

**Russian SMEs in different types of settlement:
what is the influence of global crisis?**

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The aim of the paper is analyzing of the changes in the structure and strategies of small early entrepreneurs under crisis.

The research structure is based on the Global Entrepreneurship Monitor (GEM) definition of entrepreneurship and its application to the analysis of entrepreneurship potential in Russia.

GEM methodology points out the following stages of entrepreneurship:

- potential entrepreneurs (active planning and organizing of business)
- early-stage entrepreneurs
 - nascent entrepreneurs (starting business, income less than 3 months)
 - new business owners (income from 3 to 42 months)
- established business owners (functioning more than 42 months).

Novelty of this work would include the differentiation of some important issues of early entrepreneurship by settlement types. GEM Russia APS data file for 2006-2009 was divided into five groups: rural areas, small towns (population under 100 thousand), medium-sized towns from 100 to 500 thousand people, big cities and megapolises.

Basing on the results of made experiments we can formulate a number of hypotheses:

1. The extent of entrepreneurship optimism in their estimation of expected business prospects effect on the growth of involvement in the entrepreneur potential.
2. Due to the worsening of macroeconomic situation the rate of business discontinuation increases in small and medium-sized towns.
3. Due to the growth of unemployment rate more people in rural areas would start their own business and the level of necessity entrepreneurship would increase.

Dynamic analysis of rates of early-stage entrepreneurship activity in 2006-2009 has shown the decrease of average Russian rates during this period. The group of megapolises was the only one where the rate of total early-stage entrepreneurial activity rose since 2006 more than one and a half time.

Dynamics of potential entrepreneurship activity was positive. We expect an average 12% rise since 2006 and the highest growth in the group of medium-sized towns.

Businessmen estimate future conditions for business in their region worse compared with previous three years. Only one third of entrepreneurs is expected to estimate next 6 months as favorable for starting a business in 2009.

The impact of socio-psychological characteristics of Russian potential and early-stage entrepreneurs on total business activity is rather ambiguous. On the one hand, the fear of failure is very strong: the maximum level is expected among potential entrepreneurs in rural areas. On the other hand, the vast majority of potential and

early-stage entrepreneurs considers to have knowledge and skills to open a new business. The rate of “fear” is higher in small towns and rural areas.

Finally, the hypothesis 1 can be confirmed, whereas the hypothesis 2 is disproved (the changes in the discontinuation rate are not statistically significant across different settlement types, T-criterion, 95%). The hypothesis 3 is not confirmed, too (In the contrary to the initial assumption, the rate of necessity entrepreneurship has fallen in rural areas since 2006).

The results of the research can be applied in various governmental and regional assistance programs in Russia where the type of settlement would be considered as one of the main differentiating factor.

Keywords: Global Entrepreneurship Monitor (GEM), early-stage entrepreneurship, settlement aspect, discontinued business, necessity entrepreneurship