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## ECONOMIC PARADIGM AND THE MAIN DIRECTIONS OF DEVELOPMENT OF SMALL AND MEDIUM-SIZED CITIES IN THE ARCTIC REGIONS OF THE RUSSIAN FEDERATION AS A FRONTIER

**Abstract:** *the article deals with the actual problems of development of small and medium-sized enterprises in the North of Russia in the so-called Arctic regions of the Russian Federation, in the high-latitude territories of the Western Arctic, in the regions of Russia. Practical proposals and recommendations are given, priority tasks are formulated to solve the main socio-economic problems of business development, the effective use of tourist and recreational potential, the development of inbound and domestic tourism for the sustainable development of regions, unique territories and tourism centers. The results can be used to improve the legislative and regulatory acts of the tourism industry, to increase its competitiveness in the regions of Russia.*

*The article discusses solutions to the problems of developing small and medium-sized businesses that are relevant in the context of the new industrialization of Russia, especially for the Arctic regions, in order to significantly reduce population migration, identifying relevant patterns and trends, taking into account the characteristics of entrepreneurship in the regions of the Arctic, assessing what has been achieved by entrepreneurial structures to date level in various types of economic activity, as well as the prospects for further enhancing the role of entrepreneurship for these regions. The research is based on the construction of economic and mathematical models using the methods of logical, correlation, regression and dispersion analysis and the analysis of statistical data.*

**Key words:** *Arctic regions of the Russian Federation, northern sea route, efficiency, social development, priority, population, comfort, tourism, hotel business, paradigm, economic policy, financial stability.*

**Language:** English

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## Introduction

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By now, it has become clear that the theoretical paradigm, which asserted that enterprises increase in size, and their fixed assets (capital) are continuously concentrated, has not found its practical confirmation. In recent years, there has been an increase in the share of people employed in small and medium-sized enterprises in all industrialized countries. These structural shifts in the organization of production confirmed the fundamental reassessment of the role of entrepreneurial structures (small, medium-sized enterprises and individual entrepreneurs), hereinafter referred to as MSIP. The emergence of such structures is considered as the main source of growth in the number of jobs, labor income, and, consequently, the well-being of people. UN data show that in the global economic system, small and medium-sized enterprises are employers for almost 50% of the working population. In various countries, small and medium businesses produce from 33% to 67% of the gross national product. Entrepreneurial structures have shown their advantage in many types of economic activity compared to large firms. This sector of the economy has the potential to play the role of a catalyst for innovation and regional growth. The high dynamism of MSIP and the massive coverage of almost all areas of the internal market of the regions ensure the sustainability of the development of their economies and contribute to the stability of the political climate. Representatives of entrepreneurial structures are distinguished by the fact that their living conditions and activities, as well as the position of an active producer and at the same time a consumer in the domestic market, it helps to strengthen ties with its regular and potential customers from various social groups. All of the above determines the behavior of MSIP, based on direct dependence on local and national interests.

In the process of research, the methodological approach proposed by the author was used, based on the consideration of three types of business entities - small enterprises, medium-sized enterprises and individual entrepreneurs as a single structural system complex. At the same time, it is taken into account that they are characterized by the same main types of economic activity, they compete in the same markets, have a largely similar production technology, and carry out risky activities. When the institutional and economic conditions of functioning change, the transition of these structures from one type to another may occur. Modern business is a complex system. First of all, it is a set of a large number of independent economic entities, each of which determines its own goals and objectives, based on the specific situation, and is an active participant in socio-economic processes. Considering that entrepreneurial structures arise and cease their activities in a natural way, they

should be studied as self-organizing and self-developing economic entities. Based on these provisions, the most important is the analysis of their role and place in the national economy. This analysis was carried out using the descriptive method.

In general, entrepreneurship can be considered as the most dynamically developing sector of the economy. Individual entrepreneurs and enterprises, among other things, solve the problems of self-realization of a creative person, as well as the team as a whole, carry out risky activities to form consumer demand, increase the overall level of supply, and produce new economic resources and benefits. The accession of the Russian Federation to the World Trade Organization (WTO) put forward the development of small and medium-sized businesses as the main way to increase the efficiency of the national economy as one of the most pressing problems. The urgency of solving this problem is due to the fact that the possibilities for further development of the resource-based economy and related industries at the present stage are practically exhausted. It is these companies.

To date, in the Russian Federation for a relatively short period (20 years) a new sector of the economy has been formed - small and medium-sized businesses. In 2018, there were 1.62 million small businesses in Russia. Small enterprises employed about 16.16 percent of the country's economically active population. The volume of products produced by these enterprises amounted to 18925 billion rubles. There were more than 27 thousand medium-sized enterprises, they employed 2.5 million people. The volume of production of medium-sized enterprises reached 7277 billion rubles. There were over 2.9 million individual entrepreneurs. Including employees, the number of employed was more than 5.3 million people. The volume of production exceeded 4548 billion rubles.

At the same time, entrepreneurship in our country has not yet reached the required level, has been repeatedly noted in the messages of the President to the Federal Assembly and decisions of the Government of the country. There is a significant differentiation in the level achieved by entrepreneurial structures by regions of the country and types of economic activity. Therefore, at present, it seems relevant to develop scientifically based recommendations for the further development of entrepreneurship in the subjects of the country, increasing the role of entrepreneurial structures in all regions and sectors of the national economy. This paper presents the results of scientific and applied research by the authors on the problems of the formation and functioning of entrepreneurial structures, the development of tools for economic analysis and designing the development of this sector of the economy, aimed at improving its activities and ensuring a positive economic effect in the regions and

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the Russian Federation as a whole. The main tasks solved in the process of research and reflected in this article were, namely:

- development of theoretical aspects of entrepreneurship and development of periodization of its formation and functioning;
- development of methods and tools for entrepreneurship research;
- analysis formation and development of varioustypes of entrepreneurship;
- transformation of the national economy based on the development of entrepreneurship;
- study and analysis of the spatial organization of small and medium-sized businesses;
- determination of the features of the formation, functioning and modernization of business structures in our country;
- assessment of regional differentiation of business structures and trends in its development;
- identification of the main problems in the formation of entrepreneurship in the subjects of the country;
- analysis of the role of institutional factors in the development of entrepreneurship;
- development of proposals for state regulation and support of entrepreneurial activity;
- study of trends, patterns, factors and conditions for the functioning and development of business structures in the regions;
- analysis of the existing differentiation of the role of entrepreneurial structures, due to regional characteristics of socio-economic development;
- methodological problems of MSIP classification;
- monitoring the level achieved by MSIP in the Russian Federation and developed foreign countries;
- comparison and ranking of regions according to the level of development of entrepreneurial structures;
- diagnosing problems hindering the development of MSIP;
- analysis of features and evaluation of the effectiveness of regional economic policy in the field of entrepreneurship;
- development of a methodology for analyzing and evaluating the functioning of small and medium-sized businesses;

- analysis of the efficiency of the use of resources by business structures in the subjects of the country and municipalities;
- forecasting structural changes in the development of entrepreneurship;
- determination of directions for the formation and development of the system of infrastructural support for entrepreneurial activity;
- development of concepts of strategic planning and forecasting of entrepreneurial activity;
- the use of multi-criteria assessments of the effectiveness of entrepreneurial activity;
- development and development of a mathematical apparatus for the analysis of entrepreneurship in the country and its subjects, as well as municipalities;
- methodology of economic and mathematical modeling of the activity of the MSIP aggregate;
- consideration of the possibilities and ranges of application for studying the MSIP of production functions, cluster and regression analysis, density functions of the normal distribution;
- construction and applied analysis of economic models of the business sector and its role in the national economy;
- development of target indicators for the development of MSIP based on domestic and foreign experience.

### Main part

The current state and the multitude of problems of socio-economic development of medium and small towns in Russia in a developing market economy, necessitate further research in this area and, first of all, the very essence of the concepts of "small city" and "medium city" needs to be considered and clarified. .

In this regard, it is important to highlight the following main characteristics and common features that reveal the essence of the studied concepts of "small city" and "medium city" (Table 1). In addition, summarizing the numerous research experience, it must be recognized that in order to clarify the concepts of a small and medium-sized city, a number of indicators that determine their features should be taken into account.

**Table 1. Main characteristics, common features and indicators that determine the characteristics of small and medium-sized cities**

<b>Main characters sticks</b>	1. Compactness, integrity and "visibility" of society, the possibility of maximum degree to take into account all the interests and relationships within it;
	2. Save money and time. "Closedness" and the rapid dissemination of new information in a separate small town make it possible to achieve the expected results at the lowest cost and in a shorter time;

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	3. Significantly less bureaucratic obstacles. The possibility of establishing more trusting and open relations with the local administration;
	4. As a rule, openness and willingness to cooperate on the part of local partners who are not spoiled by the attention of federal structures, and even more so - international organizations;
<b>Are common traits</b>	5. Ability to quickly replicate the successful results of the program in a separate small town of their transfer to other cities in the region;
	6. A very stable type (class) of settlements, since over the centuries, despite various approaches, the range of a small city (in terms of the number of inhabitants) ranges from 5 (10) to 100 thousand people;
	7. The "blurring" of the boundaries of both small and medium-sized cities remains. Often the differences between a large city and a small city become more significant than between a small town and a village. The problematic nature of this issue is especially expressed in the definition of the extreme lower and upper boundaries of small and medium-sized urban settlements. Numerous discussions have not led to a unanimous opinion of the designated boundaries and currently remain very conditional values;
	8. The content of the functions performed by small towns is changing. Political, economic, institutional and social changes have led to fundamental transformations covering all spheres of human activity. In this regard, the economic opportunities of small and medium-sized cities have significantly expanded: the development of entrepreneurship and small businesses based on the use of local resources, the formation of municipal property, the attraction of private, state and foreign investments, the increase in information security, the restoration of traditional crafts and folk crafts.
<b>Peculiarities</b>	9. City size (population);
	10. The number and scale of the function of the city (the nature of the main activity of the majority of residents);
	11. The nature of the architectural and planning environment;
	12. Development of social infrastructure (capacity of utility networks, commercial, cultural, educational and information services, the need for intracity transport);
	13. The nature of the lifestyle of the population.

