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**FACTORS INFLUENCING CHINESE MIGRANTS’ ENTREPRENEURIAL  
ACTIVITY IN RUSSIA**

**5.2.3. Management**

Dissertation abstract  
for the degree of candidate of economic sciences

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## INTRODUCTION

### **Relevance of the research topic**

The growing need to identify new sources of economic growth and structural development in Russia has heightened attention toward entrepreneurship and SME development. Entrepreneurship not only generates additional employment opportunities but also holds significant potential for driving structural changes in the economy. Small businesses, being closely connected to local markets, are well-positioned to adapt to customer demands [Liuty, 2013]. The SME sector serves as a vital source of innovation in the economy, acting as a creation and testing hub for technological start-ups and breakthrough innovations [Caballero-Morales, 2021]. Small business development also strengthens the country's export potential, increases competition, and contributes to economic diversification [Ferreira, 2024]. In addition, entrepreneurship supports economic resilience in times of crisis by creating opportunities for self-employment [Zemtsov, 2021].

While the share of SMEs in the Russian economy is insignificant compared to global indicators, the phenomenon of migrant entrepreneurship can become a factor in the development of the entrepreneurial sector [GEM, 2022]. Migrants who have started their own companies during their years of living in the host country fulfill not only an important economic but also a social function by creating jobs, goods, and services for consumers. Migrant entrepreneurs have valuable human and social capital, and their SMEs can benefit from internationalization [Vilensky, 2020; Egorova, 2022].

However, Russian academic research on migrant entrepreneurship is still underdeveloped. Russian legislation does not consider the social value potentially created by Chinese migrant entrepreneurs and presents foreign migrants as an unskilled labor force.

The relevance of studying the phenomenon of entrepreneurship among migrants and identifying further the factors of their entrepreneurial activity lies not only in the need to clarify their contribution to the development of the entrepreneurial sector in Russia, but also to the search for sources of sustainable development in the “new

normal”<sup>1</sup>. This is important for addressing social issues, developing technological and export potential, and restructuring the country’s economy.

A significant number of Chinese migrants come to Russia for business or employment purposes. Between January and December 2022, migration registration data recorded 240,132 Chinese individuals in Russia. Of these temporary residents, approximately 59.5% were in Russia for business or purposes<sup>2</sup>. However, no data is available on the number of permanently residing Chinese individuals engaged in business activities in Russia. There is a notable gap in academic research on migrant entrepreneurship, with lack of systematized data. Entrepreneurial intentions, differences in the entrepreneurial environment in the home and host countries, and the role of migrant entrepreneurs in structural change and sustainable development of the Russian economy have hardly been studied. In particular, a research lacuna exists on the factors influencing entrepreneurship among Chinese migrants. The potential of Chinese migrant entrepreneurship to develop technological industries and create new jobs for local communities in addition to the existing import-oriented, low-value-added businesses needs to be identified. In addition, the study of the phenomenon of Chinese migrant entrepreneurs will make it possible to propose new guidelines for the development of Russian migration policy, which is primarily focused on attracting hired labor. All this has led to the relevance of studying the factors influencing the entrepreneurial activity of Chinese migrants in Russia.

### **The degree of development of the research topic**

The theoretical basis of the study is interdisciplinary at the intersection of entrepreneurship and migration theories due to the need to reveal the specific nature of the phenomenon of migrant entrepreneurs, who differ from migrant employees in making business decisions.

H. de Haas developed the ideology of E. Lee, the creator of migration theory, who deepened the understanding of the factors determining migration flows and the

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<sup>1</sup> The term “new normal” describes a stable post-crisis state of the economy and society, yet it differs from the pre-crisis state. This is a reference to the post-epidemic world.

<sup>2</sup> Data of the Federal State Statistics Service (Rosstat). URL: <https://rosstat.gov.ru/compendium/document/13283> (date of access: 05.09.2023).

impact of migration policy on economic development. According to the model of individual choice, M. Todaro and L. Maruzhko based the decision to migrate on a reasonable comparison of losses and benefits associated with moving to a new place. S. N. Eisenstadt's three phases of the migration process theory supplement the economic determinants of the decision to migrate with sociocultural and socio-psychological factors.

K. Alter and G. Dees developed the theory of social entrepreneurship in terms of the contribution of entrepreneurs to society. This concept can be applied to a wide range of organizations, regardless of size, goals, and activities.

The modern theory of entrepreneurship owes its formation and development to such authors as B. Gartner, I. Kirzner, D. Audretsch, B. Johannisson, A. Chepurenko, D. F. Kuratko, G. D. Bruton, M. H. Morris, R. Mitchell, C. Y. Woo. A modern approach to the study of intercultural entrepreneurship is laid down by A. Engelen, as well as the development of entrepreneurship in developing countries and emerging economies by W. Naudé, and A. N. Kiss. Entrepreneurship in Russia was analyzed by A. Chepurenko, S. Zemtsov, V. Barinova, A. Egorova, A. Vilensky, and O. Obraztsova. The peculiarities of entrepreneurship in China are explored in the works of A. Jonas, S. Lai, J. Wong, D. Liao, and P. Sohmen.

N. Williams, B.A. Krasniqi, R. Black, O. Eroglu, M. Piçak, S. Chakravarty, D. J. Cumming, S. Murtinu, and S. Zahra have developed the theory of entrepreneurship in their works by not only researching the propensity for entrepreneurship and different national cultures, but also the status of the migrant entrepreneur. Regarding migrant entrepreneurship, N. Sinkovics and A. R. Reuber categorized the pull and push factors of migrant entrepreneurs. R. C. Kloosterman, T. Volery, and I. Light examined issues related to ethnic entrepreneurship.

The impact of the entrepreneurial environment on international migrant entrepreneurs in different income countries is presented in the studies of S. Bernardino, J. Freitas Santos, E. Casarin, J. Collins, D. S. Massey, and E. A. Parrado, A. Basu, F. Miera, K. Surak. Structural characteristics, scale, and conditions of Chinese migrants

engaged in entrepreneurial activities in developed countries were studied by such authors as H. Zhang, and A. Ceccagno.

M. N. Rudenko, R. Berger, R. Herstein, A. Silbiger and B. Barnes studied foreign migrants from various countries in Russia. I. Britvina, P. Shumilova, S. Gretzinger, A. M. D. Ulrich, S. Hollensen, and B. Leick described the barriers and insurmountable institutional obstacles to doing business in Russia. Issues of ethnic entrepreneurship in Russia have been researched by such authors as N. Y. Runova, S. V. Panikarova, V. M. Peshkova, V. V. Radaev, L. V. Rozhkova, and V. Y. Akhmetov.

Chinese scholars T. Yu and Y. Wang researched Chinese migrants' entrepreneurial activity in Russia from a cultural or political aspect. Russian researchers (A. A. Avdashkin, V. I. Dyatlov, K. V. Grigoriev, and Y. N. Pinigina) pay more attention to the "ethnic market" organized by Chinese citizens on the territory of the Russian Federation.

Such international projects provide a large amount of reliable quantitative data for comparative studies as "Panel Study of Entrepreneurial Dynamic, PSEDI" and "Global Entrepreneurship Monitor, GEM". However, there are significant gaps in data on migrant entrepreneurship.

While there have been many years of government efforts to promote entrepreneurship, both at the academic level and at the level of government programs, the motivations, barriers, and opportunities of migrant entrepreneurs are virtually unexplored. The role of ethnic entrepreneurship in Russia is virtually unexplored, there are no statistics on migrant entrepreneurship comparable to the total number of migrants, and there is a lack of managerial research on the entrepreneurship of large ethnic migrants.

The **object of the study** is the ethnic entrepreneurship of migrants.

The **subject of the study** is the factors influencing the ethnic entrepreneurship of Chinese migrants who conduct entrepreneurial activities in Russia in all forms envisaged for the creation of small and medium-sized businesses.



### **The purpose of the dissertation research**

The dissertation research is aimed at identifying the factors influencing the entrepreneurship of Chinese migrants in Russia, taking into account their ethnic characteristics and the specifics of entrepreneurial activity in the business environment of Russia in order to develop recommendations for entrepreneurs and policy makers to more fully realize the potential of Chinese migrants, which could result in positive structural shifts in the Russian economy.

To achieve the purpose of the work, the following **tasks** were formulated:

1. To present the concept of ethnic entrepreneurship in its refraction to the economic behavior of Chinese migrant entrepreneurs in Russia.
2. To propose the author's methodological approach to the study of Chinese migrant entrepreneurs, taking into account the specifics of the Russian business environment, the ethnic characteristics of migrants, and the peculiarities of official statistical information.
3. To reveal the differences in the business environment of Russia and China that determine the conditions for entrepreneurial activity of Chinese migrants in Russia in terms of attracting and restraining factors.
4. To analyze the peculiarities of ethnic entrepreneurship of Chinese migrants doing business in Russia using a unique database collected by the author, questionnaires, and in-depth interviews.
5. To identify factors influencing Chinese migrants' business in the Russian economy to develop recommendations for ethnic entrepreneurs and government policies.

