

6) make changes to the existing regulatory framework, in particular on international transport, to unify document flow;  
7) organize a system of training and retraining of highly qualified personnel for the purpose of their free work in the field of 3PL and 4PL technologies and transport services.

#### 4 Conclusion

From the above, it follows that it is necessary to coordinate the state policy for the development of domestic logistics, to form a centralized institute for managing the logistics system. The simultaneous solution of the above tasks, taking into account the development trends of the world market of logistics services, will allow the companies of the Republic of Belarus to gain stable positions in international logistics [5].

It is known that the developed logistics infrastructure of the country allows to increase the inflow of foreign investments, and also allows to significantly increase the volume of transit traffic. Thus, it will make it possible to form additional competitive advantages of domestic participants in the market of transport and logistics services, which will be reflected in a significant increase in the country's export potential [8].

Thus, we can say that road cargo transportation takes a significant place in the development of the economy of the Republic of Belarus. The development and improvement of transport and logistics services makes it possible to provide a range of transport services of a higher quality, thereby increasing transit cargo flows through the territory of Belarus, as well as contributing to the integration of the republic into the European transport system. In this regard, there is still a fairly large amount of work to create high-quality road service conditions on all transport corridors of the republic, reduce downtime at the border, search for funding sources and mechanisms for implementing the developed programs and measures [9].

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*Kot N.G.*

#### FORECASTING SMALL BUSINESS DEVELOPMENT IN BREST REGION BASED ON ECONOMIC TRENDS

*Kot N.G.*

**Abstract:** The article examines the economic crisis indicators which include a global economic downturn, reduced discount rate of the US Federal Reserve and setting negative rates by the European Bank, a decrease in the unemployment rate, yield curve inversion and a significant growth of gold price. The timely prediction of global crisis phenomena will allow small businesses to reduce losses arising from factors that are beyond their control.

**Keywords:** small business, forecasting, economic crisis, indicator.

**Introduction.** Small business is the key element of the market economy and plays an important role in social stabilization, creating new jobs, accelerating economic growth through economic restructuring and redistribution of labor resources.

The issue of small business development is given great attention by any government, including the Republic of Belarus. In most countries, programs and strategies for small business development define the main objectives and principles of improving state regulation and support for small business development, and address an increase of its contribution to the results of socio-economic development of the country.

The dynamically growing small business sector is capable to significantly improve the structure of the Belarusian economy, increase its competitiveness, ensure effective employment and growth of incomes of the population.

As for the economic trends of the country, it is worth noting that in 2020 - 2021, the direction of the economic development of the Republic of Belarus was determined by the influence of factors enabling the emergence of the global financial crisis.

**Main part.** An economic crisis is a major imbalance in the economic system, often accompanied by losses and disruption of normal ties in production and market relations. This ultimately induces an imbalance in the functioning of the economic system as a whole.

Crisis accompany the entire history of human society. First, they manifested themselves as crises of under-production of agricultural products, and since the mid-19th century – as an "under-consumption" due to mismatch between industrial production and effective demand. Until the 20th century, economic crisis was limited to one, two or three countries. Next, it started to acquire an international character, since trade development of trade created favorable conditions for their dissemination through complementarity and competition. Economic crisis manifests itself in a sharp change of business climate which immediately entails a decline in production, unemployment growth, an increase in bankruptcies, as well as a tendency to crisis aggravation. In recent decades, the world community has created mechanisms to prevent global crises: enhancing state regulation of economic processes, creating international financial associations, monitoring, etc.

It should be noted that the relevance of this issue is indisputable, because in the conditions of the existing economic crisis society is trying to go back to economic stability by developing new ways out of the current situation. At the same time, the global nature of the crisis makes countries work together and solve not only internal problems but also those related to foreign trade relations, since in many respects the economies of countries depend on their economic partners.