Thus, a modern small town is a stable and, at the same time, a dynamic type of settlement, on the territory of which there is a municipality with a population of 10 to 50 thousand people, characterized by a certain development of the production base, with separate elements of market infrastructure and landscaping, which stands out low-rise buildings, close proximity of households to land plots and their active participation in the local economy and, in most cases, performing organizational and managerial functions of the center of the territory.

In the group of small towns, two subtypes can be distinguished: small towns of a transitional type to rural areas with a population of up to 15 (20) thousand inhabitants and small towns proper with a population of 20 to 50 thousand people. The peculiarity of most of the former are: the presence of a non-specialized (up to 10 thousand inhabitants) or a specialized one

branch of the economy, or a sub-branch of the economic structure, a clearly predominant low-rise building, no need for urban transport, and the rural nature of the lifestyle of the population inherent in this subtype of small towns. Actually, small towns are distinguished by a more developed production base, the emergence of high-rise buildings, the availability of public transport, a higher degree of housing and communal services, and the appearance of city-forming features characteristic of medium-sized cities.

**Modern average city-** this is a stable and at the same time dynamic type of urban settlement, on the territory of which there is a municipality with a population of 50 to 100 thousand people, characterized by the development of enterprises in various sectors of the national economy, diversified economic specialization, the presence and

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accessibility of industrial facilities for the population, market, transport and social infrastructure, and acting mainly as an integral territorial unit of local self-government, for the most part, having the status of a city of regional (regional) significance.

The place and role of small and medium-sized cities in the integrated development of the territories of the region is determined by the following provisions, namely:

*Firstly*, the objectively conditioned stability and mass character of small and medium-sized cities contributes to their transformation into one of the forms of the most effective integrated use of the resources of the territory and the solution of the most important economic tasks of the state. At the same time, lagging behind in their socio-economic development, they continue to play the role of “secondary” municipalities (unlike large cities), which not only contributes to the deepening of spatial differentiation, but significantly reduces the level of their investment attractiveness and limits the degree of their participation in integration and cooperation at various territorial levels;

*Secondly*, the formation and development of small and medium-sized towns is the realization of the needs of society, on the one hand, in the organizational center of a particular territory; on the other hand, in a specific urban environment, which has qualitatively different (compared to large cities) properties and characteristics;

*Thirdly*, Russia's transition to a new society in the period of information technology transformations and globalization of the economy determines the new mission of small and medium-sized cities, developing as components of regional and local urban settlement systems, including urban (and rural) settlements of all types. At the same time, a completely different combination of functional dominants is being formed in them, capable of: adequately responding to changes in market conditions, significantly increasing the importance of the service sector in the economic structure of small towns, promoting the development of entrepreneurship, increasing their competitive advantages, and significantly intensifying the inflow of investment resources;

*fourth*, during the formation of local self-government, a revision of the strategic orientation of small and medium-sized cities is required, aimed at recreating the abilities of this category of urban settlements for independent development (self-development), mainly on the basis of their own resources and capabilities, taking into account their specifics;

Small and medium-sized cities in Russia are a key model of the Russian local community. There are several reasons for this conclusion, namely:

–small and medium-sized cities are fairly local and unified communities, permeated with social and interpersonal ties;

–small and medium-sized cities, being urban settlements, at the same time, as a rule, are also social, economic and cultural centers of the rural areas surrounding them and maintain close contact with them;

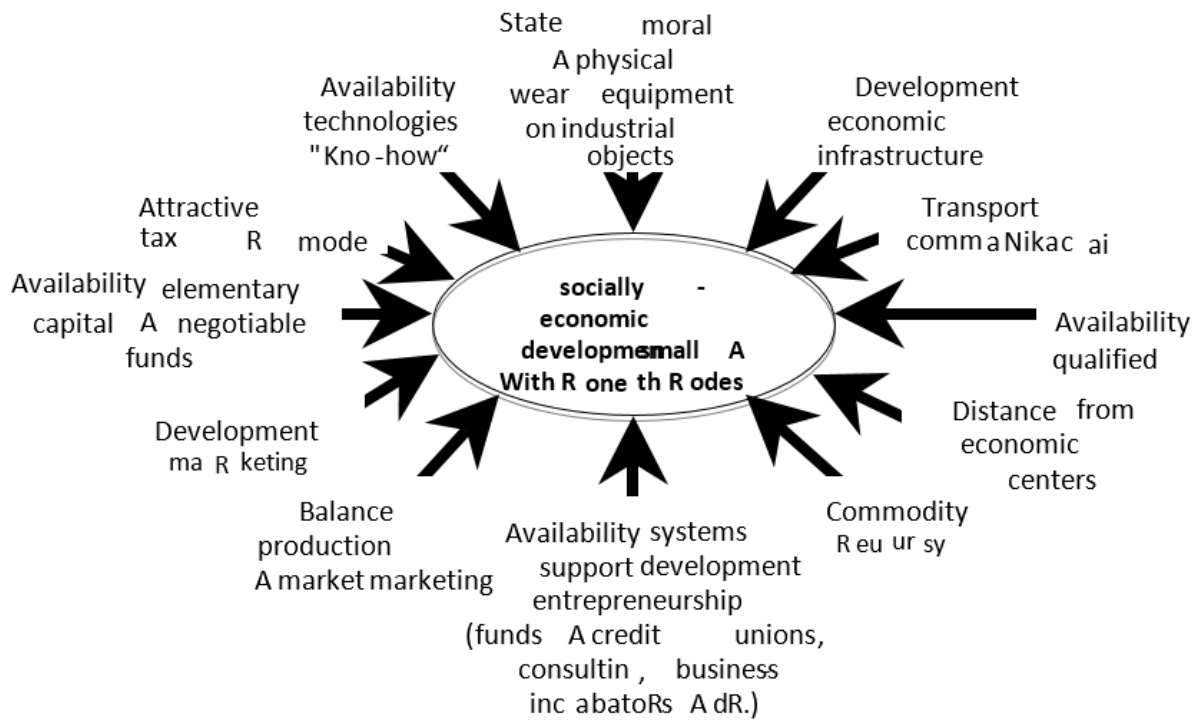
–small and medium-sized cities have elected local governments, and, as a rule, an independent budget.

That is why this group of cities is an ideal object for exerting a systemic influence on local self-government in Russia, which is the basis of civil society. It is at this level that power is as close as possible to the voter, accountable to him and focused on his interests. At the level of local self-government, each citizen can directly participate in the management of the socio-economic development of the city's territories, defend their interests and influence the formation of a development strategy for their municipality in accordance with their interests. Thus, it is the group of small and medium-sized cities that should become a key link in the implementation of the principles and ideals of an open society in Russia. The relevance of studying the problems of socio-economic development of small and medium-sized cities and their management is determined by their unique role, first of all, as sub-regional economic, cultural, spiritual innovation centers of Russia. Traditionally, in the domestic economic literature, the following groups of factors for the location of small and medium-sized cities are distinguished, namely:

natural;  
demographic;  
economic and geographical;  
economic (Figure 1).

In the foreign theory and practice of municipal management, a slightly different classification of factors is adopted, two large groups are distinguished: “hard” and “soft” (Table 2). The ratio between the individual factors of socio-economic development of small and medium-sized cities and their significance are in constant motion. The most important trend in the ratio of factors is the shift in the importance of hard factors in favor of soft ones. It is soft factors that are increasingly becoming the key to the success of the socio-economic development of the city.

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**Fig.1. The influence of environmental factors of functioning on the socio-economic development of small and medium-sized cities**

**Table 2. Classification according to the degree of influence of factors influencing the socio-economic development of medium and small towns**

Hard Factors	Soft Factors
Oriented to production resources: - Earth; - work force; - capital;	Quantitatively difficult to measure categories that determine the level of development of the social environment of a settlement: - stability of the political situation and social climate; - qualifications of employees; - the structure of the city's economy and individual enterprises; - the quality of the system of education and professional training; - equipping the city with universities, technology centers, research organizations; - the presence of factors focused on the production of services (economic and tax consulting, advertising, marketing); - the attitude towards the economy of the main actors of the city (enterprises and unions of entrepreneurs, employees and trade unions, communal and municipal administrations, politicians); - quality of life in the city (quality of housing, ecological situation, cultural and recreational opportunities).
Oriented to the production and marketing of products: - proximity of cooperation partners; - infrastructure; - structure of the population and consumption;	
State established: - taxes; - management system; - subsidies and support programs.	

However, according to the author, in the current conditions of the development of market relations, it is advisable to classify the factors in accordance with the nature of their impact on the socio-economic

development of small and medium-sized cities - factors that hinder and promote development (Table 3).