### **Alignment of the dissertation content with the scientific specialty passport.**

The dissertation was carried out according to the passport of the specialty 5.2.6 — Management and contains provisions and results corresponding to: Paragraph 28. “Development of the theory and forms of entrepreneurship. Strategic and intra-firm entrepreneurship. Social entrepreneurship”.

## **Methodology and research methods**

The dissertation research is based on the principles of interdisciplinarity in the formation of the theoretical basis for the study, as well as fundamental and applied works of Russian and foreign researchers in the field of environment, incentives, and barriers to entrepreneurial activity of domestic and foreign entrepreneurs. Quantitative and qualitative methods were used to substantiate the theoretical provisions of the thesis research based on the principle of triangulation, considering both macro and micro contexts. In the process of data collection for the empirical base of the study, the methods of questionnaire and in-depth interviews were used. Due to the lack of systematized official statistics and open sources of data on Chinese entrepreneurs in Russia, the study relies on a self-assembled database of entrepreneurial companies from official sources of statistical data and migration records. Since Chinese surnames are different from those of other countries, the Register was searched based on a list of all surnames in China (“Hundred Family Surnames”<sup>3</sup>), and the database was created after finding out whether the searched person belonged to Chinese migrants. Data processing was carried out using information editing and coding techniques, content analysis, and statistical methods based on primary information.

### **Empirical data base of the study**

The dissertation research used a set of sources: questionnaire data and in-depth interviews with ethnic Chinese entrepreneurs matched with data from the Ministry of Internal Affairs of the Russian Federation, the Unified Register of Small and Medium-Sized Enterprises, Rosstat, the World Bank<sup>4</sup> and the International Organization for Migration<sup>5</sup>. The questionnaire surveyed 35 companies of different sizes and industries according to the structure within the overall population of entrepreneurial firms organized by Chinese migrants, representing 5% of all entrepreneurs in the region from

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<sup>3</sup> “Hundred Family Surnames” includes a total of 504 surnames, PRC Ministry of Public Security published the “National Surname Report” in 2021. URL: <https://app.mps.gov.cn/gdnps/pc/content.jsp?id=8349293>, (in Chinese) (date of access: 05.04.2022)

<sup>4</sup> <sup>4</sup> The data is about labor force, population and other indicators of Russia. URL: <https://data.worldbank.org/indicator>. (date of access: 05.09.2023).

<sup>5</sup> <sup>5</sup> The global migration indicator of Russia and the world in 2017-2022. URL: <https://publications.iom.int/> (date of access: 05.12.2023).

2016 to 2022. Ten in-depth interviews were conducted with Chinese entrepreneurs working in Ekaterinburg for 5 to 15 years between January and December 2022.

The following sources were used to collect data on entrepreneurial firms operating in the Sverdlovsk Oblast between 1 August 2016 and 31 December 2022 (837 firms):

- Data on Chinese migrants from the database of the Ministry of Internal Affairs of the Russian Federation and Rosstat<sup>6</sup>;
- Data on SMEs of Chinese migrants in the Sverdlovsk Oblast from the website of the Unified Register of Small and Medium-Sized Enterprises<sup>7</sup>;
- Data from the Unified State Register of Legal Entities/Individual Entrepreneurs (USRLE/USRIE)<sup>8</sup>.

**The scientific novelty** of the study consists in the substantiation of theoretical provisions and identification of factors of ethnic entrepreneurship of Chinese migrants in Russia based on the author's approach to the study, which made it possible to identify unique features of Chinese migrant entrepreneurs as a separate ethnic group, and author's method for collecting data on Chinese migrant entrepreneurs, taking into account country and ethnic differences.

**The provisions of the dissertation work submitted for defense:**

1. Offered an interdisciplinary approach to the study of migrant entrepreneurship, which combines the theory of entrepreneurship, the theory of ethnic entrepreneurship, the theory of social entrepreneurship, and the theory of migration, allowing us to describe the phenomenon of migrant entrepreneurship taking into account economic, managerial and social aspects and the innovative nature of migrant entrepreneurship. This made it possible to identify and describe Chinese migrant entrepreneurs as a separate ethnic group of entrepreneurs and identify the social role that they play in the Russian economy. This approach helps to eliminate the research gap in understanding the mechanisms of development and features of ethnic

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<sup>6</sup> Only data from 2016 onwards are chosen here to match the data from Chinese migrant SMEs.

<sup>7</sup> This official website only shows data from August 2016 onwards.

<sup>8</sup> The data from Get Information from Business Registers (USRLE/USRIE), Предоставление Сведений из ЕГРЮЛ/ЕГРИП в Электронном Виде. is conducted by Federal Taxation Service of Russia (ФНС). URL: <https://egrul.nalog.ru/index.html>. (date of access: 05.11.2023).

entrepreneurship of Chinese migrants in Russia (Para. 28 Passport of specialty 5.2.6 Management);

2. Proposed the author's research method on Chinese migrant entrepreneurs with the use of "Hundred Family Surnames", which allows the identification of peculiarities of ethnic entrepreneurship among Chinese migrants in Russia. As a result, a unique database on the entrepreneurial activity of Chinese migrants in Russia on the example of the Sverdlovsk Oblast was collected and registered for the first time (Para. 28 Passport of specialty 5.2.6 Management);

3. Based on a comparative analysis of the entrepreneurial environments of Russia and China, the specific features of the Russian entrepreneurial environment as a host economy for Chinese migrants are presented. The factors contributing to the decision of Chinese citizens, who are inclined to run their businesses, to start entrepreneurship outside their home country are the government policy aimed at expanding Chinese business abroad, as well as high domestic competition in the markets of goods and resources. Factors contributing to the decision to start their own business in Russia, a host country for migrant entrepreneurs, are resource opportunities and developed infrastructure for doing business, as well as a high level of profitability and a wide network of the ethnic community of Chinese migrants (Para. 28 Passport of specialty 5.2.6 Management);

4. Defined the specifics of ethnic entrepreneurship of Chinese migrants in Russia: a) the high propensity of Chinese migrants to run their own business in the host economy as a result of their natural entrepreneurial spirit; b) the low survival rate and vulnerability of Chinese migrants' enterprises to economic crises, as well as significant dependence on legal restrictions of migration legislation; c) the sectoral structure of migrants' businesses is skewed towards low-tech, B2C-oriented sectors, such as retail and wholesale trade, in contrast to the diversified sectoral structure of entrepreneurship in the home country; d) the entrepreneurship of Chinese migrants in Russia carries features of social entrepreneurship: creating new jobs, providing access to a wide range of goods to low-income consumers in the host economy. The identified features of ethnic entrepreneurship of Chinese migrants in Russia indicate the need to improve

migration policy and SME development policy to enhance the role of Chinese migrants in generating positive structural shifts in the Russian economy (Para. 28 Passport of specialty 5.2.6 Management);

5. Revealed that resource opportunities are the main motivations for doing business in Russia; high relative profitability of the business, networking within the Chinese ethnic group in the host economy and maintaining close contacts with the home economy, as well as establishing ties with the local community are the main incentives to continue doing business in Russia, based on the concept of ethnic entrepreneurship proposed by the author; the main factors acting as barriers to doing business and reasons for Chinese migrants to stop doing business in Russia are intercultural differences, difficulty in accessing state support, and the abundance of regulations. The identified factors of entrepreneurial activity of Chinese migrants in Russia have allowed to develop recommendations for migrant entrepreneurs and state regulatory institutions of the Russian Federation and the People's Republic of China on the issues of migration, entrepreneurship development, and structural policy, which will allow Chinese migrant entrepreneurs to play a more significant role in the development of key sectors of the Russian economy and society in general (Para. 28 Passport of specialty 5.2.6 Management).

**The theoretical significance of the study** lies in filling the gap in the research on the entrepreneurial activity of migrants. It proposes an interdisciplinary theoretical approach to the study of migrant entrepreneurship, which reveals the complexity of entrepreneurial, ethnic and migration characteristics of the economic behavior of this group. The dissertation also identifies the peculiarities of the economic behavior of Chinese migrant entrepreneurs in Russia. The author's research method for studying migrant entrepreneurship in Russia has been proposed, and the unique database was collected, and registered as an intellectual property object, and the results were confirmed by a certificate of state registration.

