International Review of Management and Marketing

ISSN: 2146-4405

available at http: www.econjournals.com

International Review of Management and Marketing, 2016, 6(S5) 227-234.

Small Entrepreneurship in Russia: Development Trends, Structural Changes, Rating Assessment of Regions

Olga V. Bakanach[1]*, Tatiana A. Dubrova[2], Mikhail A. Esenin[3], Svetlana V. Blinova[4]

[1]Department of Statistics, Samara State University of Economics, 141 Sovetskoi Armii Street, 443090 Samara, Russia, [2]Department of Mathematical Statistics and Econometrics, Plekhanov Russian University of Economics, Moscow, Russia, [3]Department of Mathematical Statistics and Econometrics, Plekhanov Russian University of Economics, Moscow, Russia, [4]Department of Statistics, Samara State University of Economics, 141 Sovetskoi Armii Street, 443090 Samara, Russia. *Email: bakanach@mail.ru

ABSTRACT

The assessment of the small business condition in Russia is given in the paper, tendencies in its development taking into account various size groups of companies are revealed. The different character of development dynamics of micro, small and medium-sized enterprises that does not allow drawing a conclusion on the sustainable development of small and medium entrepreneurship sector increasing small business validity is shown. As well as comparison of key characteristics of small business development values in Russia and European Union countries is carried out. The paper shows that the potential of small business in Russia is not revealed to the full, its competitive advantages are not attained. The need when developing programs on stimulation and support for small business is shown that considers both its branch features and regional heterogeneity in development. The approach to rating assessment of regions according to the level of small business development is suggested, thus the attention is paid both to formation of the covered set of features and justification of the calculation procedure. The advantages of the suggested approach to rating formation are implementation simplicity, immunity to outliers (discordant observation), possibility for use of the correlated features, objectivity of the choice of weighting coefficients on the basis of the information value (importance) of the considered factors. The research findings allow receiving the flag information targeted at taking reasonable measures in accordance with small business support, differentiated according to regions.

Keywords: Small Business, Exploratory Data Analysis, Correlation Analysis, Principle Component Method, Rating Assessment
JEL Classifications: C38, L26, R58

1. INTRODUCTION

The international experience verifies the significance of small and medium business sector in development of the market relations and formation of the competitive environment, a solution of the employment problem and social stability sustention, decrease in adverse effect of environment.

Possibilities for small business in Russia are not implemented to the full extent. Up to date such important competitive advantages as the big size of the market and innovative capacity have not been used for its development yet. The current economic situation demands strengthening unified market space, in this regard programs on small business support and stimulation have to be focused both on its branch features and improvement of territorial structure and decrease in territorial disparities in Russia.

Nowadays the Russian and foreign experts are carrying out a wide range of the research connected with the analysis of the enterprise environment usefulness and tendencies for small and medium entrepreneurship development. There is the global research of business climate usefulness in the countries of the world "Doing Business," the sub-national reports "Doing Business" analyzing conditions of business development in cities of the certain countries, the research project global entrepreneurship monitoring (GEM) directed on the analysis of enterprise activity (Doing Business in Russia - 2012; Doing Business - 2015; GEM Global Reports [2007-2014], etc.) among them.

The Russian experts cover a wide range of the problems connected with development of small business in their research, for example, the projects National Institute of System Research of Business Issues, the all-Russian public organization "OPPORY Rossii" and the rating agency "Expert RA," small and medium enterprise (SME) bank. This research has integrated nature, raises the issues and problems of financing small business, the international experience of regulation and financing SMEs (MSP, SME), social entrepreneurship, a financial condition of the enterprises, quality condition assessment for progressive development of small business in regions, etc. (Business Climate in Russia: Index OPORI, 2012; SME Bank, Analytical Center Reports, 2014).

However, generally the research in this area is based on the data of selective surveys rather than the available official statistical information, and not fully focused on the accounting the existing territorial disparities and regional differentiation in small business development in Russia.

The analytical reviews of the small and medium business condition in the countries of the European Union (EU), published by European Commission cause great interest (Annual Report on European SMEs 2012/2013; Annual Report on European SMEs 2013/2014, 2014; Annual Report on Small and Medium-sized Enterprises in the EU, 2012).

