system of the state support of small business includes financial support **in the United States of America**: presence of numerous accessible sources brave the capital venture. The main maintenance of the state innovative policy concerning small business is the regulation of financial streams directed on simplification of access of fine firms to sources of financial assets. Here two directions - purposeful subsidizing from the budget (through federal agencies and departments) and attraction of the private capital to financing innovative activity of fine firms are allocated. Purposeful budgetary financing is carried out in the form of irrevocable subsidizing through granting of easy loans and the conclusion of developmental contracts of new production and technology. Up to one third of charges of fine firms on researches and development in this or that form it is financed by the state.

Programs of irrevocable subsidizing carry out in the basic two federal departments - Administration of small business and National scientific fund. Programs of granting of easy loans are carried out by Administration of small business in the form of direct loans, individual share in loans of commercial banks and warranting of loans of commercial banks. Direct loans are made by Administration of small business from own credit sources. The size of the loan 150 thousand dollars, the maximal rate-7 does not exceed %. Loans are given for the term of:

- till 6 years - for current needs;
- till 20 years - on purchase of the equipment, the landed property and construction;
- till 30 years - on restoration of the enterprises which have suffered from acts of nature.

The second major direction of the state innovative policy concerning the small innovative business, carried out at a level of the federal government, is attraction of the private capital for financing. It is realized mainly through the companies the capital venture, received a wide circulation in the end of 20-th century. Now in the United States of America the companies of venture financings of three types operate: corporate (affiliated companies of large

corporations), the independent and private innovative companies of small business operating under aegis of Administration of small business. The capital venture is placed in the form of the share capital. It means, that investors become shareholders of fine innovative firms, and depending on a share of the participation have the right to reception of profit. The share of participation of the separate companies of the capital venture in fine firms seldom exceeds 50 %.

In the United States of America concessionary terms of the taxation of small business (first of all innovative) in view of its specific needs are used. As to amortization privileges it is authorized to fine firms to use a method of the accelerated amortization (to write off cost of a fixed capital unequal parts or lump sum during the amortization period).

In Japan there is four centers of regulation and stimulation of the small enterprises:

- ✓ the central government; local authorities;
- ✓ large business;
- ✓ independent associations of small business.

For the State support of small business Management of small enterprises in structure of the Ministry of Foreign Trade and the industries is created. Both the central government and local authorities stimulate becoming and development in small business by means of loans, credit guarantees, tax privileges, training of the staff and simplification of access to the information. Besides the irrevocable financial help only on realization of scientific and technical programs, such as is given to the enterprises of small business:

- Increase of a technological level of manufacture (it is financed by the central government and local authorities);
- Perfection of "know-how" in the food-processing industry (it is financed by the central government);
- Development together with universities and the state scientific research institutes of new high technical equipment and technologies (it is financed by local authorities).

Much more widely, under a concessionary interest rate, loans on realization of following projects are given:

- Development of new kinds of production and new technology (it is financed by local authorities);
- Development of new kinds of manufactures and technical equipment (it is financed by the central government);
- Revival of the fine enterprises for development of economy of separate regions (it is financed by the central government);
- Assistance of industrial and technical cooperation between the enterprises of small business (it is financed by the central government).

The greater role in rendering the financial help to the small and average enterprises belongs to Financial Corporation of small business of Japan. It gives to such enterprises loans (for the term of more than one year) on favorable terms on increase in the core and a working capital. On crediting of the fine companies

the National financial corporation of Japan specializes. Possessing the branched out network of commercial and industrial chambers (from above 500 on the country), it annually gives out loans for the sum almost 500 billion yens. In Japan there is one more specialized establishment - bank "Soko-Chiukin" financing activity of cooperative societies, the small and average enterprises.

At last, for financing special priority programs in the field of structural reorganization of the small and average enterprises, preservation of the environment, developments of power and saving up manufactures the given Financial Corporation of small business and National financial corporation give out credits for even more concessionary terms.

Let's note, that the state provides warranting and insurance of the credits given to the small and average enterprises, through "system of additional public crediting". By means of this system it is provided having poured the capital from commercial financial institutions to the companies of small and average business. As the important part of financial support of the small and average enterprises loans and the credits given for the address help to the enterprises, got in an inconvenient financial position owing to objective factors serve.

In **the European countries** interests small business give, as a rule, special departments or departments within the limits of the Ministry of Economics or the Ministries of Trade and the industries. So, for example, in **the Great Britain** at the Ministry of Trade and the Industry « the Service of fine firms » is created. It assists fine businessmen in the organization of own business, reception of credits, the conclusion of contracts and contracts, training of the staff and consultation. This service has local branches on all country.

The big attention is given a professional training for small and average business, numerous business schools where listeners investigate the general problems of economy and a basis of creation of own business are created.

In **Germany** financial support of the small and average enterprises appears through Bank of credit guarantees and regional credit corporations. From 1990, with the purpose of revival of small business in territory of Germany is carried out the Federal program of subsidizing fine and the moderate-sized firms, providing increase in them shares of own means.

CONCLUSIONS

Prospects of development in small business in Republic of Moldova are connected with creation of a favorable enterprise climate. It is expedient to concentrate attention to concentration of all financial assets intended for support of small business, including Fund of support of business and small business, local budgets and inappropriate funds, to the major priority directions, to create for it system of guarantees of crediting. For again created enterprises of small business wide development of leasing and franchising is necessary. Development of these forms of activity at the enterprises of small business should be assisted by the large enterprises.

Simultaneously with it the further development of an infrastructure of small business, especially bank system and creation of consulting agencies of "help" of small business is necessary; the preferential taxation not only for the fine enterprises in the first years, but also the next years activity of all small enterprises, including « the tax credit ».

From the above-stated it is possible to conclude, that all-round state support is necessary to any enterprise of small business both at its creation, and during its further functioning, that is improvement of an enterprise climate.

BIBLIOGRAPHY

1. **Blinov A., 1999** - *Uslovia regulirovania malogo biznesa*. Ekonomist, 1999, №2, s.75.
3. **Maksimtova M.M., Gjrfinkelea V.A., 2004** - *Menegment malogo biznesa*. Pod red. Prof. M.M. Maksimtova I prof. Gjrfinkelea V.A.. Moskva, 269 s.
3. **xxx, 1993** - *Polojenie o fonde poderjky predprinimatelstva I razvitia malogo biznesa*. Postanovlenie pravitelstva RM №659 ot 21.10.1993 I Postanovlenie RM № 120 ot 09.02.2004 (Ob izmeneniah I dopolneniah k Postanovleniu №659).
- 4.<http://logos.press.md/Weekly/Main.asp?IssueNum=448&IssueDate=28.12.2001&YearNum=48&Theme=14&Topic=6515>
- 5.<http://logos.press.md/Weekly/Main.asp?IssueNum=634&IssueDate=18.11.2005&YearNum=42&Theme=8&Topic=17295>