**The practical significance of the conducted research** lies in the development of recommendations for Chinese migrant entrepreneurs and state regulatory institutions: the Main Directorate for Migration of the Russian Ministry of Internal Affairs, the

Federal Taxation Service, the Federal State Information System, the State Duma of the Russian Federation, the Ministry of Labour and Social Protection of the Russian Federation, the Foreign Investment Advisory Council, the Association of entrepreneurs in the Field of Russian-Chinese Cooperation, the Russian-Chinese Business Council, the Economic and Trade Department of the Embassy of the People's Republic of China in the Russian Federation, in order to develop entrepreneurship in Russia, as well as to improve migration policy. The proposed method of collecting information on Chinese migrants can be used to complete databases in addition to official statistics. The materials of the dissertation research can be used in the educational process of universities in the training of bachelors, specialists, and masters in the direction of training «Management» specializing in the field of international Management or entrepreneurship.

#### **Degree of reliability**

1) The research is conducted using a combination of quantitative and qualitative research methods based on official statistics data obtained from comparable sources. Data processing is carried out using methods of coding and editing information, content analysis, and statistical methods of analyzing primary sociometric data.

2) Publications in leading international peer-reviewed scientific journals.

3) The main provisions of the study were reported at international scientific and practical conferences.

4) The author has created and registered the unique database “Entrepreneurial activity of Chinese migrants in the Sverdlovsk Oblast” as an intellectual property object, which is confirmed by the Certificate of State Registration No. 2024625154 dated 14 November 2024 [Lu, 2024] (Appendix C). Registered the result of intellectual activity (ПИД) with the State Registration Number 625022500145-6 dated 25 February 2025.

#### **Implementation of the research results**

The author's theoretical and methodological developments were used in the courses «Business Communications» of the module «Effective Communications in Business Environment» and «Cross-Cultural Management» of the module «Fundamentals of International Management» of the Bachelor's degree program

«International and Corporate Management», training direction 38.03.02 «Management» in UrFU, Ekaterinburg; in the course «Global Drivers of Business Model Transformation» of the module «International Management Practices» of the Master's degree program «International Management», training direction 38.04.02 «Management» in UrFU, Ekaterinburg.

**Publications.** 19 papers have been published on the topic of dissertation research, including 4 articles in peer-reviewed scientific editions, defined by VAK Russian Federation and the Attestation Council of UrFU, and indexed in RINC and international databases of scientific citation Web of Science and Scopus. And 1 intellectual property — certificate of state registration database. The articles were published in the journal R-ECONOMY (VAK, Scopus), the journal Changing Societies & Personality (WoS), the journal HUMAN PROGRESS (VAK).

#### **Author's personal contribution**

The personal involvement of the co-researcher consists of the fact that the main scientific provisions submitted for defense are the author's developments and conclusions. The author was directly involved in the collection and processing of theoretical materials and empirical data, developed the research methodology and formed a unique empirical base, personally conducted questionnaires of Chinese migrant entrepreneurs and in-depth interviews with them in the Sverdlovsk Oblast, and developed recommendations for migrant entrepreneurs and policy in the field of migration and entrepreneurship development in Russia, and government agencies of the PRC.

Presented at the international conferences from 2017 to 2024: “Russian regions in the focus of change” ( Ekaterinburg, 2017), “Management and entrepreneurship in the paradigm of sustainable development” (Ekaterinburg, 2018), “Spring Science Days of Higher School of Economics and Management” (Ekaterinburg, 2018), “Russia and China: history and prospects of cooperation” (Blagoveshchensk - Heihe, Changchun, 2018), “Russian regions in the focus of change” (Ekaterinburg, 2018), “Lomonosov 2019” (Moscow, 2019), “Russia and China: History and Prospects of Cooperation” (Blagoveshchensk - Heihe, Tianjin, Beijing, 2019), “Russian Regions in the Focus of

Change” (Ekaterinburg, 2019), “Lomonosov 2020” (Moscow, 2020), “Russian Language in the Paradigm of Development of Modern Society” (Ekaterinburg, 2020), “Fourth Russian Economic Congress” (Moscow, 2020), “Russian Regions in the Focus of Changes-ICRRFC 2020” (Ekaterinburg, 2020), “Russian Regions in the Focus of Changes” (Ekaterinburg, 2023), “Russian Regions in the Focus of Changes” (Ekaterinburg, 2024).

The author’s personal participation in obtaining the results presented in the thesis was confirmed by co-authors and reflected in joint publications.

### **Dissertation structure**

The dissertation consists of an introduction, three chapters, a conclusion, a list of references, and three appendices. The total length of the research paper is 168 pages of main text, including 27 figures, 34 tables, and a reference list of 197 items (97 English literature, 53 Russian literature, and 47 Chinese literature).

In the **introduction**, the relevance of the research topic is substantiated, the goal and objectives are formulated, the object and subject of the research are defined, and the scientific novelty, theoretical and practical significance of the work are indicated.

The **first chapter** “Interdisciplinary approach to researching ethnic entrepreneurship of Chinese migrants” proposed author’s interdisciplinary theoretical approach to the study of ethnic entrepreneurship. Based on this approach the characteristics of Chinese migrants as a special group of ethnic migrant entrepreneurs were defined. In addition, the peculiarities of their behavior in the Russian market and the role they play in social entrepreneurship are defined.

The **second chapter** “Methodology for studying the factors of ethnic entrepreneurship of Chinese migrants in Russia” the shortage of official data was identified based on the study of existing methodologies. The specifics of the entrepreneurial environment in Russia in comparison with China were determined, which made it possible to propose the author’s research method for collecting empirical data suitable for studying the entrepreneurial activity of Chinese migrants in the Russian economy.



The **third chapter** “Ethnic entrepreneurship of Chinese migrants in Russia: peculiarities and factors” explores the reasons why Chinese migrants leave China and enter the Russian market, based on the author’s database on the entrepreneurial activities of Chinese migrant entrepreneurs in the Sverdlovsk Oblast, questionnaires and in-depth interviews, and identifies the factors affecting the activity of Chinese migrant entrepreneurs in Russia.

In **conclusion**, the main results of the study are presented, and recommendations are formulated for migration policy and entrepreneurship development in Russia, as well as for Chinese migrants who run or intend to start their businesses in Russia.

The **appendices** include a questionnaire and prospectus of interviews with Chinese migrant entrepreneurs, and a copy of the author’s state database registration certificate.

# **CHAPTER 1 INTERDISCIPLINARY APPROACH TO RESEARCHING ETHNIC ENTREPRENEURSHIP OF CHINESE MIGRANTS**

## **1.1 Theoretical Foundations of The Concept of Ethnic Entrepreneurship**

Chakravarty, Cumming and Murtinu [Chakravarty, 2021] focus on the issue of international entrepreneurship. They believe that global chaos created by COVID-19, the effects of which will impact international entrepreneurship over the current decade and beyond. They highlight the importance of social media and other digital tools. Zahra (2021) describes international entrepreneurship in the post Covid world. The growing use of digital technologies means cheaper and greater access, better coordination and higher productivity and lower costs. Turkish scholars Eroglu and Piçak [Eroglu, 2011] proved the relationship between entrepreneurship and national culture. They favor a national culture plays an essential impact on entrepreneurship.

Regarding migrant entrepreneurship, Sinkovics and Reuber [Sinkovics, 2021] categorized pull factors and push factors of migrant entrepreneurs. Russian scholars Fokeev, Ruzhanskaya and Pushkarev [Fokeev, 2022] determine the factors of labor migration of qualified employees. For highly qualified employees, first of all, they need to get a more attractive offer in terms of career prospects and professional development in a new job. Bernardino, Freitas and Casarin [Bernardino, 2021] study the individual's entrepreneurial propensity of Portuguese immigrants. They found that entrepreneurial propensity was related to gender, age, parental work history, professional education and personal work history. Williams and Krasniqi [Williams, 2018] show that migration experience has a positive impact on the probability of entrepreneurship. Exposure to the host country (both measured as years in migration and age) increases the probability to start a business. Black (2009) explores the relationship between international migration and entrepreneurship. The analysis suggests that work experience abroad is the most significant predictor of entrepreneurial activity among the return migrants interviewed.