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**Table 3. Classification according to the nature of the impact of factors influencing the socio-economic development of medium and small towns**

<b>Factors hindering the development of small and medium-sized cities</b>	<b>Factors contributing to the development of small and medium-sized cities</b>
1. <i>Constant and spasmodic growth in the cost of energy</i> , which leads to the rupture of transport links with large centers that are vital for many small and medium-sized cities. Another consequence of rising energy prices is the localization of social and cultural contacts, economic life, the isolation of most small and some medium-sized cities.	1. <i>Administrative factor</i> - plays a leading role in the transformation of the entire network of settlements, both urban and rural, including small and medium-sized cities, in connection with the development of local self-government and a significant increase in the importance of small and medium-sized cities as centers of municipalities. The formation of the image (image) of the city, its inclusion in the system of intra-regional and international relations is of great importance.
2. The principles of state building, which come largely from the outdated principles of organizing local power: retain many of the main features and shortcomings of a multi-level administrative-command management structure; significantly limit the powers of local representative and executive authorities; the issues of distribution of competence between the city level, the levels of management of the subjects of the federation and the federal level are unsatisfactorily resolved; hinders the independence of city authorities in the formation of the local budget and its transformation into the basis of the financial resources of the city.	2. <i>Competitive factor</i> the strengthening of the influence of which in all the listed markets, especially non-price competition - competition in the field of quality of life and innovation, contributes to the development of this group of cities.
	3. <i>Market factor</i> - Interpenetration of urban, regional, national and world markets. For Russia, its regions, medium and small towns, in particular, the most significant are the liberalization of foreign trade and the removal of protectionist restrictions in the near future as a result of the entry into force of the agreement with the EU and Russia's accession to the WTO.
	4. <i>Set of economic factors</i> , in particular: the development of the territorial division of labor - which determines the technological specialization of the city, the territorial and sectoral structure and external relations; transport development; development of industry and trade.
3. New border position (for small and medium-sized cities in the west of the European part of Russia, the Volga region, the south of the Urals and Western Siberia). Dozens of small and medium-sized cities suddenly found themselves on the periphery, in the new "bear corners" of the country.	5. <i>Geographic factors</i> . The following stand out in particular: economic and geographical position (EGP) population, volume and scale of the functions performed by the city, their interaction is in direct connection with the EGP; the natural resource factor as a result of the development and extraction of Russia's natural resources; climatic features.
4. <i>Concentration of capital, investments, including foreign ones, in the largest cities of the country</i> , mainly in Moscow and St. Petersburg. The degree of this concentration is so high that it significantly hinders the development of cities.	6. <i>Informational</i> - a system of institutions and communications that provides access to information
	7. <i>Institutional</i> - growing importance of cities as subjects of economic activity in the regional structure of consumer markets.
	8. <i>Organizational and managerial</i> - art, professional knowledge and skills of municipal authorities.

Since the factors favorable today for placement on the territory of enterprises, tomorrow mean additional opportunities for attracting investments, increasing employment and solving other urgent problems in the city. That is, they simultaneously become conditions for the successful socio-economic development of cities in the future.

Thus, it is necessary to take into account the impact of these changes on the competitiveness of both economic entities and the group of cities under study. For example, for small and medium-sized

cities, this means that some develop as economically the most powerful territories, are able to mobilize their own resources and attract additional investment. Others remain on the periphery, others develop only in certain specific areas (an example is tourism). Therefore, it is necessary to carefully study and pay close attention to what factors should be taken into account by business entities in the first place, and what factors should be improved by the municipal authorities in order to enhance socio-economic

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development and increase the competitiveness of the territories under their jurisdiction.

Features and differences in the structure of the mechanism of municipal development management are due to preferences or the need to use a variety of tools, forms and methods of regulating the economy and social sphere of the city. Structural features of the development of the economy and the social sphere of the city are the main factor determining the specifics of the mechanism for managing socio-economic development.

In this regard, in order to identify the features of the functioning of the mechanism for managing the socio-economic development of small and medium-sized cities, an analysis of the socio-economic development and an assessment of the above factors were carried out using the example of a specific small town - Chernushka, Chernushinsky district, Perm region.

The small town of Chernushka is a new town formed during the years of industrialization, war and post-war times of the last century. The history of Chernushka as a separate settlement is 150 years old. The appearance of the railway station at the beginning of the last century was a powerful impetus towards the territorial, economic and cultural development of Chernushka. For residents of the Perm region, this city is associated with the word "oil", and this is natural - the Chernushinsky oil region provides 1% of all Russian oil and 40% of the regional one. An analysis of the socio-economic development of the city shows that the features of the geo-economic situation, as well as the existing production and infrastructure potential, create prerequisites for the development of Chernushka not only as the center of the district, but also as the center of a vast area of cooperation. In the city and its environs, it is advisable to place production facilities focused on the raw material base and markets for neighboring areas. This center should also provide a wide range of services to residents of the city of Velsk, Velskinsky district and neighboring areas. Proceeding from this, already today, when planning the socio-economic development of the territory of the district and forming a mechanism for managing this development, it is necessary to take into account and emphasize the inter-district role of the city. This will allow attracting additional investment resources for the development and implementation of joint projects in the area of cooperation.

So, the mechanism for managing the socio-economic development of the city of Chernushka is based on the presence of a number of competitive advantages of the district, namely:

-rich natural resource base, production and infrastructure potential;

-availability of qualified personnel and labor resources;

-developed transport infrastructure, availability of access to the main transport routes of railway, road, river transport;

-relative financial independence of the district from the regional center (the district is a donor in the regional budget);

-political, national, interfaith stability and a consistent policy for the development of local self-government;

-use of new opportunities and directions for strengthening the financial and economic base of the city and the region (development of oil and gas resources, the border position in the region and the presence of prerequisites for expanding border trade).

As proved by the results of the analysis, the structure of the economy and its potential are significantly influenced by geographical, territorial, demographic, transport and other features of small and medium-sized cities, which significantly determine the specifics of the economy, the structure of municipal government and, accordingly, the mechanism for managing socio-economic development. cities. In the context of solving development problems, the tools and methods of the mechanism for managing the socio-economic development of small and medium-sized cities come to the fore.

Features of the mechanism for managing individual subjects of the local community are manifested:

1. In the structure of methods of managerial influences, the totality of which is an instrumental and methodological part of the management mechanism. However, this does not happen in the form of new or special formations, but by changing the "weights" of various methods and the strength of their impact in specific conditions. The set of management methods should have the status of subsystems or separate blocks for ensuring the interaction of the subject and object of management, which are local governments and certain types of expedient activities of people in the city;

2. Since any management system is characterized by the presence of a single set of management functions (planning, organization, stimulation, accounting and control, coordination and regulation), their totality characterizes the functional part of the municipal management mechanism, regardless of the level and type of management object.

The above analysis of the socio-economic development of the city of Velsk makes it possible to identify the main features of the existing mechanism for managing this development (Table 4).



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**Table 4. Features of the mechanism for managing the socio-economic development of the city of Chernushka**

Functions, methods and tools	Features in the implementation of the functions of the control mechanism, the use of tools and methods
<b>Functional part of the control mechanism</b>	
Development of the information function	<ul style="list-style-type: none"> <li>- development of television and radio broadcasting in the city;</li> <li>- spread of the Internet;</li> <li>- presentation of the city of Velsk and the district at the regional level.</li> </ul>
Planning	<ul style="list-style-type: none"> <li>- developed the "Concept of socio-economic development Velskinsky district of the Arkhangelsk region for 2018 - 2035";</li> <li>- the main strategic goals, objectives and directions of the city development are formulated.</li> </ul>
Control	<ul style="list-style-type: none"> <li>- monitoring of the main indicators of the socio-economic development of the city and analysis of the results achieved.</li> </ul>
Regulatory function	<ul style="list-style-type: none"> <li>- redistribution of income and subsidization of municipal enterprises by private and oil industry enterprises;</li> <li>- transfer of a number of consumer services enterprises that are local natural monopolies (mainly the provision of services in the housing and communal services sector - heat supply, sewerage, etc.) to private hands.</li> </ul>
<b>Instrumental and methodological component of the control mechanism</b>	
Ensuring public safety	<ul style="list-style-type: none"> <li>- an anti-terrorist commission has been formed and is successfully operating on the territory of the city of Velsk;</li> <li>- power structures of the city are actively working.</li> </ul>
Development of industry, entrepreneurship and small business	<ul style="list-style-type: none"> <li>- the Municipal Fund for the Support of Entrepreneurs and Industrialists has been established and is functioning effectively;</li> <li>- developing economic cooperation with the Arkhangelsk region and large companies in large-scale investment projects;</li> <li>- Assistance is provided for the city's enterprises to enter new markets and strengthen their positions in the already mastered ones.</li> </ul>
Development of labor resources and human resources	<ul style="list-style-type: none"> <li>- development of a network of educational institutions of secondary and vocational education and a network of branches of universities;</li> <li>- development and implementation of the regional program for social support of young families, improvement of the demographic situation through the formation of state approaches to solving the housing problem of a young family;</li> <li>- holding events on the day of professional holidays, competitions of professional skills, media coverage.</li> </ul>
Development of social infrastructure	<ul style="list-style-type: none"> <li>- full funding of institutions in the areas of "Culture", "Law enforcement", "Housing and communal services", "Environmental protection", "Transport, communications", "Mass media", "Health care";</li> <li>- 47 programs and projects are being implemented on the territory of the Velsk district for a total amount of almost 24.6 million rubles, which are financed to a greater extent from the district budget, as well as from the federal, regional budgets, sponsorship and competitions of social projects of Lukoil-Perm LLC .</li> </ul>

The general features of the mechanism for managing socio-economic development,

characteristic of the entire group of small and medium-sized cities, are the following (Table 5).

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**Table 5. General features of the mechanism for managing the socio-economic development of small and medium-sized cities**

Elements of the control mechanism	Features of the mechanism for managing the socio-economic development of small and medium-sized cities
<i>Structure and composition control mechanism</i>	They depend on the strategic goals and programs of socio-economic development, which, in the group of cities under study, have significant differences due to the specifics of each individual small and medium-sized city - unique local conditions, the availability of resources, the development of industries and agriculture, the influence of external factors, political situation, administrative structure, accumulated potential, etc.
<i>Functional part of the control mechanism</i>	There is a need to transfer a number of functions of municipalities to private structures, today these include housing and communal services, medical services, preschool and school education, household services, legal and security services, cultural services, physical education and sports, communication services, etc.
	The increase in the degree of economic independence and economic isolation of small and medium-sized cities, the recognition of the city as an independent object of management in accordance with the concept of local self-government, led to the emergence of new functionality and new levers for regulating economic relations associated with the formation of municipal property. City authorities become full participants in market relations in the territory.
<i>Instrumental - methodological part of the control mechanism</i>	In a market economy, when the city relies in its development on its own funds and resources, on the accumulated economic and scientific potential, production assets and personnel, the importance of the budget in the financial support of urban socio-economic development programs is noticeably increasing. Program-targeted and innovative-heuristic methods are becoming one of the most significant and effective methods of managing the socio-economic development of cities.
	Social, political, economic, and cultural development cities are increasingly dependent on monetary and financial instruments, the main of which is the city budget, by managing which city self-government bodies acquire leverage on the general economic situation in the city and the possibility of enhancing entrepreneurial activity.
	Interacting with elements of the external and internal environment, cities participate in the competition to attract investments, resources and industries to their territory, which increases the importance of a number of market tools and management mechanisms, such as information technology, marketing of goods, services, consumers, organizations, local economic and social processes, competent management of municipal property, development of entrepreneurship, the growth of the importance of the image and positioning of the city in the external environment of its functioning, etc.