Though there are not numerous works on comparison of characteristics and tendencies of the Russian small business development with developed countries, the countries of EU. This paper contributes to filling these gaps to some degree as it is directed on identification of tendencies and ongoing structural changes in small business sector development in Russia, the comparative analysis of its characteristics with the corresponding indicators of the European countries.

As well as territorial heterogeneity of small business development in Russia actualizes the problem of rating formation of territorial entities of the Russian Federation according to the level of small business development. The analysis of ranging regions results in dynamics will allow revealing ongoing changes in position of certain territorial entities of the Russian Federation, defining competitive advantages of some regions and weaknesses of others, estimating efficiency and productivity of the carried-out measures for support and stimulation of small business development in regions. Thus, rating formation of territorial entities of the Russian Federation according to the level of small business development promotes obtaining flag information on existing "failures" and problems, as well as defining the ways of their solutions, identifying a tendency in regional growth for small business and moving towards targeted differentiated support measures.

2. METHODS

While doing the research comparisons of the main characteristics of small and medium business sector development in EU countries and Russia were carried out, procedures of structural changes assessment were applied, thus the official data of Federal State Statistics Service and the data of European Commission were used (Small and Medium Entrepreneurship in Russia, 2014; Annual Report on European SMEs 2012/2013, 2013; Annual Report on European SMEs 2013/2014, 2014).

The work offers the technique of region rating formation in Russia according to the level of small business development based on ranging supervision in order of remoteness from a prototype object that is represented as a perspective approach in the conditions of competition development. The prototype object can be chosen in the expert way or on the basis of the formal procedure. Such methodical approach to rating formation means a reasonable choice of metric type. Thus the review of the techniques put into practice showed that ignoring existence of strongly correlated characteristics in the system of initial indicators is a major drawback of many approaches to rating system formation.

In this regard the methodical approach that relies on implementing the following sequence of stages was offered.

First stage: The application of the exploratory data analysis procedures, processing drops and outliers, carrying out the correlation analysis of the signs characterizing the condition of small business in regions of the Russian Federation.

Second stage: The application of the principle component method (factorial analysis) with a focus on:
- Down-weighting attribute space;
- Transiting to orthogonal coordinate system.

Third stage: The position measurement of a prototype object in the space of distinguished principle component (factors).

Fourth stage: The choice of metric type and calculation of distances from each supervision to a prototype object.

Fifth stage: Ranging supervision in order of remoteness from a prototype object, receiving rating estimates, analyzing their stability in time.

At the first stage the exploratory data analysis was carried out including box-plots for initial signs. While building box-plots the asterisk symbol traditionally notes bad values being remote from box boundaries by more than three inter-quartile range $R_q = Q_3 - Q_1$, where Q_3, Q_1 – The corresponding quartile values. While processing the data correction of such values was carried out – The threshold level was set by means of the equations:

$$x'_{\min} = Q_1 - \Delta,\ x'_{\max} = Q_3 + \Delta, \tag{1}$$

Where, $\Delta = 3R_q$.

The attribute space orthogonality, received again at the second stage allowed using the Euclidean metrics while calculating supervision remoteness (territorial equity of the Russian Federation) from a prototype object. The coordinates of a prototype object were defined by the corresponding "best" values of the distinguished factors (principle component) according to the results of their economic interpretation. The analysis showed that it is worth using the weighed Euclidean distance, defining weight taking into account own values and variance share explained by the factors (the principle components):

$$\rho_{i0} = \sqrt{\sum_{\ell=1}^{m} w_\ell \cdot (f_{i\ell} - f_{o\ell})^2} \quad (2)$$

Where, f_{il} – value, l - principle components (factor) for i - supervision, i = 1,2,…,n, the number of analyzed regions in Russia; w_l - weight coefficient, l - principle components (factor); f_{ol} – value, l - principle components (factor) for a prototype object.

3. RESULTS

3.1. Tendencies for Small Business Development in Russia

In economy of the EU countries (EU-28) the large-scale sector of small and medium business plays a significant role. In 2013 it united 21.57 million enterprises (without a financial sector) that contributed to gross value added formation and account for 58.1% or 3.67 trillion euro. Furthermore the weight of small business in the considered indicators is considerable: 98.8% of total number of the enterprises (including the microenterprises), 39.8% in volume of gross value added (Annual Report on European SMEs 2013/2014, 2014).

