

SMALL CONSTRUCTION BUSINESS: PROBLEMS AND SOLUTIONS (RUSSIA, REPUBLIC OF TATARSTAN, NABEREZHNYE CHELNY)

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Abstract. The article presents an analysis of the development of small business on the example of construction development in Naberezhnye Chelny. A competitive construction market depends on many factors. These are laws, state policy in the field of small business in the construction sector, and a competitive environment. The article presents the impact of Federal Law No. 135 "On the Protection of Competition" on the competitive environment, including in construction. In our country, much is said about supporting small business; there are federal and regional programs. There is also an understanding of what kind of small business it is and why it is needed. There are many definitions of small business. Each country has certain criteria for evaluating small businesses. Another important aspect of small business in the regions is their isolation in the presented region and development will cause demand for local investments.

Keywords: protection of competition, small business, federal and regional programs.

1 Introduction

The famous school of economic theory is based on the name and works by D.M. Keynes, who lived and worked from 1883 to 1946. During the Great Depression in America in the 1930s, D.M. Keynes finished and published his work "The General Theory of Employment, Interest, and Money", which revealed the problem of finding a way out of the deepest crisis of overcoming mass unemployment and creating conditions for production growth.

D.M. Keynes substantiated the fact that stimulation and activation of the total demand make it possible to influence the expansion of reproduction and, accordingly, the supply of goods (services). Further, it is necessary to give, according to Keynes theory, important meaning to investment. The increase in investments increases the pace and scale of production.

An important point is that "Keynes' theory provides for active government intervention in economic life. Keynes's theory does not believe in market self-regulation and states the need for government intervention to ensure normal growth and achieve economic equilibrium." (Gabdullin et al, 2017). Consequently, there must be laws that regulate markets. One of them is Federal Law No. 135 "On Protection of Competition."

We shall analyze the way the Federal Law No. 135 "On Protection of Competition" affects the current state of small business in construction (Soloviova, 2006).

The construction industry in Russia enjoys a boom but if we look at the market, we can see distortions in harmonious development. Local and federal large companies have the main portfolio of orders for the construction of buildings and structures of various types and purposes. What we see is the rampant construction of multi-story multi-apartment buildings through loans, with a high concentration of residents. This leads to the problems of lack of road space, parking at local sites, etc. There is another important problem - the sale of apartments in these houses. It's no secret that the purchasing power of the country's population has decreased, and the climate in Russia is cold, housing areas with large squares are not in demand. The market of Naberezhnye Chelny offers a large number of apartments, cottages, commercial facilities with large areas for sale.

At one time, the development of the construction industry and competition in the United States was given by the adopted state programs "one-story America" and "2+2", the essence of which was the value of a family of two or more children with an individual house.

Russia occupies 1/6 of the land. It is necessary to develop a competitive environment in the country by increasing the volume

of construction precisely through the construction of individual houses for families, and not to drive them into multi-apartment and multi-story buildings with subsequent problems. This is where the competitive environment of small construction business arises due to the variety of projects, localization, and simply inefficiency of creating large construction companies.

This may cause a crisis, thus we must think about it systematically and address it. Otherwise, we will get unwanted multi-story buildings with empty and dilapidated apartments.

2 Methods

There is a problem with monopolizing markets. Federal Law No. 135-FZ of July 26, 2006 "On Protection of Competition" (as amended and supplemented) explains the dominant position as follows. Article 5 on the dominant position:

1. The dominant position is the position of the economic entity (group of persons) or of several economic entities (groups of persons) on the market of a particular product, which gives such an economic entity (group of persons) or such economic entities (groups of persons) the ability to exert a decisive influence on the general conditions of circulation of goods on the relevant product market, and (or) to remove from this commodity market other economic entities, and (or) to impede access to this commodity market to other economic entities. The position of an economic entity (with the exception of a financial institution) is recognized as dominant:

1 (the share of which on the market of a certain product exceeds fifty percent, unless it is found in the case of violation of the antimonopoly law or in the exercise of state control over economic concentration that, despite exceeding this value, the position of the economic entity in the commodity market is not dominant;

2 (the share of which on the market of a certain product is less than fifty percent, if the dominant position of such an economic entity is established by the antimonopoly authority on the basis of the constant or subject to minor changes in the share of the economic entity in the commodity market, the relative size of shares in this commodity market belonging to competitors, on this commodity market of new competitors or proceeding from other criteria characterizing the commodity market (Gabdullin, 2015).