Many scholars around the world have studied migrate entrepreneurial activity by country. Bernardino, Freitas and Casarin surveyed individual's entrepreneurial propensity in Portugal [Bernardino, 2021]. They argue that nowadays international migration has become a key feature of modern open societies. The main challenges faced by immigrants could result from their economic and socio-cultural integration, which are considered critical for people arriving in a new country. Chinese scholar Zhang. H. (2013) analyzes Chinese migration in Europe. He felt that within the ongoing globalization process, Chinese migrant entrepreneurs emerged as an important source of capital, knowledge, market information and business opportunities and contributed to job creation, innovation and economic growth of host countries. Collins (2003) an Australian scholar, finds that settlement policy, taxation policy indirectly impacts on rates of migrant entrepreneurship formation. In addition, the education and training needs, policies designed to encourage unemployed migrants, and policy related to government strategies to improve communication with ethnic entrepreneurs are also very important. Ceccagno (2003) conducted a study on Chinese migrants in Italy, identifying their primary areas of activity as the production of ready-to-wear garments, leather goods, and bags. His research highlights that their operations encompass a wide range of tasks, from basic manufacturing processes to the management of the entire production chain. Massey and Parrado analyzed international migration in Mexico [Massey, 1998], highlighting that migrant-owned businesses in Mexico are typically small retail ventures that generate limited employment. This phenomenon reflects the general conditions of opportunity in Mexico, rather than a weakness stemming from the migration process itself. Basu examined Asian small businesses in Britain, focusing on those owned by migrants from India, Pakistan, and Bangladesh [Basu, 1998]. The study emphasizes the potential role of banks and government agencies in promoting the establishment of more such small businesses in Britain. Miera (2008) conducted research on Polish migrant entrepreneurs running small businesses in Berlin, noting that their strategies involve leveraging high personal mobility, capitalizing on the differences in purchasing power between Germany and Poland through cross-border trade, and recruiting "transnational workers". Surak (2013) studied the migration

industry across East Asia, asserting that services such as labor recruitment, money lending, transportation, remittance, documentation, and communication are crucial in facilitating migrant movement. Additionally, there are researchers focusing on West African countries.

Ethnic entrepreneurship refers to entrepreneurial activities that are undertaken by migrant or minority groups within a particular country or region. [Runova, 2023] This form of entrepreneurship usually stems from the desire of these groups to maintain and express their cultural identity, especially in a foreign cultural environment. Ethnic entrepreneurs use their cultural resources, including language, traditions, social networks, and expertise, to create and operate businesses, which tend to offer ethnically distinctive goods or services. [Engelen, 2009] These businesses may focus on specific industries or market segments, such as catering, retail, handicrafts, or specific cultural services. In this way, ethnic entrepreneurship not only promotes economic diversification, but also plays an important role in cultural preservation and community development. Despite language barriers, cultural differences, market acceptance, and financing challenges, ethnic entrepreneurs are often able to find a unique niche in their target market through innovation and adaptability. [Volery, 2007]

There are also many scholars investigating and studying the migration entrepreneurial activity in Russia. Among them, Rudenko (2022) believes that the fact that the use of foreign labor is a widespread practice for modern businesses throughout the world, including the Russian Federation. The score assessment of potential labor migrants before the issuance of permits and digitalization will help Russian companies with sustainable development. Peshkova (2018) describes about the lack of a unified and reliable statistical database. She also studies Kyrgyz and Azerbaijani migrants' entrepreneurs and argues that connections between relatives and compatriots are a key resource in organizing and developing business by Kyrgyz and Azerbaijani migrants. Berger, Herstein, Silbiger and Barnes [Berger, 2017] sum up how to develop international business relationships in a Russian context. They believe that businesses wishing to succeed in Russia need to socialize with their Russian counterparts and attend social events, dine together and even consider taking vacations jointly to

strengthen their emotional bonds and build trust as a foundation for business success. Britvina, Britvin and Shumilova [Britvina, 2019] deliberately study the barriers to successful development of entrepreneurial activity of migrants from Central Asia in Russia. Gretzinger, Ulrich, Hollensen and Leick [Gretzinger, 2021] interviewed a Danish business manager and find that there are insurmountable institutional obstacles in doing business in Moscow, Russia. This was good old Russian bureaucracy. Therefore, researchers believe: Russia is considered as a market with a huge growth potential. Russia is also recognized as a culturally and politically difficult market. Furthermore, corruption is not necessarily viewed as an immoral act, but simply a way to acquire resources.

About the factors of Chinese migrants' entrepreneurial activity in Russia, it has not received much attention from the academic circles. Chinese researcher Yu. T. (2021) studies the reasons and experiences of Chinese migrants coming to Russia. Wang Y. (2022) tells stories from the last century, recount the forms and difficulties of immigrant business. They just do research from a culture or political aspect. Russian researchers pay more attention to the "Chinese market". The "Chinese market" has provided Chinese businessmen with a stable location where they may carry out specialized division of labor and cooperation in sourcing, transportation, customs clearing, and distribution. Most Chinese merchants sold their light-industrial goods in the market, and Vietnamese and other Central Asian traders also frequented in such "market". Avdashkin (2020) thinks that the "Chinese" market has evolved into a forum for learning about the common perception of the "East". Dyatlov (2020) finds "Chinese market" combined open-air wholesale and retail markets with widespread cross-border labor movement, two essential components of the post-socialist world. Grigoriev and Pinigina [Grigoriev, 2014] conclude that ethnic indicators' roles in "Chinese market" are rapidly evolving from identifying a "ethnic" market to identifying a certain way of life.

Unlike local pre-entrepreneurs, migrants have a more complex decision-making process when deciding whether to start a business in their home or host country, and whether to take up a salaried job or start a business after arrival. [Light, 2000] This

complexity brings with it a wider range of contextual factors that have a significant impact on their decision-making, thus making the study of their entrepreneurial motivations more complex and multifaceted. Ethnic migrant entrepreneurship is influenced by a combination of cultural, structural and personal factors. [Kloosterman, 2010] No single theory of entrepreneurship in isolation can fully explain this phenomenon. Therefore, the combination of theories is a very powerful starting point when studying migrant entrepreneurship, A selection of interdisciplinary theories should therefore be chosen to provide key perspectives for understanding the successes and challenges of migrant entrepreneurs.

Four groups of theories make it possible to describe the phenomenon of migrant entrepreneurship, considering the change in existing research directions (Table 1.1.1).

Table 1.1.1 – Theoretical foundations of the study of migrants' entrepreneurship

<b>Entrepreneurship theory</b>	<b>Ethnic entrepreneurship theory</b>	<b>Social entrepreneurship theory</b>	<b>Theory of migration</b>
Dynamic Entrepreneurship Theory (Gartner, Kuratko)	Resource-Based Theory (Morgan, Blume-Kohout)	Social Entrepreneurship Theory (Alter, Dees)	Push and Pull Theory (Lee)
Entrepreneurial Process Theory (Morris, Johannisson)	Cultural (Context) Embeddedness Theory (Williams, Light)		Theory of Three Phases of the Migration Process (Eisenstadt)
Entrepreneurial Cognition Theory (Mitchell)	Institutional Context Theory (Bruton)		

Table 1.1.1 – Theoretical foundations of the problem under research. *Assembled by the author* [Gartner, 1988; Kuratko, 2015; Morris, 1994; Johannisson, 2011; Mitchell, 2007; Morgan, 2018; Blume-Kohout, 2015; Williams, 2018; Light, 2007; Bruton, 2010; Alter, 2006; Dees, 1998; Lee, 1966; Eisenstadt, 1954]

***Group 1: Theories explaining the nature of the economic behavior of entrepreneurs.***

#### *Dynamic Entrepreneurship Theory*

William Gartner (1988) argued that entrepreneurship is incorrectly being analyzed in terms of the personal traits of entrepreneurs, who may play different roles at different stages, and whose behaviors and skills may be learned through experience, rather than being innate. Entrepreneurship is not stagnant but is in a constant state of change and development, and as Kuratko, Morris and Schindehutte (2015) point out, entrepreneurship is interdisciplinary and diverse. They categorized entrepreneurship

into macro and micro perspectives and argued that individual differences affect entrepreneurial dynamics. Active entrepreneurs can seize opportunities and take risks, leading to a deeper understanding of the entrepreneurial motivations of migrants. Levitt (2001) highlighted how migrants can improve their socioeconomic status through entrepreneurial activities and labor market participation. Light (2007) argued that in international trade, migrant entrepreneurs use cross-cultural capital and social networks to facilitate and realize business opportunities. Migrant transnational corporations provide a multidimensional platform for global entrepreneurship. Kloosterman (2010) provided a systematic approach to analyzing and understanding the dynamics of migrant entrepreneurship. Russian scholars, on the other hand, have studied the dynamic movement of migrants in border areas and the process of continuous adaptation to the receiving country. [Saryglar, 2022] Difficulties in financing, low market acceptance, logistical problems, etc. are key issues to overcome in the process of entrepreneurial dynamics. [Runova, 2023] This dynamic process is crucial for their survival and success, so they use their cultural capital to create a competitive advantage, combining the cultural characteristics of the country of origin and the host country. [Akhmetov, 2018; Serrie, 1998].