The content of the table clearly illustrates the fact that modern information technologies are gradually being introduced into the practice of municipal government, the management of the city's development is increasingly based on managerial and financial innovations.

There is a gradual transition from the traditional administrative management model, in which the main thing was following instructions, to a new management model, in which the focus on achieving results becomes the central backbone element. At the same time, the result is not only high efficiency at all levels of management and in the city as a whole, but also an increase in the level of life support and livelihoods of the population, infrastructure.

However, in a rapidly changing market environment, it is extremely difficult and practically impossible for local authorities to adapt the existing

mechanisms for the socio-economic development of cities to a dynamic environment. The studied city of Velsk is no exception - the mechanism for managing the socio-economic development of this municipality is in principle formed and functioning, however, it is obvious that there is a significant untapped potential and unrealized opportunities for the development of the city's territory, which the existing mechanism for managing socio-economic development is not able to cover and use for the benefit of the population and for the purpose of further development of the territory.

*municipal management* is the science and practice of managing the socio-economic processes of city development in a market economy, it functions in accordance with the laws of the development of a market economic system, and its mechanism should provide flexible regulation of socio-economic processes in the city in market conditions.

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In the first case, municipal management is revealed as the whole set of organizational and economic relations implemented in these territorial systems by state, regional, municipal authorities and administrations, economic non-state structures, political parties and other public amateur organizations of the population, confessions, mass media.

In the second case, we are talking about municipal management as the practice of regulating socio-economic and socio-political processes in cities

and districts, settlements by the forces and means of local governments within their competence.

Management as a management science is faced with the task of finding and developing mechanisms, methods and means that will ensure the most effective achievement of the goals and objectives of the socio-economic development of small and medium-sized cities. The conceptual foundations of municipal management in a systematic way are presented in Table 6.

**Table 6. Conceptual foundations of municipal management (MM) of small and medium-sized cities**

<b>Essence MM</b>	The practice of regulating socio-economic and socio-political processes in cities and districts, settlements by the forces and means of local governments within their competence.
	The whole set of organizational and economic relations implemented in these territorial systems by state, regional, municipal authorities and administrations, economic non-state structures, political parties and other public amateur organizations of the population, confessions, and the media.
<b>An object MM</b>	Territorial economy in cities, districts and other municipalities, including the production and social sectors of the economy.
<b>Subject MM</b>	Local territorial governments: municipality, local government, local administration.
<b>Tasks MM</b>	<p><i>Scientific:</i></p> <ul style="list-style-type: none"> <li>- substantiation of ways to overcome the crisis in the municipal structures of Russia and mechanisms for sustainable socio-economic development;</li> <li>- study of methods to improve the efficiency of municipal management;</li> <li>- studying the formation of a new culture of management and self-government in small and medium-sized cities and regions of the country;</li> <li>- disclosure of the processes of adaptation of the domestic practice of municipal management to the processes of state and regional management.</li> </ul>
	<p><i>Practical:</i></p> <ul style="list-style-type: none"> <li>- ensuring expanded reproduction of the living conditions of the population of the city, a high level and quality of life;</li> <li>- economic and social transformation of the municipal economy, analysis, forecasting and programming of municipal development;</li> <li>- optimization of financial flows, formation of conditions and mechanisms for strengthening the economic base of municipalities;</li> <li>- ensuring environmental safety in the city, protecting the environment; - formation and implementation of structural, investment and scientific and technical policy in the city, creation and development of market infrastructure.</li> </ul>
<b>MM functions</b>	<ul style="list-style-type: none"> <li>- analysis, evaluation, development of forecasts, scenarios, programs and plans for the socio-economic development of small and medium-sized cities in the regions;</li> <li>- stimulating the increase and use of the labor potential of municipalities of small and medium-sized cities, their scientific, technical and intellectual core;</li> <li>- maintenance and development of social and industrial infrastructures;</li> <li>- initiation of competition in the provision of services to the population, including municipal structures;</li> <li>- filling the local budget and its rational use, obtaining extra-budgetary resources;</li> <li>- possession and disposal of municipal property, its rational use;</li> <li>- creation of conditions for the development of the market environment, its infrastructure and entrepreneurship;</li> </ul>

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	<ul style="list-style-type: none"> <li>- organization of jobs, optimization of employment and demographic burden on the economy of municipalities of small and medium-sized cities and the economically active population;</li> <li>- establishing and strengthening economic and industrial ties with other cities and regions;</li> <li>- interaction of local authorities with commercial banks, investment, insurance and other structures, including those located in other regions and abroad of Russia.</li> </ul>
<b>Principles MM</b>	<p><i>Are common:</i></p> <ul style="list-style-type: none"> <li>-principles of consistency, scientific character, allocation of the main link, sustainable development, socio-economic efficiency, etc.</li> </ul>
	<p><i>Specific:</i></p> <ul style="list-style-type: none"> <li>- the principle of allocated competence - the optimal combination of federal and regional government with local government;</li> <li>- the principle of orientation of local self-government structures towards social services for the population;</li> <li>- the complexity of the socio-economic development of small and medium-sized cities and regions, their self-development based on building up and the most complete realization of their potential in market conditions;</li> <li>- the principle of the integrity of territorial structures;</li> <li>- the principle of goal-setting in municipal management is dynamically reoriented from processes to results - economic, social, environmental, etc.;</li> <li>- the principle of democracy - the direct participation of the population in self-organization and public control over the actions of local authorities;</li> <li>- the principle of decentralization is to move decision-making from central government to market agents;</li> <li>- the principle of partnership implies a departure from rigid hierarchical vertical subordination;</li> <li>- the principle of subsidiarity consists in the allocation of financial resources for predetermined purposes;</li> <li>- the principles of mobility and adaptability ensure the ability of the municipal government system to respond sensitively to changes in the external environment.</li> </ul>
<b>Methods and models MM</b>	<p><i>General methods:</i></p> <ul style="list-style-type: none"> <li>-normative, balance, method of system analysis, statistical.</li> </ul>
	<p><i>Methods specific:</i></p> <ul style="list-style-type: none"> <li>- organizational methods - a system of influencing organizational relations to achieve specific goals - these are organizational-stabilizing, administrative and disciplinary methods of influence;</li> <li>- economic methods of management - a set of methods of influence by creating certain economic conditions for the fulfillment of tasks - these are financial and price levers, forecasting, creating economic incentives, approving cost accounting;</li> <li>- socio-psychological methods of management - methods of influence based on the use of socio-psychological factors, which include character traits of a municipal employee, his abilities, temperament, etc.</li> </ul>
	<p><i>Models and main directions of mathematical modeling:</i></p> <ul style="list-style-type: none"> <li>- modeling of territorial proportions;</li> <li>- modeling the placement of economic sectors;</li> <li>- models of the socio-economic system of a territorial entity;</li> <li>- control system models.</li> </ul>

**The main features of the new "manager" concept in municipal government are the following:**

- focusing on the management itself (management process), and not on politics, as well as on evaluating its effectiveness;
- disaggregation (separation) of public bureaucratic structures and the transformation of their

- parts into agencies interacting with each other on the basis of payment for any service provided;
- the use of quasi-market mechanisms and the conclusion of contracts with private entrepreneurs;
- cost reduction;
- the use of the actual management mechanisms, including determining the success of the activity by the end result, concluding contracts with managers for

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a limited period, monetarist motivation for their activities and providing them with greater freedom in management activities. The latter is directly related to the concept of personnel management and is of particular importance due to a number of features of civil service systems in developed countries.

The difficult social, political, economic and financial situation in the country, as well as the fact that the local self-government system is currently in its infancy, make it possible to introduce management elements into municipal government initially, and not in the process of fundamental restructuring of the municipal government system.

### ***The most striking examples of the introduction of management elements in the field of municipal government are, namely:***

–removal of the system of local self-government from the system of public authorities of the Russian Federation, i.e., providing it (at least theoretically) with a sufficiently large autonomy and independence (the goal is a gradual transition from centralized to decentralized government by transferring powers and resources to municipalities for independent resolution of issues local value);

–the use of forms and methods for the implementation of development programs that can be considered as characteristic of the municipal management system (creation of information networks of local self-government);

–implementation of state support for local self-government in the areas most important for the implementation of municipal management (development of the status of a municipal employee, formation of municipal property).

Further detailing of the concept is carried out by developing long-term strategies for the development of administrative territories, taking into account their characteristics and conditions of social development. The implementation of these ideas and principles is possible with the use of all strategic management tools, including such concepts as: mission, concept, strategy, development programs and budgets, plans for their implementation, as well as control over the use.

Under the management of the integrated socio-economic development of the municipality of a small and medium-sized city is understood the management of mutually agreed programs (projects) for the development of all spheres of life of the municipality, agreed on resources, deadlines and performers in accordance with the priorities accepted by the population, as well as accepted for execution on the basis of contracts or by law federal and regional development programs.