This is exactly the situation being the case in the Republic of Belarus which in recent years has expanded the list of its partner countries, thereby increasing its export volume. The government of the Republic of Belarus has implemented a set of measures in the field of customs and tariff regulation and domestic exporters support. For instance, it eliminated export customs duties on all types of goods with the exception of oil and petroleum products; established a single tax rate on sales of Belarusian and imported goods; allowed deliveries of a number of agricultural and food products, wood processing products, without concluding transactions at the exchange auctions of the Belarusian Universal Commodity Exchange; simplified the procedure for processing foreign trade transactions; expanded financial support for enterprises both in direct form and through tax incentives.

Any developing system is characterized by a certain cyclicity. Regarding economic crises, then, being periods of a "sick" economy, they are a transitional state in the course of an illness inevitably followed by revitalization and recovery.

Economic crises and reasons causing them have been studied for a long time. Being part of socio-economic phenomena and processes, they used to change over time along with changes in the existing reality.

The evolution of the crisis as an economic phenomenon comprises three stages [1].

The first stage (early 18th century – mid-1930s of the 20th century). During that period, the prevailing beliefs were that economic crises are either impossible under capitalism at all (J. Mill, J.- B. Say, D. Ricardo), or are only random in nature and that free competition is able to overcome them independently (K. Sismondi, R. Robertus, K. Kautsky).

The second stage (mid-1930s – mid-1960s of the 20th century). D. Keynes's theories prevailed that period, first of all, his conclusion that economic crises (more precisely, depression, stagnation) are inevitable in the conditions of classical capitalism and are due to the market with its inherent nature. Keynes was one of the first Western economists to say that the capitalist market comprises various manifestations of monopolism and is combined with government regulation, that is why prices and wages are inflexible. A fundamentally necessary instrument to smoothen crisis and unemployment issues, by Keynes, was the government intervention in the economy in order to encourage effective aggregate demand. His contribution in the study of the cyclical factor should also include the multiplier theory developed by him, which later became widely used in analyzing cyclicity reasons.

The third stage (mid-1960s until present). During this period, first, special attention was paid to the delineating exogenous (internal) and endogenous (external) causes of the cyclical nature of the market economy, with advantage being given to endogenous factors. Secondly, a number of experts who asserted that governments of developed countries do not always strive for anti-crisis regulation, smoothing cyclical fluctuations and stabilizing economic equilibrium, and often implement so-called pro-cyclical policies, i.e. provoke and support cyclical one, set out their position.

Economic crisis (recession, downturn) is a phase of the economic cycle – a period of decrease in overall production, income, employment and trade, lasting six months or more (Figure 1). Such downturn is characterized by a massive decline in business activity in many sectors of the economy. But prices of many goods in this phase do not show a downward trend, their level falls only if the downturn is severe and prolonged, i.e. if depression arises.

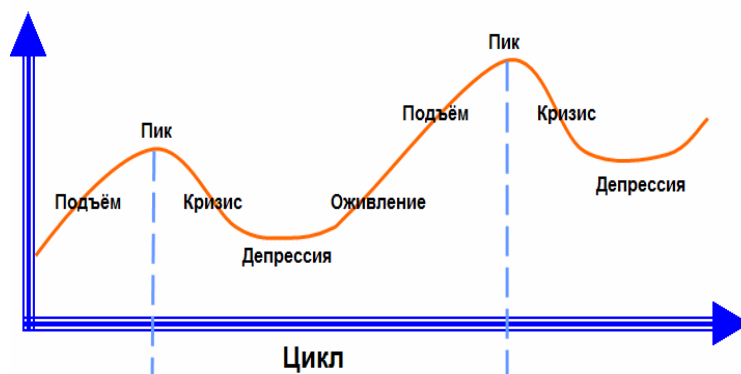


Figure 1 – Economic cycle phases

Source: own development

There are two types of production crises: the overproduction crisis and the crisis of underproduction of goods [2]. The overproduction crisis is most typical for a market economy. It is manifested by a decline in aggregate demand and, as a result, an excessive offer. The decreasing demand entails problems with the sale of finished products which, in turn, results in unemployment growth and reduction in all economic indicators. All types of income, including wages, investments, profits, prices, begin decline rapidly. The paralyzed capital stored in the form of unsold goods induces acute shortage of funds to pay fixed costs, so the loan fee – the interest rate - is growing rapidly. The prices of stocks and bonds, as well as other securities, are beginning to decline, resulting in a wave of bankruptcy and mass closure of enterprises. Crisis ends with the onset of the depression.