#### *Entrepreneurial Process Theory*

Entrepreneurship is a dynamic and complex practice. The entrepreneurial process is characterized by uncertainty and influenced by the effectiveness of the entrepreneur's social network. Entrepreneurial process theory, particularly as presented by Morris (1994) and Johannisson (2011), provides valuable insights into the strategic steps taken by migrant entrepreneurs in their quest for success in a foreign environment. Morris explored different theoretical perspectives of the entrepreneurial process, focusing on the inputs of entrepreneurial activity (resources, capital, ideas, etc.) and the outputs (business outcomes, employment, economic growth, etc.). Johannisson also emphasized that entrepreneurship is a continuous development activity, not just an outcome or product, and that entrepreneurs must constantly adapt and respond to new situations.

The Entrepreneurial Process Theory divides the entrepreneurial process into five stages: idea generation, opportunity assessment, planning, firm formation & launch, and growth. The model helps to understand how the entrepreneurial process proceeds once migrants arrive in the host country. The complexity of the external business environment poses additional difficulties for the study of the entrepreneurial process in the context of migrant entrepreneurship. In this context, relevant studies have looked at the creation of cross-cultural, multidimensional social networks after migrants [Portes, 1993; Levitt, 2001] Individual decisions of migrant entrepreneurs and their cultural values affect entrepreneurial activities in the host country. Policymakers should focus on creating mechanisms for migrants to adapt to the market environment to facilitate the innovation process. [Brzozowski, 2017; Dileo, 2019].

#### *Entrepreneurial Cognition Theory*

Mitchell et al. (2007) emphasized the profound impact of migrants' perceptions and experiences on their entrepreneurial success. This perspective argues that the cognitive processes of entrepreneurs, especially those with a migrant background, are critical in shaping their ability to recognize and seize business opportunities. [Bird, 2009] Faced with the dual challenges of cultural adaptation and business integration, migrant entrepreneurs tend to develop a unique cognitive framework to guide their entrepreneurial decisions. [Aldrich, 1990]

The central focus of entrepreneurial cognitive research should be to understand how entrepreneurs interpret and respond to the environments in which they find themselves. In the case of migrant entrepreneurs, their cognitive schema is shaped by their migration experience and can facilitate adaptive and innovative thinking. [Levitt, 2007] These cognitive traits often lead to problem-solving strategies and risk tolerance, which are key to entrepreneurial success. [Kolvereid, 2006]

In addition, migrants' experiences, such as navigating multicultural environments and utilizing transnational networks, can enhance their ability to identify markets and develop business models [Portes, 1993]. Researchers and policymakers can utilize migrants' perceptions to design targeted interventions to support their



entrepreneurship and facilitate their integration into the economic life of the host country. [Vandor, 2021]

However, it should be noted that the existing theories explaining entrepreneurship mainly focus on factors affecting it in the general population. These theories are insufficient for considering the specifics of entrepreneurial development among migrants.

### ***Group 2: Theories explaining the characteristics of ethnic entrepreneurship.***

#### *Resource-Based Theory*

Resource Based Theory (RBT) emphasizes the role of distinctive resources in driving a firm's competitive advantage. In the context of entrepreneurship, Morgan et al. (2018) explored migrant-owned small and medium-sized enterprises (SMEs). They showed that the cultural diversity, language skills and international networks of their owners contributed to their superior exporting capabilities. Blume-Kohout (2015) examined why some migrants are more entrepreneurial, and how their human and social capital, including education and networks, play a crucial role. Engelen, Heinemann and Brettel (2009) furthered the understanding of this problem by examining cross-cultural entrepreneurship, emphasizing the need for an integrated framework to explore the interplay between cultural differences and entrepreneurial outcomes. Radaev's (1993) study of ethnic entrepreneurship offers a global perspective by comparing international experiences with the Russian context. He explores the role of cultural and social factors in shaping national entrepreneurship and their impact on economic development. Radaev's research enriches the understanding of the Resource-Based Theory (RBT) by demonstrating how a country's cultural and historical context influences the emergence and success of national entrepreneurial ventures.

#### *Cultural (context) Embeddedness Theory*

Cultural (Context) Embeddedness Theory is an important framework for understanding the complex and complicated relationship between an entrepreneur's cultural background and the environment where they do business. The theory posits that entrepreneurs and their companies are not only subject to economic and market conditions but also closely tied to specific cultural and social environments. Williams

and Krasniqi (2018) explored how migrant entrepreneurs can utilize their human and social capital to overcome the challenges that arise in conflict situations. Migrant entrepreneurs may use their cultural backgrounds such as language, traditions, and relationships to access resources, make connections, and adapt to new markets. Light and Gold (2000) examined how entrepreneurs locate themselves in their social networks, which may include family, friends, colleagues, and role-makers. Research has shown that the types of entrepreneurial activity, success factors, and challenges faced vary across cultural contexts. Runova (2023) explored the challenges of entrepreneurship among ethnic minorities in Russia and discussed the unique issues that emerge from the country's economic, legal, and social environments. By examining the interplay between cultural context and entrepreneurial activity, Runova's research contributes to a broader understanding of how cultural embeddedness affects the success and growth of ethnic businesses.

#### *Institutional Context Theory*

Institutional Context Theory provides a comprehensive framework for understanding the role of the institutional environment in shaping ethnic migrant entrepreneurship. Bruton, Ahlstrom, and Li (2010) provided an in-depth review of the current state of institutional theory research and suggested future directions for the development of the field. They argued that institutions such as laws, regulations, norms, and cultural values create both opportunities and constraints for entrepreneurs, and these factors can have a significant impact on the success and characteristics of ethnic migrant enterprises.

In the case of ethnic migrant entrepreneurship, the institutional environment can be particularly challenging, and therefore migrants often face additional difficulties in navigating unfamiliar institutional environments. They may encounter cultural barriers, language barriers, and discriminatory policies which can impede their ability to establish and grow their businesses. Collins (2010) examined policy responses to migrant entrepreneurs in Australia and emphasized the importance of tailoring support mechanisms to overcome these institutional barriers. Peshkov V.M. (2018) and Rozhkova L.V.'s research (2009) considered the impact of institutional factors on

migrant entrepreneurship, especially in Russia. This theoretical approach stresses how the structures, norms, laws, and policies existing in society have a key impact on the success of migrant businesses.

Resource-Based Theory, Cultural (Context) Embeddedness Theory, and Institutional Context Theory focus on unique resources, cultural integration, and institutional factors influencing migrant entrepreneurship. Unique cultural background is seen as an important resource that gives migrants a competitive advantage in accessing certain markets, attracting a customer base, and offering distinctive products and services.

In addition, macro-level business environment factors and institutions in the host country, individual differences, cognitive structures, and cultural context at the micro-level significantly influence migrants' business performance.

Nevertheless, the existing theories explaining the peculiarities of ethnic entrepreneurship are insufficient to identify the factors influencing decision to migrate and start a business.

### ***Group 3: Theory explaining social entrepreneurship.***

#### ***Social Entrepreneurship Theory***

Russian economist Zhokhova (2015) analysed studies on social entrepreneurship published in scientific journals between 1998 and 2014. He argued that social entrepreneurship develops variably in different countries and regions by adapting to institutional, political, economic, or social changes at the global & local levels. Social entrepreneurship has the potential to solve social problems and create social value. Alter (2007), on his part, discussed that social enterprises impact economic, social, and environmental aspects. It is an organization that achieves social goals through business practices, has wide global applicability, and plays an increasingly important role in international economic development. Dees (1988) emphasized that entrepreneurs drive economic growth through innovation and resource reallocation. Social entrepreneurs act as change agents in the social sphere.

With limited resources, entrepreneurs take risks and act as agents of social change. They satisfy not only the material needs of consumers but also help mitigate

market failures by creating new jobs and meeting the needs of local communities. Migrants can make a significant contribution to the economy of the host country by drawing on the resources and strengths of their culture, as well as the opportunities offered by their new environment to achieve economic well-being.

However, the limitations of this theory are that it reveals only one aspect of the phenomenon of migrant entrepreneurship and is insufficient to understand the variety of factors that influence the entrepreneurial success of migrants in host countries.

#### ***Group 4: Theories of Migration.***

##### *Push and Pull Theory*

Migration is usually described as a permanent or semi-permanent change of residence. Lee Everett S. identified factors in the process of migration in 1966. [Lee, 1966] He argued that these factors are associated with the place of origin and the place of destination. Additionally, intervening barriers and personal factors play a significant role. According to Lee's research, migration can be the result of a comparison between origin and destination factors. The volume of migration fluctuates depending on population diversity, including race or ethnicity, level of education, household income, and cultural practices. Reduced interference barriers are mostly a result of technological evolution.

Another scholar, Hein de Haas, studied why people migrate [Hein, 2010]. He thinks that even though migration is a complicated process, it is not chaotic or unpredictable. According to conventional thinking, disparities in wealth and human development across the globe serve as a major driving force behind international migration. However, in the multipolar world of today, this is no longer the sole or primary factor, particularly for Chinese migrants, whose wealth and income have increased significantly. According to Hein's study, the interaction of a wide range of economic, demographic, political, and social factors shapes local potential in the region of destination. States' indirect effect on infrastructure, taxation, social services, labor markets, individual liberties and rights, and identity development has a major role in determining migration processes.