Development activation means the process of modernization, reconstruction and replacement of individual links, methods and tools of the socio-economic development management system in order to increase its effectiveness and efficiency. Such renewal may be partial or complex. As a rule, it should be carried out in stages. At the same time, the organizational and personnel structures of management can change significantly.

***Development Strategy*** small and medium towns and districts of the region should contain a detailed study at the level of each small and medium town and district of the main prerequisites and limitations in development. Finding a possible core for activating the development of the economy of the territory should be the result of substantiating the directions for the development of a small or medium-sized city and region from the standpoint of the interests of the socio-economic system of a given territory and the interests of the region as a whole.

### ***The need to develop a strategy for enhancing the development of small and medium-sized cities is due to the following fundamental provisions, namely:***

\* development of a strategy for activating the integrated socio-economic development of small and medium-sized towns is a necessary condition and a scientifically based prospect for their effective development; at the same time, this is a priority strategic resource of Russia, which must be quickly put into action;

\* each of the small and medium-sized cities of Russia potentially has the necessary resources for strategic development: the problem is the ability to use the main - intellectual resource for exploration, research and disclosure of all internal and external resources in order to develop scientific and technological, urban planning, investment and other projects and programs accelerated development of the territorial formation, skillful organization of their implementation;

\* it is necessary to form a more effective system of targeted management of the development of small and medium-sized cities, nominate leaders and form management teams that show interest and ability for strategic thinking, the ability and willingness to move from the tasks of survival and inertial existence to large-scale tasks of an economic breakthrough and sustainable strategic development.

Based on the above considerations, the development of a strategy for enhancing the integrated socio-economic development of small and medium-sized cities involves the following activities (Figure 2).

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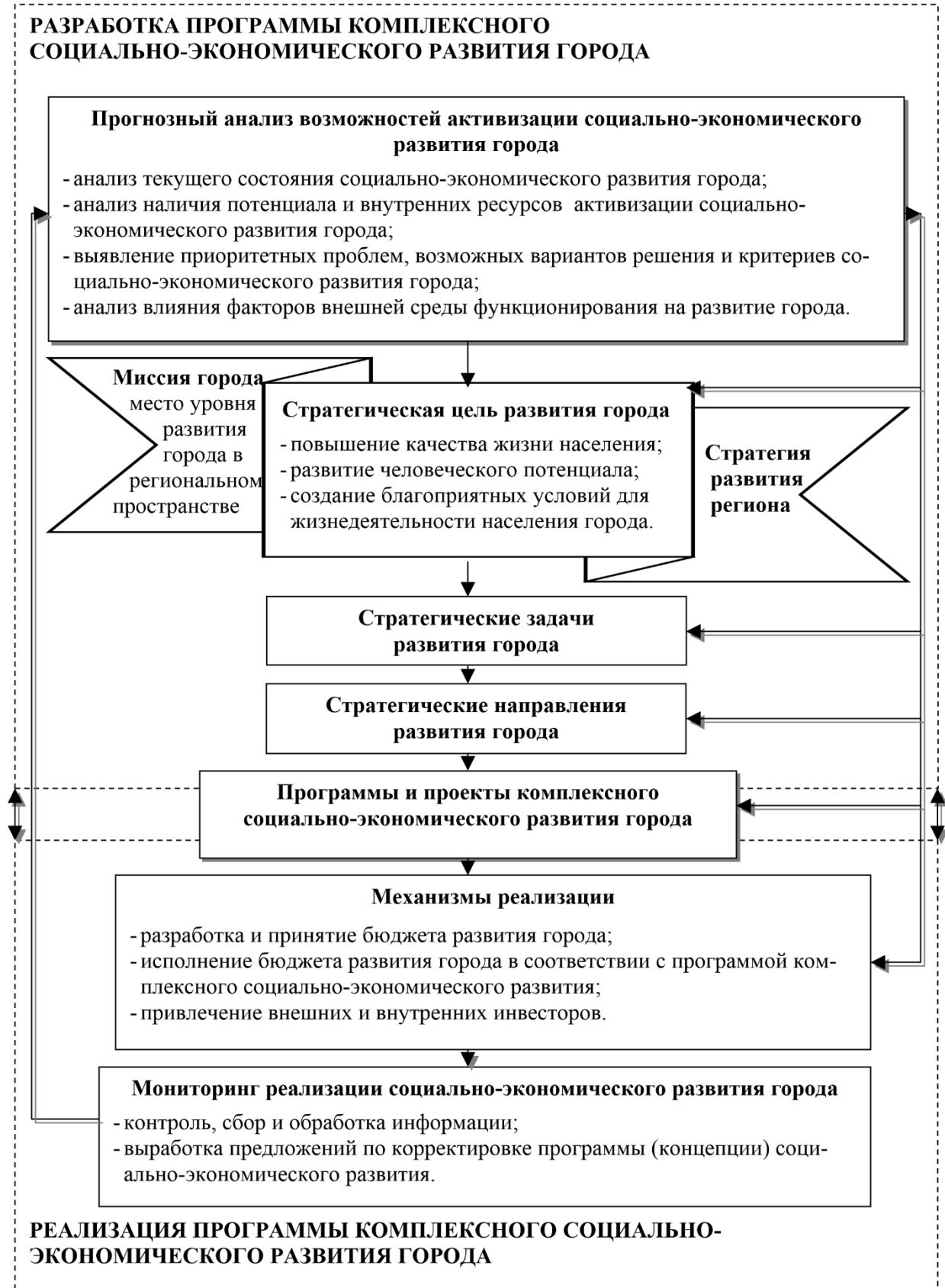


Figure 2. Algorithm for developing a strategy for enhancing the integrated socio-economic development of small and medium-sized cities

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### *Expected results of the activation of the integrated socio-economic development of small and medium-sized cities, namely:*

\* providing a set of conditions conducive to the revival and further development of the social and economic spheres of small and medium-sized cities, as an essential part of the structural transformation of the country's economy;

\* creation of a progressive system of jobs that meets the diverse needs of citizens and contributes to the formation of a favorable socio-demographic structure of the population in small and medium-sized cities;

\* a radical increase, based on the intensification of the development of the urban economy, the standard of living of the population, the improvement of the urban environment and the improvement of the moral and psychological climate.

In general, small and medium-sized cities have a set of favorable conditions that allow them to find their place in the new economic conditions. Moreover, the role of small and medium-sized cities should increase significantly, given their traditional focus on serving the population and economy of rural areas gravitating towards them.

At the present stage, the development of regions is carried out through the implementation of regional policy aimed at the socio-economic and spatial development of territories. The goals of the socio-economic development of the regions are determined on the basis of strategic planning documents developed at the federal level. At the same time, the features of the spatial development of a particular region are taken into account extremely poorly. In order to solve the scientific problem of this study, in accordance with the principles of the territorial-spatial approach, A.G. Granberg singled out the northern region according to the criteria of focal distribution of productive forces and, largely due to this, the predominance of small and medium-sized cities in the structure of the urban settlement system, the low density of their location and the relatively high proportion of the population living in them. Taking into account the peculiarities of the economic development of the northern territories and the settlement system that has developed with this in mind, it can be concluded that small and medium-sized cities, as the predominant type of urban settlements, play a very important role in the development of the economy and social sphere of the region, in retaining its economic space. Therefore, at the regional level, it is necessary to have a strategy for the socio-economic development of small and medium-sized cities, the most important part of which should be a section that reflects the issues of spatial development. This requires the adoption of a law or other legal document regulating the mandatory development and adoption of this strategy at the regional level. This document should define the

general strategic goals and guidelines for the development of small and medium-sized cities in the northern region, the key priorities of its spatial framework. When developing municipal strategies, small and medium-sized cities should choose strategic goals and priorities for their development not only in the socio-economic, but also in the spatial dimension, providing for the development of their economy, mainly through integration into the economic space of the region and the country, as well as taking into account the interests of economic entities.

The first ones are:

ensuring sustainable economic growth;

modernization and diversification of the economy;

improving the level and quality of life of the population.

The spatial development of the region will be ensured by the inclusion of economic entities of the city in the system of regional and national economy; infrastructure support for the development of the economy and the social sphere; increasing the sustainability of the region's settlement system; ensuring the unity and territorial integrity of the regional space; development of these settlements as inter-municipal service centers for rural areas. The harmonization of the goals of the socio-economic and spatial development of small and medium-sized cities, carried out in this way, will make it possible to take into account the specifics of the region, streamline the organization of its economy and ensure an increase in the connectivity of the regional economic space. Based on the study of theories of the organization of economic space, it has been established that cities are centers of economic, social, cultural, political life, perform a wide range of different functions, determined by the specifics and historical features of their development. Taking into account the territorial scale of Russia, the development of the country's economy is due to the cumulative effect obtained through the operation of enterprises concentrated mainly in large cities and agglomerations. Consequently, they ensure the development of the country and the retention of the economic space, while the goals and priorities of their development are determined at the federal level. The socio-economic development of the regions and the retention of the regional economic space, along with large cities and agglomerations, is provided mainly by small and medium-sized cities, which is especially clearly seen in the northern region. The task of regional public authorities is to set strategic goals and priorities for their development.

It has been established that due to what happened during the period of economic reforms in the 1990s. the destruction of the existing economic base of cities, the degradation of social infrastructure facilities, as well as the rupture of industrial ties, the problem of natural decline and migration outflow of the

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population has become aggravated in the north of Russia. In large and large cities of the northern region, the losses amounted to 260 thousand people. or 8.7%, and in small and medium towns - almost 428 thousand people. or 25.4%. However, if in 2018-2022. the demographic situation in most large cities has generally stabilized, while most small and medium-sized cities (54 out of 61) continue to lose population.