According to the experience of developed countries, the sector of small and medium business is capable to make an essential contribution to the solution of the employment problem, the process of middle class formation. So, the number of MSP of the EU countries (ES-28) employed in the sector in 2013 exceeded 88.8 million people (66.9% of total number employed in economy), nearly a half (49.7%, about 66 million people) fell to the share of small business (Annual Report on European SMEs 2013/2014, 2014) (Table 1).

An important indicator of the MSP sector role in the national economy serves its contribution to gross domestic product (GDP) of the country, presented in Figure 1 changes ranging from 27% to 63% in foreign countries. For example, in the European countries of Czech Republics and Hungary value of this characteristic made 35% and 50% respectively, in the USA and Japan – more than (62-63%), while in Russia – only 21%. The contribution of small and average business in Russia to the solution of the employment problem is insufficient whereas, for example, in Australia and Japan the share employed in SMEs makes 69% and 77%, the Czech Republic and Hungary – about 50% (Figure 1).

The data of the Federal State Statistics Service reflecting the main indicators of small enterprises activity in Russia from 2010 to 2013 are presented in Table 2.

In Russia at the end of 2013 there were 2063.1 units of the small enterprises that made 42% of the total number of the enterprises. Thus considerable "weighting" of the microenterprise segment (88.6% or 1828.6 units) was observed.

Table 1: The main indicators of activity of MSP sector in EU countries-28, 2013

Category of the enterprises	Number of the enterprises, million units	Number of employed, million people	Gross value added, trillion euro
Microenterprises	19.97	38.63	1.36
Small enterprises	1.38	27.35	1.15
Medium-sized enterprises	0.22	22.86	1.16
MSP sector	21.57	88.84	3.67

Source: Annual Report on European SMEs (Annual Report on European SMEs 2013/2014, 2014). EU: European Union

In general the period of 2009-2013 is characterized by the tendency of growth for total number of small enterprises. However, in 2013 the number of the operating small businesses (taking into account the microenterprises) increased only by 3% though the annual average rate of growth for the period of 2009-2013 made 6.5%. It should be noted that the increase in total number of small enterprises occurred against decrease in number "larger" small enterprises and was provided with the growth for enterprise number in the micro-business segment.

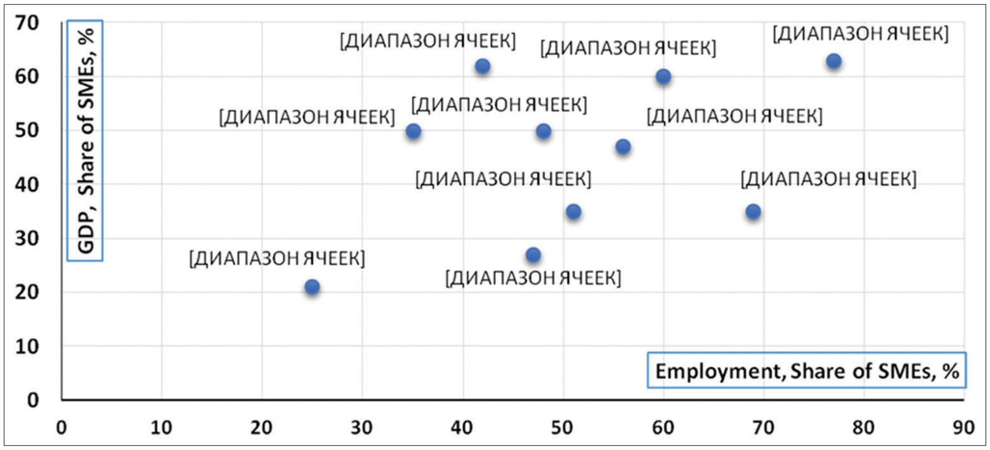
This process took place against the background of sharp reduction of the medium-sized enterprises number: By the end of 2012 their number halved practically in comparison with 2010, having made 13.8 units (Small and Medium Entrepreneurship in Russia, 2014).

The analysis of MSP sector enterprise distribution in accordance with the categories (micro, small, medium) from 2009 to 2013 showed increase in structural shifts that is caused by decrease during the studied period of medium-sized enterprises "weighting," as well as small enterprises (from 14.1% to 11.3%) having the growth for specific weight of the microenterprises.