Ernesto's research<sup>9</sup> revealed that intervening hurdles include physical barriers, distance, and immigration laws; personal factors include age, sex, marital status, education, SES, and employment. Depending on each person's education, information, and social networks, various people have diverse migration goals for personal, social, economic, and employment. Depending on each person's education, information, and social networks, various people have diverse migration goals for personal, social, economic, and political prospects.

According to Tolametova and Khoshimov's study [Tolametova, 2019], the primary drivers of migration worldwide are a significant global unemployment rate; extremely long workdays in underdeveloped nations, and a lack of prospects for professional progress. Sinkovics and Reuber (2021) conducted a thematic analysis of 373 articles about migrant entrepreneurship and divided the related topics under the push and pull variables into three major groups: institutional factors in the migrant entrepreneur's home country, institutional factors in the migrant entrepreneur's host country, and individual considerations.

#### *Theory of Three Phases of the Migration Process*

Eisenstadt (1954), based on the results of his research on the Israeli Jewish migrants and the Palestinian Jewish population in the 1950s, proposed a new view of the migration process at that time, suggesting that the process of migration be divided into three stages from the point of view of the psychosocial state of the migrants. The first stage is the formation of the motivation to migrate. These people consider migration as the only way to improve their living conditions, not only in economic terms but also in psycho-social and socio-cultural terms. The second stage is migration (relocation) to a new residence. At this stage, the life skills acquired by migrants in their previous societies may become insignificant in the new society. Migrants are faced with the need to resocialise. The third stage is entering and adapting to the host society. The migrants' daily social roles and daily life in the community are institutionalized through language training and learning the new social norms and rules.

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<sup>9</sup> From the presentation of Ernesto F.L., Amaral Theories of migration. URL: <http://www.ernestoamaral.com/docs/soci647-18spring/Lecture02.pdf> (date of access: 05.12.2023).

At this stage, migrants may face difficulties, not because they are not adequately prepared to integrate, but because the society itself may not be ready for this. According to the scholar, these three stages are accompanied by the migrants' loss of ethnic identity and their sense of belonging to the target ethnocultural group.

Traditionally, migrant entrepreneurship has been seen as an economically inevitable phenomenon. However, the application of the theories described above to contemporary migrant entrepreneurship suggests that migrant business is driven not only by economic but also by social motivations, the desire for self-actualization, and the desire to initiate social change.

However, these theories, despite their usefulness in understanding migrants' motivation to relocate, the migration process, and adaptation, prove insufficient to fully describe migrant entrepreneurship.

## **1.2 Phenomenon of Chinese Migrant Entrepreneurs and Features of Their Economic Behaviour in The Host Country**

The likelihood that a migrant from an ethnic minority will launch a business increase with the availability of resources and opportunities. Their entrepreneurial activities have increased people's income and infused the host country with new productivity and innovation. [Morgan, 2018; Baycan-Levent, 2009] In the experience of the US and European countries, migrant entrepreneurship is not a challenge, but an effective way to integrate migrants and a powerful tool for the socio-economic development of the country, in particular for solving unemployment. [Peshkova, 2018]

Generally speaking, migrants are more likely to be self-employed than native-born employees with comparable skills, and in many countries, the self-employment rates of migrants are higher than those of native-born. [Baycan-Levent, 2009; Stadler, 2017] The reasons for this may be structural. For example, from a market perspective, on the one hand, ethnic minorities experience difficulties integrating into the main economy (due to social exclusion, etc.), and on the other hand because they have an advantage in mobilizing ethnic resources and initiating ethnic markets. [Lin, 2014]

Even though entrepreneurs worldwide have some universal characteristics, some of them may also be culturally specific. The framework of Hofstede's cultural dimensions serves as the foundation for the association between entrepreneurial behavior and cultural values. According to studies, entrepreneurship is significantly influenced by national culture. [Eroglu, 2011]

The phenomenon of migrant entrepreneurship has traditionally been studied from sociological, psychological, and cultural perspectives, with few studies focusing on economic and managerial aspects of this issue. [[Li Q., 2021] In the context of Chinese migrants, discussing this issue in managerial context becomes particularly important because Chinese migrants are entrepreneurial and have significant innovation potential. Rather than taking up jobs in host countries, Chinese migrants are more likely to set up their businesses, generate new workplaces, and provide goods and services to the local labor force, targeting low-income consumers. These entrepreneurs can open import and export channels and contribute to restructuring of the Russian economy.

Chinese people have a long history of migrating to different parts of the world. Chinese migrant labor entrepreneurs live in social environments very different from their home countries, but their development has managed to continue and develop into a society with distinct Chinese cultural characteristics. In fact, the average standard of living of Chinese migrant entrepreneurs is not only much higher than that of their home countries but also above the average level of the host countries. All of this is a result of the distinct ethnic background and distinctive ethnic traits of Chinese migrants.

***The common characteristics of Chinese migrant entrepreneurs that influence their economic behavior in the host country***

*Focus on family or clan social capital.* Chinese culture has historically been shaped by ties within families and clans. In addition to having solid social ties, families and clans have steady economic relationships among their members. According to the traditional Chinese perspective, social capital is something that is naturally acquired by a child and is essential for their social survival. It is only natural for both recent and long-term Chinese migrants to preserve and capitalize on this solid family and clan

structure in order to further their own financial goals and seize chances for survival and advancement. For instance, Chinese migrants have developed “hometown associations” and “Chinese streets” in other countries. During the initial phase of capital accumulation, numerous prosperous Chinese migrant businesses are held by families. Family-owned companies are simple and affordable to launch, and they frequently benefit from the free intellectual and physical labor of their members. They are quick to judge, act quickly, and resilient. They can rely on relatives and family members for initial financing. During the time of high expansion, these companies also depend on the social capital created by the extensive networks within the Chinese community to grow quickly. The social network built on the foundation of familial ties is crucial for Chinese migrants. Family is a cultural, social, and economic construct. This outcome also appeared in an article published by Lu together with Piskunova in 2018. [Piskunova & Lu, 2018]

*A hard-working and thrifty social lifestyle.* Overseas Chinese people’s hardworking and thriftiness comes from the inheritance of traditional Chinese culture. The southeast coast of China is the place of large-scale migration in modern China, where agriculture, handicrafts and traditional fishery are all labor-intensive industries, and only hardworking people can get more harvests.

Among the various traditional Chinese cultures, overseas Chinese chose the one that best suited their development in a foreign society: the tradition of diligence and frugal living. Since they don’t have a lot of money, overseas Chinese regard migrating or working abroad as an opportunity to fulfil their dreams rather than as a kind of foreign investment. They consistently put up more effort than their peers from other ethnic groups with business, retail, laundry, handicrafts, etc. Comparatively speaking, they work longer hours and with far greater intensity than their counterparts. They have also exchanged more wealth for their labor than their contemporaries. [Zhang X. M., 2021]

Additionally, Chinese people have a long-standing habit of saving money, which they use to support their own families and relatives back home, as well as to help pay for their children’s education and take care of themselves in old age. Chinese living



abroad typically purchase real estate-like homes rather than renting them for consumption. [Chen, 2012]

*The spread of Chinese entrepreneurship into the global economy through concentrated penetration into the business environments of individual countries.* There are several methods for Chinese migrants in today's globalized world to launch a business abroad. The current trend is to divide up the various corporate operations, such as production, R&D, sales, marketing, and customer support, keeping the pertinent portions somewhere abroad and locating the remainder in China. [Wu M., 2021] Migrant entrepreneurs always first choose the United States, Australia, Malaysia, Singapore, Canada and EU, they are the most common migration directions. The reason why these regions are countries of immigration is that they have good migration policies. Studying the entrepreneurial activities of Chinese migrants in different countries can help us better comprehend the migration contribution and limitations in Russia.

According to the analysis in Table 1.2.1, it is evident that Chinese migrants in the *European Union, Canada, Singapore, Malaysia, Australia, and the United States* have a highly developed entrepreneurial activity and are active in a variety of industries, including high technology. The migrants also significantly boost the employment rate and national economies of the host countries.

The overseas Chinese transitioned from being survival migrants to becoming developed migrants as the new period began. Survival migrants (traditional migrants) are those who are mainly engaged in labor-intensive manual work and have a low social status.

The term “developed migrants” (new migrants) includes foreign students, unskilled labor, business migrants, labor migrants, and undocumented migrants. New migrants are the most economically and technically skilled migrants. They have a high social status, high cultural quality, and strong economic strength. Chinese migrants in these countries have highly developed entrepreneurial activity and are active in a variety of industries, including high technology. The migrants also significantly boost the employment rate and national economies of the host countries.