Based on Zipf's law, an assessment of the balance of the region's urban settlement system over three time periods (1959, 1989 and 2019) allows us to conclude that disproportions are growing and the concentration of residents in large and large cities is increasing. In particular, this is evidenced by the increase in the Zipf coefficient:  $k_{1959}=1.1359$ ;  $k_{1989}=1.2017$ ;  $k_{2019}=1.2427$ . An analysis of the dynamics of the number of cities and the share of the population living in them in the total number of inhabitants of the cities of the region confirmed the identified trends. Taking into account the low density of cities in the northern region, the results obtained suggest an increase in the sparsity of the regional economic space. It was revealed that the high rates of demographic loss of population in small and medium-sized cities of the northern region are largely due to the presence of problems, both in the economic, as well as in the social sphere. In terms of the level of provision with educational, cultural and sports facilities, and social infrastructure, small and medium-sized cities are significantly inferior to large cities. The issues of the state of housing and communal services and the improvement of territories are quite acute. For example, in a number of cities, less than 60% of the housing stock is equipped with centralized heating, while the deterioration of networks reaches 78%; the urban environment of only 1/3 of the cities is recognized as favorable. In a number of settlements, the mono-industrial structure of the economy is preserved: 20 out of 61 have the status of a single-industry town. Only a small number of cities with a resource-based economy are of investment interest for business.

It has been established that state regulation of the socio-economic development of medium and small towns is carried out mainly through the implementation of targeted state programs and projects in the field of healthcare, education, culture, housing and communal services, etc. Based on a survey conducted by us in 2022 of representatives of local governments in small towns of the Arkhangelsk region, it was revealed that other tools for regulating the socio-economic development of territories are used extremely rarely. Investment activity is low in small and medium towns. Thus, investments in infrastructure development are carried out in 8 out of 12 cities of the region, and in production and services - only in five cities. Entrepreneurship support institutions operate in seven cities, at the same time, only 8.3% of respondents noted their effectiveness.

The problem of the lack of own sources of income and weak financial support from representatives of state authorities is urgent, which was noted by 91.7% and 66.7% of respondents, respectively.

The analysis of strategic planning documents of the constituent entities of the Russian Federation made it possible to conclude that the issues of development of the cities under study are only partially touched upon, considered exclusively in the context of the problems of socio-economic differentiation of territories; in fact, the presence of various types of settlements is also ignored. At the regional level, in relation to medium and small towns, there is no unified system of regulatory methods and tools that takes into account the trends in the socio-economic and spatial development of the northern region.

It was revealed that at the municipal level a strategic approach to the development of small and medium-sized cities is rarely used due to the current legislation, as well as due to the lack of financial and human resources. Socio-economic development strategies have been developed only in 10 out of 61 small and medium-sized towns in the northern region (Vorkuta, Inta, Usinsk, Ukhta, Vuktyl, Kotlas, Apatity, Aleksandrovsk, Ostrovnoy, Ostrovnoy, Ostrovnoy). Peaceful). Based on the content analysis of municipal strategies, shortcomings were identified both in the field of goal setting (template, lack of emphasis on the specifics of the city), and in terms of organizational and methodological support (limited analysis methods and tools, lack of a clear mechanism for implementing measures. Based on our forecast, it is shown, which, subject to the preservation of the observed in 2018-2022. average annual rate of population decline, by 2035 the total number of inhabitants of small and medium-sized cities will decrease by another 6.5% or 81.2 thousand people, which will lead to further desertification of large areas of the northern region. Most of the region's population will be concentrated in large cities, which will become a serious threat to the development of poorly developed peripheral territories and the connectivity of the economic space.

Taking into account the high importance of small and medium-sized cities in ensuring the balance of the settlement system of the northern region, in our opinion, it is necessary to determine the goals and guidelines for their development at the regional level within the current planning horizons. Based on the strategic priorities of the state, enshrined in the National Development Goals of the Russian Federation for the period up to 2035, the Strategy for Spatial Development of the Russian Federation for the period up to 2025, the Fundamentals of the State Policy for Regional Development of the Russian Federation for the period up to 2025, the National Security Strategy of the Russian Federation, the Strategy for Scientific and Technological Development of the Russian Federation, Strategies for



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the development of the Arctic zone of the Russian Federation and ensuring national security for the period up to 2035, we believe that the main strategic goals for the development of small and medium-sized cities in the northern region are, namely:

- preservation of the existing network of small and medium-sized cities as organizational and economic centers of the supporting frame of the region's settlement;
- intensive development of the local economy in the most promising sectors of production and services;
- integration of small and medium-sized cities into the socio-economic space of the region;
- development of human potential of small and medium towns;

□ ensuring favorable socio-economic conditions for the life of the population.

The implementation of these strategic goals within the current planning horizons will make it possible to achieve the following indicators of the socio-economic development of medium and small towns in the northern region (Table 7).

These goals and guidelines should be fixed in regional strategies, they should also be taken into account when developing strategies for the social and economic development of the cities under study. This will help to improve the balance of the regional settlement system, strengthen ties between large, small / medium-sized cities and rural settlements through inter-municipal interaction.

**Table 7. Target indicators of socio-economic development of medium and small towns in the northern region**

Index	Fact (2020)	Plan 2025	Plan 2035
Mortality rate of the population, ppm	14.6	12.7	10.4
Urban environment quality index, score	176	220	264
Average salary of employees of organizations, rub.	68042	91857	129280
The share of investments in fixed assets in the total volume of investments in the northern region, %	12.8	19.2	25.6

Taking into account the position of small and medium-sized cities in the settlement system of the northern region, five scenarios for their further development have been identified, namely:

- scenario 1:* small/medium city- satellitecore cities of a mono-centric agglomeration;
- scenario 2:* a small/medium city is one of the cores of a polycentric agglomeration;
- scenario 3:* small/medium city - the center of development of adjacent rural territories (the center of rural agglomeration);
- scenario 4:* territorially isolated small/medium city capable of independent development and/or not having the possibility of interaction with other territories (for example, ZATO);
- scenario 5:* shrinking small/medium city.

A new approach to regulating the socio-economic development of medium and small towns in

the northern region should take into account these scenarios and be based on the active use of strategic planning for their development both at the regional and local levels.

The main goal of the regional strategy should be to achieve a high standard of living for the population of medium and small towns through their integration into the economic space of the region and the country. Since cities are not a homogeneous group, it is advisable to use a differentiated approach when choosing management methods and tools through their typology. As part of the study, on the basis of an integrated approach, we identified seven types of cities according to their economic profile (Table 8), for each of them priority areas of economic development were identified based on their specialization.

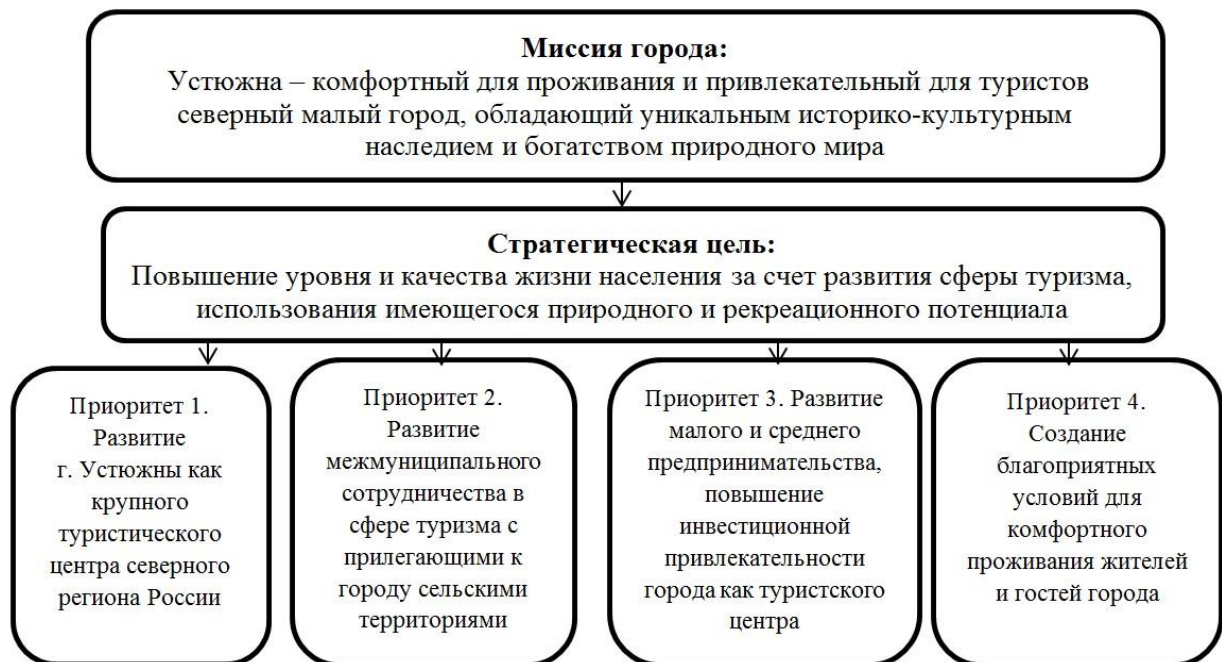
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**Table 8. Distribution of small and medium-sized cities of the northern region by their types**

<i>Экономическая специализация</i>	<i>Перечень городов</i>
Аграрные и лесопромышленные	Кадников, Грязовец, Вельск, Онега, Шенкурск
Добывающие (сырьевые)	Оленегорск, Ковдор, Воркута, Инта, Вуктыл, Костомукша
Индустриальные	Сокол, Корьяжма, Новодвинск, Полярные Зори, Мончегорск, Кондопога, Заполярный, Печора, Сегежа, Медвежьегорск, Кемь
Транспортные	Котлас, Бабаево, Нядома, Мезень, Микунь
Туристические	Великий Устюг, Тотьма, Кириллов, Устюжна, Каргополь, Сольвычегодск
Неспециализированные	Кола, Гаджиево, Полярный, Снежногорск, Североморск, Никольск, Харовск, Красавино, Сортавала, Пудож, Олонец, Лахденпохья, Мирный, Островной, Заозерск
Диверсифицированные	Апатиты, Кировск, Ухта, Сосногорск, Белозерск, Вытегра, Нарьян-Мар, Канда拉克ша, Усинск, Емба, Беломорск, Питкяранта, Суоярви.