In economy, crisis destroys many of the weakest and least expediently organized enterprises, discarding outdated methods of production, outdated forms of enterprise organization in favor of methods and forms that are more modern. The general collapse also involves many advanced enterprises.

Economic crises comprise several stages:

- a latent, hidden period when its prerequisites are maturing, but have not yet evident; this period coincides with the final stage of the phase of stable development (maturity) of the passing cycle and the beginning of the birth in its depths of the subsequent cycle;
- the period of collapse, rapid aggravation of all contradictions, sharp deterioration of all indicators in dynamics of the quantitatively prevailing but already doomed system. During this period, elements of the next system representing the future are gaining strength, are openly expressed start to struggle. Stability is disrupted and the alternativeness of options for the suprasystem development increases;
- the period of crisis mitigation, creating prerequisites for its overcoming, transition to depression phase which ensures a temporary balance (at the lower level) between the system that has lost its former strength, and the new one that has established itself and shown its strength, which at the revival phase (when crisis and depression are already over) becomes dominant, prevailing and is preparing for a new leap forward.

The main function of the crisis is to destroy those elements that are least resilient and viable and most disrupt the organization of the whole. There is a simplification of the system and an increase in its harmony.

The paradox of crises is that this phase of the economic cycle reveals not only the limit of development, but also the impetus for further economic development. A sort of "stimulator" with destructive properties and consequences, the emergence of which requires creating new economic realities.

Each economic crisis has an individual character depending on conditions and factors that induce its occurrence. For this reason, there are different criteria of crises classification (Table 1).

Table 1 – Economic crises classification

Criteria	Types of economic crises
Extent of manifestations	microeconomic - involve certain group of issues or problems; macroeconomic - involve individual industries or areas as a whole.
Depth of processes	light - such crises are quite mild, they are short-term, easily predictable and manageable; deep – have a prolonged nature, are complex; cause the destruction of various structures of the socio-economic system, can lead to larger and more dangerous forms of crisis.
Nature	regular (periodic) recurring with a certain regularity. Regular overproduction crises give rise to a new cycle; irregular (intermediate, partial, sectoral and structural) crises of this kind do not start a new cycle, but suspend the stages of recovery or growth. It is weaker than periodic one and, as a rule, has a local character.
Causes of manifestation	natural - caused by natural conditions of human life and activity; public - caused by public relations in all their forms of manifestation ecological - occur when natural conditions change due to human activity.

Note - own development

Conflict between production and consumption is the main, but not the only, cause of economic crises. The sources of economic crises are sets of conflicts that accumulate and escalate in various processes of economic development.

The causes of the crisis may be different. They, as a rule, differ depending on the period of their occurrence and the country where crisis processes are deploying. For example, one of the most common causes of economic crises is scientific and technological progress. The active part of the fixed capital became obsolete within 10-12 years. This required its renewal, which served as a prerequisite for economic growth. Subsequent reductions in cycles (from 10-11 years in the 19th century to 7-8 years in the pre-war, and 4-5 years in the post-war years of the 20th century) are associated with a decrease in the terms of renewal of fixed capital affected by scientific and technological progress in the modern world.

Modern literature distinguishes between objective and subjective causes of crises. Objective ones are related to the cyclical needs of modernization and restructuring, the subjective ones reflect managerial errors.

The causes of the crisis can also be external and internal. External reasons are related to trends and strategies of macroeconomic development or even the development of the world economy, competition, political situation in the country. Internal reasons are associated with risky marketing strategy, internal conflicts, shortcomings in production process, management imperfection, innovation and investment policy.

Thus, the economic crisis is an extreme conflict in the socio-economic system, which is a menace to its existence, normal functioning and competitiveness; the danger of bankruptcy and a turning point in various processes.

When studying causes of economic crises, attention is paid first of all to the relevant indicators. Generalizing indicators include:

- the price of gold;
- buy-back and dividends;
- inversion of the yield curve of short-term and long-term government bonds;
- unemployment rate;
- reduction of the US Federal Reserve discount rate and establishment of negative rates by the European Bank.