Density of small enterprise distribution estimated as the number of the companies falling on average for 1 thousand people of the population showed the growth (approximately from 11 small enterprises for 1 thousand people in 2009 to 14 units in 2012-2013). Correct comparisons of these values with foreign countries are complicated because of distinctions in criteria of reference to small enterprises. At the same time it is necessary to consider that density of small enterprise distribution conceded to the average Russian level in the majority of regions in Russia: Specific weight of such regions in 2010-2012 made over 70% (Dubrova and Esenin, 2014).

In 2013 in Russia small business enterprises (taking into account microenterprises) employed about 10.8 million people that is more only by 19.5 thousand people in 2012. The slowdown of staff average number (excluding external part-timers) in the small business sector was followed by reduction of full-time staff in the small enterprise segment (excluding microenterprises). In addition considerable surplus slowdown of employed people in microenterprises was observed (the chain growth rate in 2013 made 1.7% in comparison with 16.4% in 2011).

Figure 1: Indicators of MSP sector activity in Russia in comparison with other countries of the world



Source: The data: "Report on Measures …, 2015"

Table 2: Indicators of small enterprises activity (including microenterprises) in Russia from 2010 to 2013

Indicators	2010	2011	2012	2013
Number of the enterprises (at the year-end), thousand	1644.3	1836.4	2003.0	2063.1
Average number of staff (excluding external part-timers), thousand persons	9790.2	10,421.9	10,755.7	10,775.2
Average number of external part-timers, thousand persons	-	745.5	639.6	627.7
Average number of staff, doing a job under a civil law contract, thousand persons	-	3130.5	288.6	292.9
Gross revenue, billion rubles	18,933.8	22,610.2	23,463.7	24,781.6
Capital investment, billion rubles	520.3	431.6	521.5	574.9

Source: The data of the Federal State Statistics Service (Small and Medium Entrepreneurship in Russia, 2014)

In MSP sector in 2013 there was a decrease in average number of staff in comparison with the previous year that along with considerable decrease in number of self-employed and lack of growth for unemployment according to official figures, pointed to a negative tendency for employment growth in the informal sector by the experts (Report on Measures …, 2015).

The high specific weight of full-time staff in average number of employed (more than 92% from 2012 to 2013) is characteristic for development of the small enterprise segment. Moreover in 2013 the cumulative number of the external part-timers and staff doing a job under a civil law contract decreased.

Micro-business domination in Russia is reflected in the average number of staff calculated using one small enterprise (taking into account part-timers and doing a job under a civil law contract). So, from 2011 to 2013 the value of this characteristic for small enterprises (including the microenterprises) made only 6 people, compared to 9 people in 2010. On average microenterprises employed 3 people in 2011-2013, whereas in 2010 there were 4 employees, the limit value of average number of staff, secured in legislation, is up to 15 people. Thus, "small" business is the basis of the Russian small entrepreneurship nowadays.

The analysis of small enterprise gross revenue dynamics is presented in Table 3 allows drawing a conclusion on significant lag of 2013 level from the corresponding value of 2011 in real terms. There was an increase in microenterprise "weighting" in small enterprise gross revenue: From 2011 to 2013 from 31% to 36.7%. In general the share of small enterprises (including the microenterprises) in a cumulative business volume of all enterprises and businesses is insignificant, thus its monotonous decrease (Table 3) was observed from 2011 to 2013.

Table 3: Specific weight of small enterprises (including the microenterprises) in the main economic indicators, %

Indicators	2010	2011	2012	2013
Average number of staff (excluding external part-timers)	21.0	22.7	23.4	23.5
Average number of external part-timers	-	48.6	45.4	46.4
Average number of staff, doing a job under a civil law contract	-	23.7	23.2	23.8
Gross revenue	21.4	22.2	21.1	20.5
Capital investment, billion rubles	7.2	3.9	4.1	4.3

Source: The data of Federal State Statistics Service (Small and Medium Entrepreneurship in Russia, 2014)

The report of "Doing Business - 2015" prepared by the World Bank and International Finance Corporation indicates considerable improvement of Russia positions in the rating of the countries on usefulness of conditions for business development. In 2015 the rating was made on the basis of data processing from June 2013 till June 2014, Russia rose to 30 positions in comparison with results of the previous year, having taken the 62nd place (the nearest "neighbors": Are Greece (place 61) and Moldova (place 63) (Doing Business - 2015, 2015).