2. The position of an economic entity (with the exception of a financial institution), whose share in the market of a certain commodity does not exceed thirty-five percent, cannot be recognized as dominant, with the exception of the cases specified in parts 3, 6 and 6.1 of this article.

Any company can "develop" more than 50 percent of the regional market volume, for any position, if "it is not established that, despite exceeding the specified value, the position of the economic entity in the commodity market is not dominant. Here a debatable moment arises about the "ambiguous" understanding of making either a favorable or harmful decision.

Does this lead to monopolization of the markets of construction? According to the economic theory, the monopolist needs the centralization of power and flows. Centralization, in turn, will lead to the reason for zero demand of apartments and real estate objects in the regions and more since large companies are not agile and they can easily find a common language with banks. There is a question "what to do". But there are more negative points (Baroughi & Zarei, 2013).

The process of ousting small construction business from the market can be represented in the form of a spiral-conical decrease in the volume of their construction (Figure).

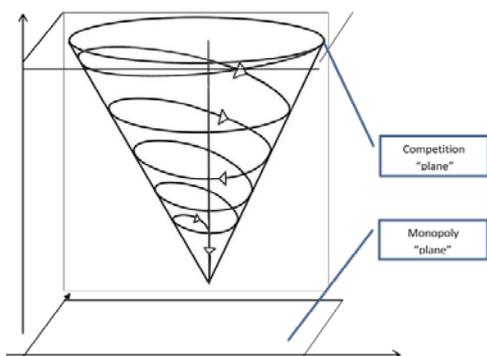


Figure 1. A spiral of decline in construction by small businesses.

Based on Figure 1, we can note the tendency of spiral-cone reduction in the demand for small construction business, as well as small (medium) regional business. At the same time, this figure shows how, partly due to the imperfection of laws and regulations, the share of large federal and regional companies in the regions that work independently without involving regional warehouses and small businesses increases (The Gower Handbook of Logistics and Distribution Management, 1990).

The spiral-cone shape is caused by the fact that each unit of reduction in the volume of small business in construction causes a large demand for small construction business in the future, which in turn "releases" more volume for large federal and regional companies, and so on until partial or complete monopolization of the market of new buildings .

The ideal option of pure competition according to the figure is the lack of monopolists and oligopolies in general, and a negative option is one monopolist in the market. Here antimonopoly (antitrust) regulation laws should apply based on the best world experience. The model of spiral-cone dependence in the future will allow calculating the optimal variant of the combination of different models of the construction sphere. This is possible and in demand.

3 Results

In the US, antimonopoly legislation was called "antitrust legislation". It was adopted already in 1890 as "Sherman's law". By the way, this was the first antitrust law in the world. Under this law, cartel agreements are prohibited; it was sufficient to prove that a secret agreement has been made and required no evidence of the loss incurred. According to patents, the US antitrust law recognizes patent law but limits the abuse of this right, which can lead to monopolization of the market and adversely affect competition.

A distinctive feature of the US antitrust legislation is the possibility of two ways of its implementation, namely judicial-legislative and administrative. The law provides for prosecution and punishment for violation of the US antitrust laws.

Based on the analysis of sources, it is possible to note the peculiarities of antimonopoly regulation bases of different countries. Here are examples :

- in France and Italy, general rules of civil law and antitrust laws apply ;
- the United States and Great Britain use antitrust, antimonopoly and judicial laws;
- in the Federal Republic of Germany, Switzerland, Spain, Austria, Canada, separate antimonopoly laws apply.