The first and one of the most important generalizing indicator of the upcoming economic crisis is the price of gold.

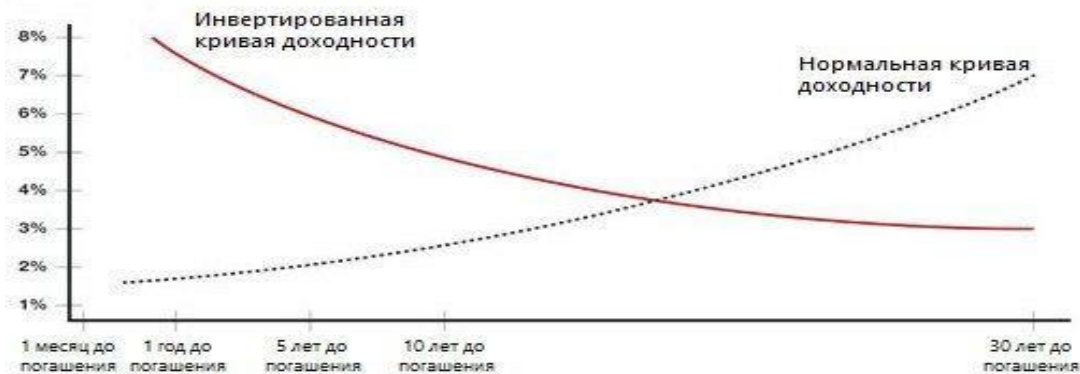
Gold has been increasing in price for more than a year. Investors are getting rid of their assets in favor of gold. Gold is an escape from risks. Also, investors, as part of avoiding risks, are shifting to some currencies of economically and politically stable countries. On the eve of the crisis and in its initial stages, gold is rising in price. But it must be understood that the sign of an approaching recession is not the rise in the price of gold itself, but the risk aversion. This means the periodically increasing outflow of capital from risky assets, for example, developing countries, etc.

Gold is a good protective asset with a weak correlation with stocks. It is important to recognize that it will not increase capital as business does. However, investors run from risks towards gold as evidenced by Figure 2.

The next crisis indicator is buy-back and dividends. Buy-back is when companies buy back their shares from the market. With normal and healthy business growth, the company's excess funds are mainly spent on modernizing production facilities, expanding business, developing demand and an increase in supply. But in the period when demand is falling or forecasted to fall, it makes no sense to invest in business development. In this case, companies either increase dividends or buy back.

In addition, companies sometimes use buy-back to mask the large institutional investors withdrawal from shareholders. This is done to support the stock price at a level that is comfortable enough for the market to perceive. The problems are hidden in this way. So, the increasing number of issuers buying backs, and the growth of dividend payments is a clear harbinger of the crisis in economies. In 2008, the buy-back size grew up significantly.

The third index is the inversion of the yield curve of short-term and long-term government bonds. This is one of the most accurate indicators according to most experts. Frankly speaking, the inversion of the yield curve may be observed in any assets (Figure 2). But it is generally believed that it is in bonds where such phenomenon becomes a harbinger of a financial storm, or rather a future recession.



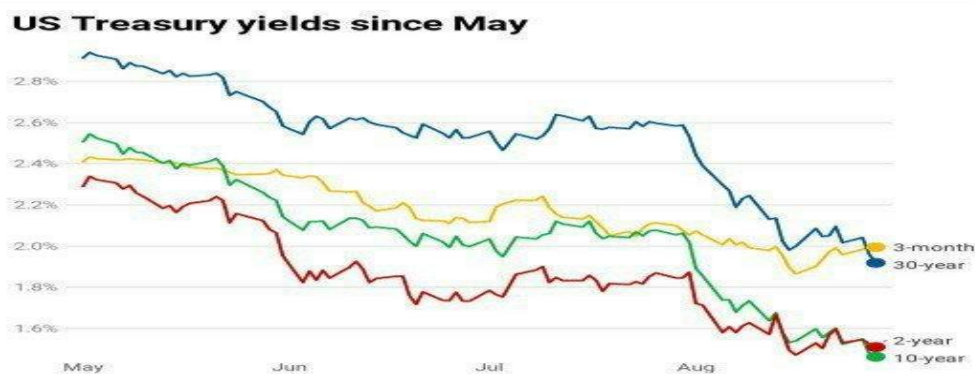
**Figure 2 - Inversion of the yield curve of assets**

Source: own development

In a normal situation in debt markets, long-term bonds have higher yields, which is directly related to risks. It is believed that over 10 years, some negative events are more likely to occur in the borrower, which may lead to problems with debt repayment.