At the same time during the studied period Russia improved the positions only by three characteristics, the most dynamic change (to 24 positions) occurred in the course of business registration. Russia takes the highest places on simplicity of contract performance security and property registration. Though, low positions on simplicity of conducting international trade and obtaining construction permit are shown by Russia. For example, in Russia it is required nearly 20 procedures, that take more than 238 days, and that can be compared to: The countries of OECD – about 12 procedures and about 149 days, in the USA – about 16 procedures and <79 days. The planned target set in program documents is to rise to the 20th place in the rating "Doing Business" by 2018, demands active work on usefulness improvement of business conditions in Russia. On the whole the positions of Russia taking into account the separate indicators used when drawing up the country rating "Doing Business" differ by high degree of heterogeneity: High positions according to particular characteristics are combined with the lowest ones according to others.

This year some essential changes have been made in small and medium business support programs in Russia as efforts directed not on direct financial businessmen support in the form of grants and subsidies, but on building infrastructure providing industrial and innovative development of business first of all.

The comparative analysis of the branch structure showed that in the countries of the EU the largest number of small enterprises, as well as in Russia, is concentrated in the sphere of wholesale and retail. According to the Annual Report on European SMEs 2013/2014 in the countries of EU-28 about 28.5% enterprises of SME sector fell to the share of trade (6.15 million units) where 23.38 million people were employed in 2013. Trade took the leading positions according to both the number of small and medium business enterprises and number of staff employed there, and the volume of gross value added (0.82 trillion euro or more than 22% of the total volume formed in SME sector).

Despite the fact that the manufacturing sector of economy took the fourth position according to the number of small and medium business enterprises (2.08 million enterprises), the number employed and the volume of a gross value added it conceded only to trade sector in 2013. In the EU countries SMEs of the manufacturing sector employed 17.87 million people (more than 1/5 workers of SME).

According to the data of the Annual Report on SMEs in the EU, 2012, nearly 239 thousand SMEs of the EU countries manufacturing sector operated in the segments relating to high-technology and medium-high-technology productions in 2011.

The developed branch structure of the Russian SME sector does not meet the requirements of economy modernization and differs in high degree of stability and a lag effect (Dubrova and Romashkina, 2014). In 2013, as well as in previous years, wholesale and retail, repair of vehicles motorcycles, household items and personal demand items take the leading positions according to the number of employed and the number of small enterprises. The specific weight in small enterprises – legal entities (taking into account microenterprises) exceeded 39%, and in the average number of employees of small enterprises came nearer to 30% (Table 4).

The types of economic activity connected with real estate operations, rent and rendering services which share exceeded 1/5 by the studied indicators in 2010-2013 took the second place according to both the number of small enterprises and the average number of their staff, though only small part of employees of these enterprises was connected with scientific research and development (about 0.5-0.7%).

The adverse investment climate concerning long-term credit resources serves as the braking factor for progress development of small and medium business in construction and manufacturing.

The data of surveys conducted regularly by top management of small enterprises in the industry allow revealing the major factors limiting increase in production (Key indicators of business activity …, 2014). For the last years among the most significant factors chief executives of small enterprises in manufacturing sector specified "the high level of taxation" and "insufficient demand for the enterprise products in domestic market." In the first half of the year 2015 more than a half of directors of the surveyed businesses pointed to these factors.

At the end of 2013 nearly 40% of respondents among the factors limiting a production activity of small enterprises in the manufacturing sector indicated "uncertainty of an economic situation," however in 1-2 quarters of 2015 the value of this factor increased (57-58% of the surveyed small enterprise chief executives).

The share of the respondents pointing to "a lack of financial means" - 40-41% in the first half of the year 2015 grew as well.

The following fact attracts attention that the impact of depreciation and lack of the demanded equipment, keeping down further production growth in every fifth small enterprise of manufacturing sector was revealed.

Therefore the main objective of investing industrial small enterprises is still replacement of worn-out equipment. Only 10% of small enterprises of the industry target at investing for the purpose of introducing new production technology, increasing capacities with product differentiation (Key indicators of business activity …, 2014).

Thus state support and stimulation programs for small business have to be focused both on considering its branch features, and improving territorial structure and decreasing territorial disparities.