Table 1.2.1 – Comparative analysis of the contribution of Chinese migrants to the national economics in the United States, Australia, Malaysia, Singapore, Canada and EU. *Assembled by the author.*

	<b>US</b> [Committee of 100, 2019]	<b>Australia</b>	<b>Malaysia</b>	<b>Singapore</b>	<b>Canada</b>	<b>EU</b>
<b>The migrants began to engage in business activities</b>	1850s	1900s	1830s	1820s	1860s	1950s
<b>Prominent sectors for migration entrepreneurs</b>	Having and running mom-and-pop businesses, founding high-tech startups and working as executives for publicly traded companies.	Immigrant entrepreneurs run restaurants, retail stores, real estate firms, IT internet firms, intermediary firms that serve Chinese customers, or manufacturing companies. [Zhang Q., 2020]	Commerce, retail, planting, industry, wood processing, food industry, tourism, real estate, construction and other industries. [Wang H., 2018]	Business, retail, agriculture, manufacturing, woodworking, the food sector, tourism, real estate, construction, banking, and other industries all employ migrants. <sup>10</sup>	Chinese entrepreneurs in Canada worked in the catering and retail industries prior to the 1980s, then eventually branching out into the computer, communication, finance, energy, real estate, tourist, and other sectors. Numerous Chinese have excelled in the high-tech sector. [Wang H., 2018]	Conventional catering and service sectors, concentrate on local markets and residents. Chinese trading firms wholesale and market “Made in China” products, “quick fashion” clothing chain, coffee shops. [Li M., 2022]
<b>Amount, stock, size or flow of Chinese migrant entrepreneurs</b>	Over 160,000 accounting for close to 3% of all businesses with paid payroll (not including nonemployee businesses).	They were essential middlemen in Singapore, a bustling entrepot commercial center, facilitating the flow of Chinese goods and labor, European industrial goods, and local	Almost 80% of Malaysia’s top 40 wealthiest individuals in 2011 belonged to the Chinese ethnic group, and their enterprises were quite diverse. [Wu L., 2014]	Eight new migrants from China are included in Singapore’s top 50 wealthiest individuals, according to a 2021 list. Their combined fortune of 73.56 billion	On the Forbes World Rich List for 2021, there are 63 billionaires from Canada, and around 16% of them are Chinese migrants. Cai Chongxin, the co-founder of Ali, is	China had created about 2,000 enterprises in the EU as of 2015, with a total of around 47,000 employees. [ILO & IOM, 2017]

<sup>10</sup> This information is from the description of Hall 4 in Sun Yat Sen Nanyang Memorial Hall: Singapore Chinese Business Pioneers. URL: <https://www.sysnmh.org.sg/ch/education/-/media/SYS/Education/Documents/Permanent%20Galleries%20%20Gallery%204%20Chinese.pdf>. (in Chinese) (date of access: 05.09.2022).

		Southeast Asian goods. Around 70% of all business immigrants to Australia come from the Chinese mainland. [Chao, 2021]		US dollars accounts for 35% of the top 50 richest individuals' overall wealth. <sup>11</sup>	ranked second and is also the wealthiest Chinese in Canada. <sup>12</sup>	
<b>Contribution of migrant entrepreneurs to the local national economy</b>	They supported 1.3 million jobs in 2017. Their countries brought in US\$238 billion in revenue in 2017. In addition, compared to 15% of Americans overall, one in five Chinese Americans holds jobs in management, finance, and business. Chinese American businesses of the new generation have made significant contributions to US innovation and competitiveness, economic growth, and employment prospects. For instance, between 2011 and 2020, nine Fortune 500 companies were started or co-	Many highly successful companies have been founded and run by Chinese-Australian business owners. These businesses, which span all Australian industry sectors, provide significant economic benefits, diversify company perspectives, foster growth, and serve as a vital link between Australia and China. <sup>13</sup>	Chinese businesspeople, who play a significant role in the local economy, have emerged and developed as a result of the predominance of the Chinese population. In 2012, there were 35% more Chinese businesses in Malaysia, and their market share was 25.3%. 11.15% of the GDP in 2011 was made up of the fortunes of Chinese migrants who appeared on the Forbes Rich List. [Wu L., 2014; Long, 2012]	The Singapore Chinese Chamber of Commerce and Industry celebrated its 110th anniversary in September 2016. Prime Minister Lee Hsien Loong attended the event and noted that the Chamber has grown to be a significant ally of the government in the economic transformation process and will continue to play a crucial role in future economic development. And create a powerful network of Chinese businesspeople around the world to support the growth of the economy, trade, culture, and	While the majority of Chinese companies in Canada continue to work in conventional sectors like catering and retail, some have achieved great success in high-tech fields. ATI Corporation (which manufactures computer image chips), Fidelity Technology Corporation (which manufactures computers), Damao Energy Co., Ltd. (which deals with new energy and environmental protection), and CV Technologies Corporation (biomedicine) are among well-known	The Chinese business model in Europe is evolving away from the homogeneity of the initial “ethnic companies” or “ethnic specialization” and in the direction of more taxation and employment development for the local population. Companies don't just hire Chinese people, they hire people of all ethnicities. [Li M., 2022]

<sup>11</sup> The information was published on NetEase Media Technology: Eight of Singapore's top 50 billionaires are from China, accounting for 35 percent of the top 50 billionaires' total wealth. URL: <https://c.m.163.com/news/a/H8A8GO6605394IK2.html>. (in Chinese) (date of access: 05.11.2023).

<sup>12</sup> The data from Chinese account Yi Boshuo, and published on Baidu website: One-sixth of Canada's rich list are Chinese faces, most among e-commerce and property tycoons, vaccine gurus. URL: <https://baijiahao.baidu.com/s?id=1706668743272785331&wfr=spider&for=pc>. (in Chinese) (date of access: 05.09.2022).

<sup>13</sup> From the news of The university of SYDNEY: Young, innovative, connected: meet the new Australian-Chinese entrepreneurs. URL: <https://www.sydney.edu.au/news-opinion/news/2020/09/01/young-innovative-connected--new-australian-chinese-entrepreneurs.html> (date of access: 05.09.2023).

	founded by Chinese Americans.			society. [Wang J., 2016]	businesses. [Wang H., 2018]	
<b>The old migrant entrepreneurs</b>	Mom-and-pop storefronts, laundry, Chinese restaurant, hotels.	They operate small-scale restaurants, supermarkets, cafes, stores, and other types of retail establishments. [Wang H., 2018]	Traditional retail trade, international trade and product sales. [Wang H., 2018]	They engaged in traditional handicrafts and service-related businesses, such as clothing factories, Chinese eateries, supermarkets, and grocery stores. [Long, 2012]	Before the 1980s, the majority of Chinese businessmen in Canada worked in the hospitality and retail sectors. [Wang H., 2018]	The four traditional industries are the food service sector, the leather industry, the apparel business, and the trading industry. [Wang H., 2018]
<b>The new migrant entrepreneurs</b>	Find jobs in private companies and professional field outside of Chinatown, high-tech industries like software, healthcare, and artificial intelligence. The majority of the owners of these enterprises have studied abroad, or even studied, worked, and lived abroad; they frequently have had extensive experience in a particular professional field, increasing their likelihood of starting a business.	Who were born in China but largely educated in Australian tertiary education institutions and shaped by Australia's commercial landscape. They are more likely to work in import and export-related industries, such as the wine industry. [Wang H., 2018]	Chinese businessmen have steadily entered the real estate, information, healthcare, and new energy sectors in recent years. [Wang H., 2017]	They are diverse in their backgrounds, have far greater levels of education and professional expertise than the first wave of migrants to Singapore, and are highly specialized. And acupuncture and physical treatment rooms, Chinese medical clinics, remittance firms, real estate agencies, middleman companies, Chinese-style wedding companies, cram schools, etc. [Long, 2012]	Chinese migrants are the largest recent source of migration to Canada and they predominate economic migration, particularly skilled migration. Expand gradually to other industries including computer, communication, banking, energy, real estate, and tourism. Numerous Chinese businessmen in Canada have excelled in the high-tech sector. [Wang H., 2018]	Several Chinese businesspeople from Europe have ventured into the banking, real estate, logistics, intermediary service, legal consulting, travel, hotel, and cross-border e-commerce sectors. Chinese businessmen with specialized skills work in high-tech fields including healthcare and electronic information. [Wang H., 2018]