So, prior to crisis, the yield of long-term bonds is falling, and short-term bonds are growing. This happens because investors are gradually leaving stocks and shift to bonds. The difference between the yields of long and short debts becomes minimal. Next comes the curve inversion, this is when the long yields become smaller than the near ones, as shown in Figure 3.

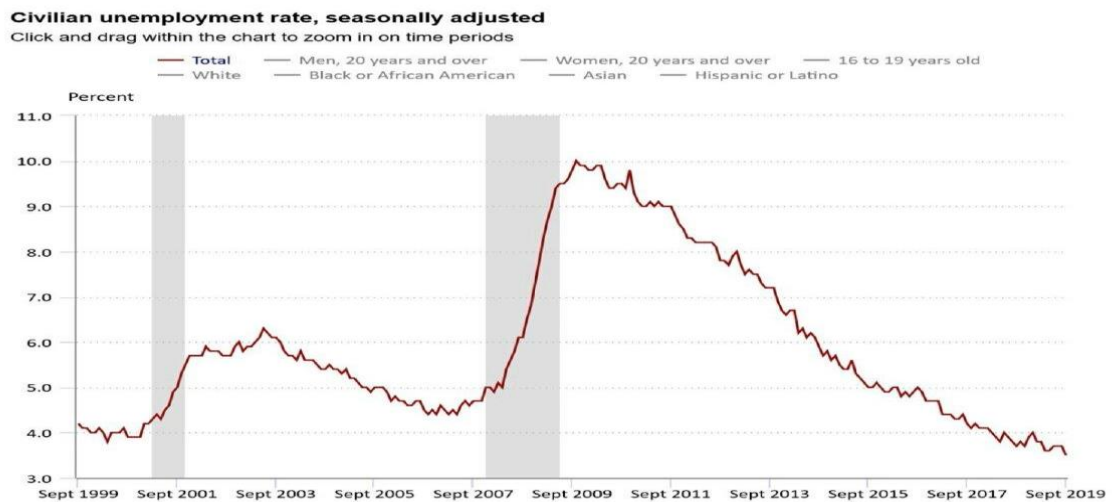
In investment environment, this indicator is the most authoritative.



**Figure 3 - Inversion of the yield curve of short-term and long-term bonds**

Source: own development

The next indicator is the unemployment rate. There is a very clear relationship between the unemployment rate and the crisis. Before the crisis, the unemployment rate drops extremely low (Figure 4).



**Figure 4 - Change in the number of unemployed in dynamics**

Source: own development

Currently, there is such a low unemployment rate, which was not observed even before the previous two crises (2001 - dot-com crisis; 2008).

And finally, the last indicator is the discount rates of the US Federal Reserve and the European Bank. Crisis always helps with reducing the discount rate, since once economic growth begins to slow down, the government lowers the rate in order to encourage the economy with cheap loans. By this point, the US Federal Reserve discount rate has already been reduced several times (Figure 5).



**Figure 5 - US Federal Reserve rate change**

Source: own development

A similar trend can be traced before the 2008 crisis (Figure 6).



**Figure 6 - US Federal Reserve rate change in 2008**

Source: own development

It is necessary to mention such reasons which business entities should pay attention to:

- The United States is 40% of the world's consumption of resources, goods, and services;
- Dollar is the main reserve currency in the world.

In case a crisis outbreak in the United States, it will certainly happen all over the world, in particular in the Republic of Belarus.

Quite interesting phenomenon is observed in the European economy, namely, zero or even negative interest rates on loans and deposits (Figure 7). Theoretically, such rates encourage people and companies to borrow more and spend more, thereby stimulating the economy, but in practice this could contribute to an increase in the scale of the existing crisis.