3.2. Rating Estimation of Regions in Russia in Terms of Small Entrepreneurship Development

The procedure of region rating assessment in terms of small entrepreneurship development based on the signs in relative terms being convenient for making interregional comparisons in connection with leveling differences in the size of territories and population, scales of regional economies.

Forming ratings of regions in terms of small entrepreneurship development the following signs were used: x_1 – The number of the small enterprises falling on 10,000 people of the population; x_2 – Specific weight of small enterprise staff in the number of

Table 4: Distribution of SMEs number, the average number of staff by types of economic activity in Russia in 2013, %

Types of economic activity	Number of small enterprises	Number of medium-sized and small enterprise	The average number of small enterprise staff (excluding external part-timers)	The average number of medium-sized and small enterprise staff (excluding external part-timers)
In total including	100	100	100	100
Wholesale and retail; repair of vehicles motorcycles, household items and personal demand items	39.1	39.0	29.9	27.9
Real estate operations, rent and rendering services	20.3	20.2	20.7	19.3
Construction	11.7	11.7	13.5	13.3
Manufacturing	9.5	9.6	14.6	16.5
Transport and communication	6.6	6.6	5.7	5.7
Agricultural industry, hunting and forestry	3.0	3.3	5.0	6.8

Source: Federal State Statistics Service (Small and Medium Entrepreneurship in Russia, 2014). SME: Small and medium-sized enterprise

gainfully employed population, %; x_3 – Specific weight of small enterprise full-time staff in the number employed in economy, %.

The value of the chosen signs is obvious as they reflect density of small enterprise distribution, as well as their contribution to decrease in intensity in labor market. Use x_2 along with the sign x_3 allows receiving fuller characteristic of the region labor capacity.

Also the signs x_1–x_3 were added with the indicators characterizing investments into fixed capital of small enterprises and small enterprises gross revenue in the regions of Russia. The indicators for convenience of making interregional comparisons are presented in the form: x_4 – The volume of investment into the fixed capital falling on one employee of a small enterprise (rated taking into account the cost of the fixed set of consumer goods and services); x_5 – Turnover falling on one employee of a small enterprise (rated taking into account the cost of the fixed set of consumer goods and services).

Processing drops at the first stage was carried out according to the above described scheme. For example, the results of the exploratory data analysis during 2013 (Figure 2) indicated value correction of small enterprises distribution density for St. Petersburg.

The need for insignificant loss of informational content while decreasing task dimension at the second stage indicated allocation of three principle components F1-F3 component (explained more than 90% of dispersion of attribute space). The first principle component, having the highest weight when using metrics (2), was connected by high positive correlation interrelation with x_1–x_3 the second and third principle components – correspondingly to x_5, x_4.

In this way the higher F1-F3 values, the higher level of small entrepreneurship development that defined the choice of maximum values of principal components as coordinates of a prototype object (f_{01}, f_{02}, f_{03}).

Table 5 presents the calculated values of distances from "a prototype object" in the Russian Federation territorial entities (for 10 top and down rating regions in Russia).

The suggested approach to rating creation of territorial entities of the Russian Federation can become an important part of small business development monitoring in regions, thus comparative results will allow estimating on-going changes and receiving the flag information on existing transformations.

Table 5: Rating of territorial entities of the Russian Federation according to small entrepreneurship development, 2013