The EU Commission, the European Council of Ministers carry out antimonopoly legislation at the European level.

The principles of antitrust European law are:

- regulation of natural monopolies;
- prohibition of monopolies;

In accordance with the first principle, the establishment of a monopoly is not prohibited, if its activity does not contradict the antimonopoly legislation. On the basis of the second principle, a monopoly is prohibited if it seeks to take a monopoly position on the market .

In the legislation of European countries, the dominant enterprise is one that:

- occupies 25% of a particular product market in France;
- occupies 25% of the market in Great Britain;
- has the volume of sales exceeding 50% or two enterprises with a sales volume of 75% in Japan;
- 33 %or at least 2/3 of the total market turnover in Germany .

The activities of natural monopolies in Japan are regulated by the state. In accordance with the industry specifics, it regulates the pricing process and the conditions for access to the market where natural monopolies exist (Strategies Supply Chain Alignments, 1998).

The commercial code of the Japanese state has standards and norms of relations between the main company and the structural subdivisions, based on the degree of participation in management and capital. One of the highlights of the Japanese antimonopoly legislation is that holding companies, including foreign ones, are prohibited on the territory of the country. (Jaramillo, 2018).

Thus, a brief analysis shows that the antimonopoly and antitrust laws of Japan, European countries and the United States have their own characteristics, are well-elaborated, and economically justified for years (Gabdullin et al, 2018).

Summary. In Russia, there are tax breaks on the incomes of small businesses, but practice shows that they are not enough. Support from the state is needed. An important place is occupied by construction sphere because a small construction business is not conceivable without a territorial location, which is also a positive side. History shows that small businesses have their own merits. It is mobile, able to adapt to changes in the market environment, has a great potential for instant response to progress, and does not require large amounts of initial investment to start work.

4 Discussion

In our country, much is said about supporting small business; there are federal and regional programs. There is also an understanding of what kind of small business it is and why it is needed. There are many definitions of small business. Each country has certain criteria for evaluating small businesses. The main thing is that the goal of small business is to increase the number of jobs, not just to occupy people, but also to multiply the country's human resources. It should be borne in mind that small businesses are more responsive to local business conditions. Another important aspect of small business in the regions is their isolation in the presented region and development will cause demand for local products and services (Sablíkova, 2012).

The following is suggested for solving the problem of the absence of demand for small construction business:

1. The limiting value of the dominant position of an economic entity (firm) in the market should not be more than thirty percent, and what is important - without "reservations and exceptions". This does not apply to natural monopolies.
2. Limit the entry of large federal and regional construction companies into cities (settlements) by providing construction volumes to local companies .
3. Announce the state program "One-storey Russia" and the value of the family.
4. Support small regional business benefits, laws, regulations, simplify the requirements for them .
5. Subsidize the construction projects of "One-story Russia."
6. One of the stimulating factors of competition is also the development of innovations in building materials. For example, "the introduction of modeling principles for the targeted classification of building materials (Khalikov &

Islamov, 2016). Russia is already a developed market-economy country. Russia is already a country with a market economy. Singapore became the advanced world center from the agrarian state within 30 years, while we started transformations in the 90s. Small business should be perceived as a firm that forms employment, rather than a taxable base. The development of small construction business will lead to demand for investment potential of regions.

An effective vision has several important distinguishing features. It should not be static, but evolutionary. The system of values that it reflects should have both implicit and explicit components. It can never be fully achieved, that is, there are always some areas of tension between what is realized and what can be achieved. And most importantly, it features high energy, is clearly formulated, consistent, inspires and energizes (Efremova & Gabdullin, 2016).

Having drawn a conclusion, it can be noted that "all this was presented not to find mistakes, but to try to find new "impetuses" for development (Efremova et al, 2016). But the idea of "One-story Russia" is still relevant.

Acknowledgments

The work is performed according to the Russian Government Program of Competitive Growth of Kazan Federal University.

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Primary Paper Section: A

Secondary Paper Section: AH, AE