This scientific approach is proposed as a basis for the development of municipal strategies and tested on the example of Ustyuzhna, a small town in the Vologda Oblast. Through the SWOT analysis, the advantages of the city were identified, the mission was formulated, the strategic goal and priorities for the

socio-economic development of the city of Ustyuzhna for the period up to 2035 were determined (Figure 3), a number of municipal programs and projects for the development of tourism were proposed.



**Figure 3. Mission, goal and priorities of the socio-economic development strategy of the city of Ustyuzhna for the period up to 2030**

Of all the variety of areas of the tertiary sector, the development of the tourism sector is often the only option for solving problems for small towns. This is due to the fact that a rich cultural and historical heritage is concentrated in Russian small towns. Many of them have an almost inexhaustible resource potential that can be used to replace popular foreign destinations in the niche of weekend tours. The

development of tourism can help revive small towns by creating new jobs and attracting investment, which, in turn, will contribute to the growth of the city budget, and hence the standard of living of the population. Moreover, it solves the previously identified problem of infrastructure quality, since tourism investment and user fees will contribute to the active development of the territory and the

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improvement of the socio-economic development of small towns. In addition, tourism can contribute to the introduction of sustainable ways of development. For example, small towns with high tourism potential can benefit most from slow tourism, which involves the use of a cycling road network. For these purposes, investment attractiveness should be formed through federal and regional programs. Since the investment attractiveness of small towns and capitals of the regions is interconnected, then, first of all, it is necessary to link and cooperate between them.

An example of the quality development of tourism is the city of Uglich in the Yaroslavl region, which has a rich historical and cultural heritage. In the early 2000s in the city, a watch factory was closed, which acted as a city-forming enterprise. At the same time, private firms began to appear, engaged in the restoration of folk crafts, the creation of souvenirs and the provision of tourist services. Accepting the specifics of the city, the leadership of Uglich, together with entrepreneurs and urban communities, in 2002 developed a strategy that designates the tourism sector as the main point of growth for the city's economy. At the moment, the entire tourist infrastructure of the city relies on 14 private or shared museums and one public one, as well as the operation of 8 hotels and 20 guest houses. Since the end of 2009, its own information center has been opened.

As a result, as of 2022, about 405 thousand tourists visited Uglich. If we take into account the population of a small town of 32.1 thousand people, then there are 13 tourists per inhabitant. More than 7,500 residents have direct or indirect income from the tourism sector, and the budget has direct income that is invested in the restoration and maintenance of the historical heritage and infrastructure of the city.

The development of tourism in Uglich shows how it is possible, thanks to a working strategy, to revive a small town, attract investment and create jobs, contributing to an increase in the standard of living of the population and the city budget. In this case, Uglich has an effective tool for solving economic and social problems. However, it must be taken into account that not all small towns have tourism potential or favorable geographical location, and their industrial production may develop slowly or be in decline. In this case, it is possible to use the resources of the scientific environment. As Kwiatk-Solys notes, urban development today depends not only on the workforce, but also on the availability and quality of knowledge transfer. Scientific knowledge is becoming more international in nature and is the result of the interaction of scientific communities.

From Lazzeroni's point of view, universities also play an important cultural role in the city, as they often restore historic buildings and facilities for their own use, as well as create new ones for research and teaching. At the same time, the university can play a civic role by providing support in the creation of social

spaces and in defining a common vision for the development of the city. In this sense, the contribution of universities to urban development includes social inclusion, democratic participation and territorial sustainability. All this directly and indirectly contributes to the economic development of the city. An example of the qualitative interaction between a small town and the academic environment is the city of Pushchino, Moscow Region, with a population of 21,000 people. The city-forming institutions of the city are 9 institutes of the Russian Academy of Sciences, predominantly of a biological profile, as well as a branch of the Physical Institute of the Russian Academy of Sciences, which employs about 2,500 people. There are more than 20 active industrial enterprises in the city that actively cooperate with the scientific community. Their activities are connected with the introduction of the achievements of fundamental research into medicine, biotechnology, and agriculture. For example, "Deacon-DS" is engaged in diagnostic control in the field of medicine, "DC" manufactures tools for burn centers, and "NPF Albit" produces chemical plant protection products. The scientific potential of Pushchino also allowed the development of small and medium-sized businesses, such as Perftoran, which is the only company in the world that produces a blood substitute with a gas transport function based on a submicron perfluorocarbon emulsion, or "Test Pushchino" - a laboratory for quality control of food products. These businesses generate more than 35% of the city's tax revenue. As a result, over the past three years, coupled with the implementation of city and regional targeted programs, there has been an increase in the local budget's own revenues. Attracting investments in science-intensive industries is one of the main ways to stimulate the socio-economic development of the city. Thus, the development of Pushchino shows that in Russia there is an opportunity to form a small town as a center of scientific research, carrying out targeted science-intensive state programs that provide world-class research in the field of physical and chemical biology and biotechnology. In such cities, socio-economic problems are comprehensively solved.

### Conclusion

Thus, today in Russia the situation of growing capital-centrism is increasingly observed, when a significant part of the financial resources, economic activity and population of the country is concentrated in regional capitals, while small towns are characterized by economic backwardness, which is often associated with their low economic potential. The purpose of these studies was to analyze this potential and answer the question about the economic efficiency of small and medium-sized cities, approaches were given to the definition of the concept of "small city" and "medium city", demonstrated the theoretical roles that small and medium-sized cities

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can play in the agricultural and non-agricultural activities, as well as in the development of the economic and social space of the Arctic regions. It turned out that they act as stable centers of territories, preserve the domestic culture of the country and natural attractiveness.

Thus, using the example of the foreign city of Baena, it can be argued that developed agricultural small and medium-sized cities play an important economic role and can easily master the primary sector of the economy. Given that the economy of a huge number of small and medium-sized cities in Russia is represented in the secondary sector, the example of the city of Gubakha was intended to reveal the key role of small and medium-sized cities in the industrial sector. Following this, it was taken into account that not all small and medium-sized cities can afford to develop industrial production, so the experience of Uglich was necessary to demonstrate the capabilities of small and medium-sized cities in the tertiary sector. Due to the fact that the development of cities today depends on the quality of knowledge transfer, the example of Pushchino showed that that small and medium-sized cities can quite successfully participate in the development of a modern innovative economy of the quaternary sector. The results of the analysis reveal the successful resolution of economic and social problems by small and medium-sized cities. Thus, Baena demonstrates that at the initial stage, agricultural orientation solves the problem of employment and investment attractiveness; industrial Gubakha shows how it is possible to create a modern market-oriented production; Uglich is an example of a tourism strategy that has attracted investment and increased living standards, and, finally, Pushchino, which has managed to form as a center of scientific research.

Now we can say that small and medium-sized cities are not able to solve their political problems, since there is a situation of real dependence of the municipal level on the central government. This is mainly due to the controlled distribution of transfers, when the municipal level depends on financial subsidies from the center, and part of the significant taxes is administered by the federal level. In such a situation, it is impossible to start investment projects or implement a development strategy, since it is necessary to expect the missing financial resources that a small town could have had initially. The deprivation of a significant part of income and asymmetric redistribution provokes an increase in dependency and passivity at the municipal level, an increase in corruption and the unpopularity of local authorities. There is a threat to the effective management of municipal property and profit from its use. In such a situation, which was the result of the dependence of municipal authorities on higher levels, a small town is deprived of any economic and political tools for the qualitative disclosure of its economic

potential. To solve this problem, it is necessary that the development policy of small towns be aimed at stimulating independent development and carrying out activities mainly on the basis of their own capabilities. This process can be successful only in the case of equal interaction of all levels, when small towns can independently manage their resources on favorable terms. This will become possible only as a result of the adoption at the federal level of a program

Such decentralization is a difficult transition, but it provides an opportunity to replace the expectation of federal transfers with policies to improve institutions in the face of competition for investment and human capital. The introduction of these changes is necessary due to the fact that the economic potential is concentrated in small towns, which the existing political practice does not allow to reveal. In a relatively short period of time, a fundamentally new sector of the economy has been formed in our country. It includes small and medium enterprises as well as individual entrepreneurs. This sector plays an important role in the economy of the Russian Federation. It accounts for a significant part of the volume of production of goods and services, almost a third of the economically active population is employed in this sector.

1. An integrative approach has been developed and substantiated based on the consideration of three types of entrepreneurial structures - small enterprises, medium-sized enterprises and individual entrepreneurs as a single structural and systemic complex, called entrepreneurial structures or MSIP. This approach is based on the analysis, which showed that the types of structures under consideration are characterized by the same main types of economic activity, MSIP compete in the same markets, have largely the same production technology, and carry out risky activities. When the institutional and economic conditions of functioning change, the transition of these structures from one type to another may occur. The proposed problem - oriented approach develops the theoretical and methodological basis of entrepreneurship in Russia.

2. Based on the analysis of scientific views and the systematization of practical experience, the conceptual apparatus that characterizes entrepreneurial structures and their activities has been expanded and supplemented. It is proposed to expand the scope of the category of small and medium-sized businesses based on the inclusion of individual entrepreneurs in it. Substantiated is the replacement of the term profit in the criteria for classifying economic objects as entrepreneurial structures by the term income. It is proposed to correct the signs of classifying economic entities as individual entrepreneurs: to introduce size categories for individual entrepreneurs by analogy with small and medium-sized enterprises; establish a limit on the number of employees of individual entrepreneurs. A

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refined classification of entrepreneurial structures by the number of employees, providing for the allocation of six classes: first class - up to 5 people, second class - from 5 to 15 people, third class - from 15 to 50 people, fourth class - from 50 to 100 people, fifth class - from 100 to 130 people, sixth class – from 130 to 250 people. Such a classification is more fruitful than the traditional one and can be used in the institutional sphere, in particular, to improve the regulatory and legislative framework, taxation and the system of state support.