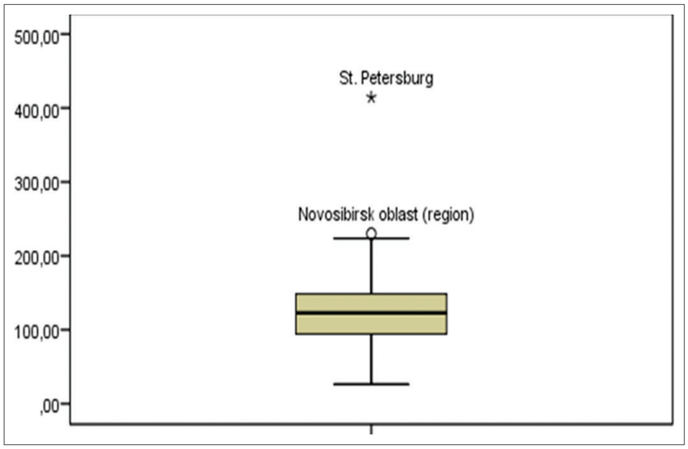
Territorial entities of the Russian Federation	Distance from a prototype in the space of principle components F1-F3	Ranks of territorial entities of the Russian Federation
St. Petersburg	1.072	1
Moscow	1.710	2
Novosibirsk region	1.775	3
Kaliningrad region	1.882	4
Sverdlovsk region	1.947	5
Ivanovo region	2.183	6
Yaroslavl region	2.202	7
Nizhny Novgorod region	2.362	8
Kirov region	2.387	9
Samara region	2.389	10
…	…	…
Altai Republic	3.708	71
Karachay-Cherkess Republic	3.981	72
Zabaykalsky Krai	4.110	73
Kabardino-Balkar Republic	4.351	74
Chechen Republic	4.460	75
Republic of Kalmykia	4.478	76
Republic of Tyva	4.479	77
Chukotka Autonomous Area	4.556	78
Republic of Ingushetia	4.603	79
Republic of Dagestan	4/741	80

Source: The authors' calculations

4. DISCUSSIONS

The findings of the analysis testify to the insufficient role of small business in economy of Russia, the insignificant contribution to GDP and the solution of the employment problem. Development tendencies for various size groups of companies (the microenterprise, SMEs) have essential distinctions, while dominance of "small" business is enhanced. In general dynamics of the studied indicators does not allow speaking about sustainable progressive development of the Russian SME sector, and

Figure 2: The box-plot of region distribution in Russia according to small enterprises distribution density (the number of small enterprises falling on 10,000 people of the population, unit), 2013



Source: The data of Federal State Statistics Service (Small and Medium Entrepreneurship in Russia, 2014)

indicates the need for implementation of the balanced programs on its support considering both branch features, and regional heterogeneity.

The region ratings, according to the level of small business development, received on the basis of the approach suggested in the work reflected the existing regional differentiation. The territorial entities of the Russian Federation leading in the rating according to the level of small enterprises development (Table 5) are presented by the megalopolises which are the largest financial and economic centers of Russia (Moscow, St. Petersburg), and also developed by regions with various "profile": Diversified economy (Novosibirsk, Sverdlovsk, Nizhny Novgorod, Samara regions), targeted at manufacturing industry (Yaroslavl region) (Russian Regions …, 2011).

The Kaliningrad region, having an industrial and agrarian orientation of economy and a favorable coastal location, as well as the Ivanovo region which is characterized (along with the Kirov region) by agrarian and industrial orientation of economy classifies as the first decile group of the territorial entities of the Russian Federation according to the level of small business development.

Such factors as high population density, availability or proximity of the large cities affect small business development in the leading regions among the others (for example, the Nizhny Novgorod, Novosibirsk regions) that allows providing small business with sales outlets and necessary infrastructure (transport, warehousing, information facilities, etc.). The successful economic and geographical location (border, coastal one) also promotes creating favorable conditions for small business development (The Kaliningrad region, the Republic of Karelia having the 14th place due to the results of 2013). Such location opens prospects for business development in the spheres connected with foreign economic activity and export-import transactions. At the same time in the regions targeted at mining industry, export-oriented economy, there are employment opportunities in the enterprises preceding small business in profitability and remuneration level.

The territorial entities of the Russian Federation with the low level of economic development having an agrarian focus (The Karachay-Cherkess Republic, Kabardino-Balkar Republic, the Chechen Republic, the Republics of Tyva, Kalmykia, Dagestan, Ingushetia, Altai), a raw-material orientation (Zabaykalsky Krai, Chukotka Autonomous Area) close the rating (Russian Regions …, 2011).

The carried-out analysis showed that in these regions outward flow of working-age population is observed, the level of unemployment reflecting instability of economic development while having considerable share of rural population is high. In these regions the condition of domestic market does not promote small business development connected with trade and intermediary activity. The issues of targeted support and small business stimulation in these "problem" regions have to be considered in intrinsic unity with implementing programs of their complex social and economic development that is obviously necessary for maintaining social stability in society.

Certainly, "the height of institutional barriers," being both general for Russia and formed at the regional level, influences small business development in all regions. Besides according to Zubarevich the institutional barriers influence significantly regions with a low level of small business development.