*Figure 7 - ECB rate change*

Source: own development

Thus, the study revealed that the main indicators of the emerging economic crisis are:

- slowing global economic growth;
- reduction of the US Federal Reserve discount rate and establishing negative rates by the European Bank.
- decline in unemployment rate;
- inversion of the yield curve in spring 2019;
- a strong increase in gold price.

In modern conditions in the Republic of Belarus, significant efforts are aimed at resuming sustainable economic growth, which can be accelerated through the development of entrepreneurship.

Following Article 1 of the Civil Code of the Republic of Belarus, entrepreneurial activity is an independent activity of legal entities and individuals implemented by them in civil circulation on their own behalf, at their own risk and under their own property responsibility and aimed at systematically obtaining profits from the use of property, the sale of things produced, processed or purchased by these entities for sale, as well as from performing works or services, if these works or services are intended for sale to other persons and are not used for own consumption [6].

Entrepreneurial activity in the Republic of Belarus can be implemented in the form of private entrepreneurship and mixed entrepreneurship, a special form of which is small business [7].

Pursuant to EC Recommendation of May 2003 concerning the definition of micro, small and medium-sized enterprises, there is a general category of micro, small and medium-sized enterprises, according to which the number of employees, turnover and the final balance statement were identified as criteria [8].

The SME definition by the World Bank and the International Finance Corporation is based on three indicators: the number of employees, total assets and annual sales [9].

In the Republic of Belarus, according to Article 3 of the Law of the Republic of Belarus No. 148-Z of July 1, 2010 on supporting small and medium-sized businesses (amended on December 30, 2015 No. 344-Z), the number of employees is a criterion for classifying small businesses [10].



Therefore, the number of employees, according to the author, may be both one of the indicators of the coming economic crisis, and one of the factors which determine the economic potential of small business.

The economic potential is the basis for forecasting the development of small business by a number of criteria, which quite numerous at present. The number of employees directly determines the labor, personal and intellectual subsystems as part of the economic potential. At the same time, the number of employees is an equally important criterion in generating income, implementing innovations, making a profit and other aspects of the functioning of a small enterprise.

The methodology of forecasting small business development based on the use of the indicator "number of employees" involves the following stages:

Stage 1: defining the availability of labor resources of one enterprise depending on the type of economic activity.

Based on the analysis performed by the author, it can be noted that on average in the Republic of Belarus 212 people are involved in the mining industry, 41 people are employed in a small mining enterprise, and the average number of employees in one micro-company is 4 people.

Stage 2: defining the average value of labor resources available in one enterprise to predict its development.

The average number of employees in Belarusian micro-companies for the study period is 3.57 people. Based on this indicator, it can be predicted that in the coming period it is advisable to create and develop micro-companies in agriculture, forestry and fisheries, gas and electricity supply, trade, financial and insurance activities, creativity, sports, etc.

Stage 3: ranking of enterprises by types of economic activity according to the indicator of labor resources availability to determine the cumulative indicator characterizing the number of labor resources in the enterprise.

As a criterion for transiting to small enterprises, the average value of the indicator of providing a small enterprise with labor resources is taken. In the study period, the criterion value is 40.81 people. Based on statistical analysis, it can be noted that micro-companies in the fields of water supply, other services, temporary residence services, information and communication, manufacturing, healthcare and social services, have the development potential only if transferred to the category of small enterprises of the Republic of Belarus.

**Conclusion.** Thus, forecasting the development of micro-companies, as one of the subjects to small business in the country, may be implemented based on the indicator of the average number of employees, since the number of labor resources is one of the indicators of the economic crisis, the onset of which is determined by the vector of economic development; one of the criteria for classifying business entities as small businesses in world practice. Comparing the indicator of labor resources available at the enterprise with the average value of this indicator for all micro-companies will determine the direction of entrepreneurs development in the field of functioning at the level of micro-companies; comparing the cumulative indicator of the average number of company employees with the average value of a similar indicator at the level of small enterprises will determine the vector of development towards scaling and expansion of business.

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