3. The author's approach to the periodization of the formation and formation of entrepreneurial structures in our country is proposed. It is based on an analysis of the main features and indicators that characterize the level achieved by entrepreneurship from 1985 to the present. The following four stages were distinguished: the first or initial stage includes the period from 1985 to 1991, the second stage, called the transformation stage, corresponds to 1992-1998, the third stage or the formation stage includes the period from 1999 to 2007, the fourth stage, which began in 2008 and continues to the present, should become a stage of accelerated development of entrepreneurship.

4. It is shown that the main types of economic activity characteristic of business structures, both in our country and abroad (in the countries of the European Union and the USA) are trade, manufacturing, construction, transport and communications, real estate transactions. In the Russian Federation, these types of activities account for 82 percent of employees and 92 percent of the total turnover of business structures. For small businesses, these figures are 83 percent and 92 percent, respectively, for medium-sized businesses, 72 percent and 91 percent, and for individual entrepreneurs, 84 percent and 93 percent. Enterprises specialized in commercial activities predominate among entrepreneurial structures, employing a third of all employees and accounting for 58 percent of turnover.

5. A methodology for studying the regularities and trends in the formation of entrepreneurial structures is proposed, based on the consideration of the totality of entrepreneurial structures in the regions. The methodology provides for the use of such economic and mathematical models as distribution density functions for describing indicators characterizing the activities of small and medium-sized enterprises, as well as individual entrepreneurs. The conducted studies have shown the universality of the proposed methodological approach, which can be used to study sets of entrepreneurial structures not only in the subjects of the Russian Federation, but also in the municipalities included in these subjects, as well as in foreign countries.

6. An algorithm has been developed for assessing the role and place of entrepreneurial

structures in the economy of the country's subjects, based on determining the share of entrepreneurial structures in total production volumes. It is proved that the shares of entrepreneurial structures in the total production volumes for the five main types of economic activity differ significantly. It is shown that the share of these structures in the total volume of production is large in such activities as trade (72 percent), construction (71 percent) and real estate transactions (68 percent).

7. The existence of a significant differentiation of the performance indicators of a set of business structures by types of economic activity and by subjects of the country is proved. For its analysis, it is proposed to use the developed economic and mathematical models that reflect the distribution of such indicators as the average turnover per one enterprise (entrepreneur), turnover per employee, investment in fixed assets per one business structure and one employee, average the number of employees of one enterprise structure. Average values of indicators and intervals of their change, characteristic for the main types of activity, are determined.

8. A methodical approach to assessing the existing size structure of MSIP in the regions of our country has been proposed and tested. Regularities have been established that characterize small enterprises, medium-sized enterprises and individual entrepreneurs in terms of the number of their employees. It is shown that in our country small enterprises with the number of employees from 8 to 11 people prevail, medium-sized enterprises with the number of employees from 106 to 121 people. For the majority of individual entrepreneurs, taking into account employees, the number of employees is in the range from 2 to 4 people. In general, the average number of employees in business structures does not exceed 6 people.

9. It has been proved that there is an inversely proportional relationship between the size of entrepreneurial structures and their share in the total number of enterprises (entrepreneurs), as well as the number of employed workers. It has been established that the trend, the larger the size of entrepreneurial structures, the smaller their share in the field of entrepreneurship, is stable for the 4th stage of entrepreneurship development.

10. The possibility of using such indicators as the share of entrepreneurial structures in the total volume of production and the volume of production of goods and services produced by these structures per capita is considered. The first of these indicators characterizes the role and place of entrepreneurial structures in the total volume of production, and the second characterizes the degree of saturation of the regional economy with products and services of small enterprises, medium-sized enterprises and individual entrepreneurs. The results of monitoring the level of entrepreneurship development achieved in the regions

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using cluster analysis and normal distribution density functions are presented.

11. Based on the analysis of statistical data and the results of global monitoring of entrepreneurship, an assessment was made of the level of entrepreneurial activity achieved to date.

12. The trend of decreasing inter-subject differences in the development of entrepreneurial structures for the period from 2018 to 2022 is shown. The presence of -convergence and -convergence has been proved in terms of such indicators as the number of small enterprises and the number of their employees per 100,000 inhabitants, the volume of production of small enterprises per inhabitant of the region and per employee, as well as the number of employees employed in one small enterprise .

13. Formed methodological foundations for the development of production functions, as tools for the analysis of stable, regular dependencies of resources and production volumes of business structures. The greatest influence on the turnover of entrepreneurial structures of such factors of the production function as investments in fixed assets and wages of employees is substantiated. A distinctive feature of the methodology is the use of spatial data, which are represented by absolute values of indicators that describe the activities of aggregates of small, medium-sized enterprises, and individual entrepreneurs. It is proved that the best model specification approximating the dependence of the production volume of entrepreneurial structures on these factors is a power-law production function.

14. On the basis of the methodology proposed by the author, a set of production functions has been developed that describes the activities of both sets of business structures in general, and small enterprises (including micro enterprises), medium enterprises, individual entrepreneurs according to data from all subjects of the country, as well as for a number of subjects by municipality data. The following patterns have been established that characterize the activities of entrepreneurial structures: with an increase in the values of each of the two factors, the volume of production increases, while the factors increase, the value of this indicator increases faster than the values of the factors grow, that is, there is an increasing effect of scale; the wage factor influences the volume of production to a greater extent.

15. A methodical approach to the development of a new class of production functions used to analyze the activities of a population of small enterprises based on prolonged spatial data, called panel data, is proposed and tested. Three production functions were constructed corresponding to the time-averaged values of the factors, as well as with fixed and random effects, based on the generated two-dimensional arrays of statistical data on the totality of small enterprises in each of the subjects of the country for three years, with their subsequent integration into a

common information base. It is shown that the production function with random effects has a higher quality among the constructed three functions.

16. A number of important aspects of creating a system for evaluating the effectiveness of entrepreneurial activity and monitoring the level achieved by entrepreneurial structures in the constituent entities of the country using production functions and dependencies built on their basis (isoquants, isocosts, optimal expansion trajectories) are substantiated. Proposals have been developed for the use of production functions and their applications for solving problems of analysis and improvement of the activities of entrepreneurial structures. The effectiveness of business management in the constituent entities of the Russian Federation is assessed. Recommendations have been formulated to optimize the proportions between investments directed to this sector of the economy and wages in the Ulyanovsk region.

17. The concept of a strategy for the development of small and medium-sized businesses is proposed on the example of the Ulyanovsk region. The growth of the role and place of small, medium-sized enterprises and individual entrepreneurs in the regional economy for the future is substantiated, based on an analysis of the reserves for increasing the share of entrepreneurial structures. Criteria for saturating the economy with the products of entrepreneurial structures are proposed and their values are substantiated. The problems hindering the development of entrepreneurship are highlighted. The main directions for improving the management system of business structures are determined. A forecast calculation of the target indicators of the entrepreneurship development strategy was made, taking into account that the growth rates of production volumes of entrepreneurial structures should be different for each of the main types of economic activity.

The theoretical significance of the work lies in the development of theoretical and methodological provisions that can be used in further studies of MSIP. The economic and mathematical models developed in the work can be used to assess the level achieved by entrepreneurship in the country and its regions, to substantiate the necessary resources for the development of this sector of the economy, as well as to formulate entrepreneurship development programs. The results of the study can be used to improve the educational process in higher educational institutions in such training courses as "Entrepreneurship", "Regional Economics", "State Regulation of the Economy", "Management", "Organization of Business Structures", "Economic Analysis", "Investment Analysis".

The effect of the implementation of the proposed measures, according to the calculations, will be as follows, namely:

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firstly, under the base scenario of development and preservation of the tourist flow at the level of 2021, i.e. 36 thousand people per year, the profit of collective accommodation facilities and public catering enterprises will increase by 2035 to 3645 thousand rubles. and 432 thousand rubles. per year, respectively; with an optimistic scenario and an increase in the tourist flow to 70 thousand people. per year - up to 13807.5 thousand rubles. and 7875 thousand rubles. per year, respectively;

secondly, about 230 new jobs will be created both in the field of tourism and in related industries;

thirdly, the volume of own budget revenues of the city of Ustyuzhna will increase by 1,086 thousand rubles, or by 5.5% of the figures for 2021; the growth of budget revenues of the Ustyuzhensky municipal district will amount to more than 2 million rubles. or 1.8%;

fourthly, due to the development of inter-municipal cooperation in the field of tourism and related industries, rural areas adjacent to the city will receive an impetus for further development.

Thus, strategic planning of the socio-economic development of medium and small towns will ensure positive regional dynamics and an increase in the connectivity of the northern region.

**In custody** the main conclusions and results of the study are presented.

1. The harmonization of the goals of the socio-economic and spatial development of small and

medium-sized cities as the predominant type of urban settlements in the region will help streamline the organization of the regional economic space.

2. The development and retention of the regional economic space is provided by small and medium-sized cities, since they act as points of economic growth and the main structural elements of the spatial framework.

3. Solving socio-economic problems and increasing the connectivity of the space of the northern region requires making adjustments to the policy implemented by regional government bodies.

4. Negative trends in the socio-economic and spatial development of the northern region are the result of poor attention on the part of regional government bodies to the problems of municipalities, ignoring the specifics of cities and the low level of use of strategic planning.

5. For the development of small and medium-sized cities in the north, within the current planning horizons, it is necessary to define targets, the achievement of which will ensure a balance in the settlement system and strengthen ties along the line "large city - medium / small city - village / village" at the regional level.

6. Positive regional dynamics and the growth of connectivity in the Arctic region in the long term can be ensured by the implementation of strategic directions and development priorities, determined depending on the type of city.

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