5. CONCLUSION

The analysis showed that despite the existing distinctions in definition of the category of small enterprises in various countries, it is possible to note similarity (community) of the approaches accepted in Russia and the EU countries. Moreover, in the European countries relating to leaders in manufacturing high technology products the significant role in economy of small entrepreneurship is noted, that causes additional interest in making international comparisons. Small business concedes to developed countries according to the contribution to gross value added formation, employed number in Russia.

The analysis findings confirm the multidirectional nature of various small and medium business segment development in Russia, while increasing "small" enterprises weighting. The dynamics of key indicators change of small enterprises activity does not allow drawing a conclusion on their sustainable development.

The analysis revealed on-going minor variable changes in small enterprise number distribution, their staff number by the most significant types of small business economic activity (changes of specific gravity did not exceed 1 items in 2011-2013). Sustainability and stability of the small entrepreneurship branch structure, lack of significant structural shifts specify that the current state of this sector does not meet the requirements of innovative transformations in economy.

Great practical interest while developing reasonable measures of small entrepreneurship support and stimulation is represented by the rating estimation results of the regions by the level of its development. The advantages of the suggested approach to rating formation can be implementation simplicity, resistance to existence of discordant observation (outliers), possibility for use of the correlated signs, objectivity of the choice of weight coefficients proceeding from the information value (importance) of the considered factors.

The results of ranging allowed drawing a conclusion that for regions having higher level of small business development objective factors (favorable location, high population density, available resources) often affect noticeably. However, the results of international experience synthesis confirm that "the role of resources security factors and a geographical position decreases as far as countries and regions develop" (Zubarevich, 2010). Progressive development of small business, "smoothing" its interregional heterogeneity will contribute to institutional environment improvement, competition development, formation of up-to-date infrastructure, growth for human capital investment.

Creating comfortable environment while implementing regional differentiated policy on small business support will promote formation of new development and strengthening already- existing business in Russia.

6. ACKNOWLEDGMENTS

The authors express gratitude to the staff of the Department of Mathematical Statistics and Econometrics of Plekhanov Russian University of Economics who participate in the discussion of the findings to state valuable recommendations and requests.

REFERENCES

Annual Report on European SMEs 2012/2013. (2013), A Recovery on the Horizon? European Commission.

Annual Report on European SMEs 2013/2014. (2014), A Partial and Fragile Recovery-European Commission.

Annual Report on - Small and Medium Sized Enterprises in the EU, 2011/12. (2012), EU SMEs in 2012: At the Crossroads. Rotterdam: Ecorys.

Annual Report on EU Small and Medium Sized Enterprises 2010/2011. (2011), Are EU SMEs Recovering From the Crisis? Rotterdam/ Cambridge.

Business Climate in Russia: Index OPORI 2012. (2012), Available from: http://www.nisse.ru/business/article/article_1998.html.

Doing Business in Russia. (2012), Joint Publication of the World Bank and The International Finance Corporation. Available from: http://www.doingbusiness.org/Russia.

Doing Business. (2015), Going Beyond Efficiency - The World Bank Group. Available from: http://www.doingbusiness.org/reports/global-reports/doing-business-2015.

Dubrova, T.A., Esenin, M.A. (2014), Regional heterogeneity and territorial disparities in the development of small entrepreneurship in Russia. Economy and Entrepreneurship, 8, 738-748.

Dubrova, T.A., Romashkina, I.N. (2014), Analysis of state and trends of small entrepreneurship in the manufacturing. Economy and Entrepreneurship, 4(2), 924-933.

GEM Global Reports, 2007-2014. Available from: http://www.gemconsortium.org/report.

Key indicators of business activity for small enterprises (excluding micro enterprises). (2014), Available from: http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/enterprise/reform/#.

Report on Measures to Develop Small and Medium Enterprises in The Russian Federation. (2015), Moscow: State Council of the Russian Federation.

Russian Regions: The Economic Crisis and The Problems of Modernization. (2011). Moscow: TEIS.

Small and Medium Entrepreneurship in Russia. (2014). Moscow: Rosstat.

SME Bank, Analytical Center Reports. Available from: http://www.mspbank.ru/ru/analytical_center/analytical_reports.

Zubarevich, N.V. (2010), Regions of Russia: Inequality, Crisis, Modernization. Moscow: Independent Institute for Social Policy.