<p><b>How to attract high-quality migrant entrepreneurs</b></p>	<p>Firstly because the government provides better supporting services and quick startup instances, and secondly because the US market is the only one where the development of new economy venture capital, making it an ideal environment for listed companies like WebEx and Zoom. [Wu M., 2021]</p>	<p>For commercial migrants, there is a specific visa. Australia established an entrepreneurial migration category in which migrant entrepreneurs with thorough business plans and funding may move there permanently. And a variety of policies and programs were implemented in areas including language, education, welfare, the labor market, and the law to help migrants settle. To meet the education and training needs of immigrant entrepreneurs; minimize government red tape and compliance costs; and improve government communication with immigrant entrepreneurs. [Collins, 2003; Xu, 2019]</p>	<p>Malaysia promotes, welcomes, and draws foreign investment. To do this, the government has developed initiatives and offered a variety of incentives, all of which allow for the free repatriation of capital and profits. [Ruan, 2022]</p>	<p>Singapore has loosened its migration policies and increased efforts to attract and keep talent. These include assisting migrants with technical expertise in obtaining permanent residency; government grants for companies hiring foreign nationals; assistance for skilled foreign workers' short-term housing needs; various overseas recruitment programs; and regular job networking and information sessions in major cities around the world. [Gong, 2013]</p>	<p>Favorable migration laws, including the well-known points system in Canada, have drastically altered Canada's demographics and multicultural culture. Canada has created a policy that emphasizes the movement of talented workers, entrepreneurs, and investors. More and more talented migrants are coming to Canada, drawn by its reputation as a cosmopolitan country and its cutting-edge migration policy. [Lin, 2014]</p>	<p>Europe has a points-based migration system, that allows economic migrants to qualify for work visas based on their characteristics and qualifications without necessarily requiring a job offer. In addition, European businesses are welcoming talented Chinese students who have finished their studies in Europe due to the demand for young, highly skilled migrants in Europe. Employing overseas students who can manage the disparate cultures of China and Europe is of particular importance to European businesses looking to enter the Chinese market. [Lin M., 2022]</p>
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*Chinese migrants actively form social networks, including interaction with the local community:*

It is worth noting that Asian migrants, especially Chinese migrants, used the practice of “guanxi” in regular personal communication as an indication of social capital produced from ethics. Although guanxi is used in commercial connections, it's not the same as corruption. While guanxi involves the development of a longer-term relationship that implies equal respect in the relationship as well as giving and receiving (gifts or favors), an exchange is created out of friendship. Guanxi has both advantages and disadvantages. Chinese people and many other-born Asian populations see the social embeddedness of guanxi as a resource while growing and establishing their businesses. [Collins, 2010]

Another highly unique aspect is that the Asian migrant's usage of community or family resources may be exclusive to them and unavailable to other potential applicants. “Entrepreneurial chains” exist in Chinese migrant businesses. That is, many people work in the same or closely related businesses, especially if they are already lucrative. As a result, the majority of newcomers could depend on their own prior experience as well as that of family members or community members who worked in related fields. Another way that close family and community networks may affect entrepreneurship is by giving access to unofficial sources of funding and information. Chinese migrants have access to a dependable labor pool because of their strong links to their families and communities, which may help their businesses grow. [Basu, 1998]

In terms of China, the Chinese diaspora is dispersed over the globe and has access to a variety of human resources. The One Belt One Road plan put out by the Chinese government may be strengthened by the global Chinese business network, which combines the best aspects of Chinese and other cultures. This will help advance both Chinese and international economic development. The Chinese government is encouraging SMEs to expand internationally and believes that Chinese entrepreneurs can help transform China's global economy. [Zeng, 2021]

Migrants are able to connect to their home country more readily from the perspective of Chinese ethnic characteristics. Most Chinese migrants are connected by

friendship and kinship. This result is also presented in the Lu's article with Piskunova L. in 2018. [Piskunova & Lu, 2018] They can utilize these social relationship resources across borders because of their extensive network of connections. [Collins, 2010]

### **1.3 The Concept of Ethnic Entrepreneurship in its Reflection on The Economic Behaviour of Chinese Migrant Entrepreneurs in Russia**

#### ***Russian migrant entrepreneurs' present situation***

International migration has long been a feature of Russian reality. On the one hand, it has a significant impact on the economy and labor market situation in Russia, and on the other, it is intimately linked to industry specialization and labor market specialization. Migrants want to maximize the value of their experience in Russia, they actively engage in business enterprises as well as hired labor, which allows them to participate in the Russian labor market and the country's macroeconomy. As a result, migrant entrepreneurs regularly own and operate businesses such as public catering, small-scale wholesale and retail trade, car repair, and garment repair.

While the Russian government is generally aware of the importance of the growth of small and medium-sized businesses, there is not enough discussion of migrant entrepreneurs at the level of government departments. Additionally, there is a widespread myth in the Russian public that migrant entrepreneurs drive locals out of certain economically desirable niches and that their own companies are part of the informal economy, which suggests illegal methods of conducting business and even its criminality. [Peshkova, 2018]

The main focus of theories of ethnic entrepreneurship is how a person's ethnicity or status as a member of an ethnic minority affects their decision to start a business. [Basu, 1998] The author interprets Chinese migrants engaged in entrepreneurial activities in Russia as a special ethnic group entrepreneurship by analyzing the ethnic characteristics of Chinese businessmen in conjunction with the Russian business environment, and by using the theoretical framework of ethnic entrepreneurship as a

basis for research to arrive at the factors influencing Chinese migrants' entrepreneurship in Russia.

### ***Ethnic characteristics of Chinese migrant entrepreneurs in Russia***

In the 1990s, Chinese migrant entrepreneurs first appeared in Russia in the form of profiteers<sup>14</sup>. In the beginning, the majority of the profiteers arrived in Russia via rail. They moved between Russia and China while carrying various goods on their shoulders.

With China's reform and opening up, there was a "go into business" in society in the late 1980s and early 1990s. Specifically, to quit their jobs at state-owned companies, government organizations, or other institutions and start their own businesses. Large numbers of Chinese people started going overseas, thus started a wave of migration. In simultaneously, around 80% of wholesale prices and 90% of retail prices have been liberalized in Russia. Russian society suffered from a severe lack of basic requirements. All foreigners, foreign goods, and foreign capital were welcome to enter Russian society. China at the time had a richness of the light industrial goods that Russia sorely needed. Because of this, many Chinese businessmen took advantage of the chance to enter Russia and engaged in trading activities to promote Chinese goods. These guys were known as "profiteers" at the time. [Wang Y., 2020]

The profiteer's income was relatively high in the early days, and many people became extremely wealthy. The Sino-Russian private trade was initially established by them. Later, Russia tightened admittance requirements for profiteers and intensified its management. One after another, logistics firms specializing in Sino-Russian trade were being fully funded.

### ***Circular and long-term migrants***

According to some Russian academics, Chinese migrants to Russia are more like "circular migrants" rather than people who are looking to settle down. Cut off from the outer world, they create their own individual small circles. Pendulum migrants refer to migrant groups engaged in transnational business operations. Chinese migrant

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<sup>14</sup> This unique group first appeared in China during the 1980s. This is used to describe those who buy and sell commodities for a profit by taking advantage of variations in market pricing. Because of a severe lack of light industrial consumer goods in Russia towards the end of the 1980s, "profiteers" started to go outside of the country for opportunities (e.g., shipping textiles from China to Russia and then Russian leather back to China, etc.).



entrepreneurs in Russia are mostly work in transnational business activities. They deliver goods from China and pickup at the Russian border. Then choose a sales outlet in Russia and establish them own business there. [Yu, 2018] Chinese people establish their own networks in both countries, utilize various strategies based on their needs, and use these social resources internationally to create their own living spaces and commercial networks. At the same time, Chinese entrepreneurs in Russia are characterized as “long-term migrants” who have successfully obtained a temporary residence permit (PBII) or a residence permit (BHЖ) to stay in Russia for a long period and run their businesses.

A full commercial chain for the production, distribution, and sale of commodities has been developed by this transnational commercial activity. However, there is also a lot of grey customs clearance, which is an informal trade. Chinese migrant entrepreneurs often hold business visas and work visas, and some even hold tourist visas in Russia. Others are in Russia illegally to operate a business despite having expired visas. During the pandemic, this was very common. Numerous migrants found themselves in the embarrassing position of having “nowhere to go” because of China’s severe entry regulations, increasing multitude of visa inspections, and stricter immigration policies in Russia. In addition, this transnational business method is easily affected by bilateral relations and local policies. Moscow has repeatedly confiscated goods, expelled expired visas, and closed markets on the grounds of illegal goods and illegal immigration. Many Chinese immigrant entrepreneurs were forced to give up their businesses in Russia and return to their motherland. [Yu, 2021]

#### *Creation and utilization of social networks*

The use of ethnic resources in doing business in another country can serve to provide security and psychological support for the foreign community as it is settling into a new place, while at the same time providing a multifaceted spatial expression of the ethnic content of the relationship between the migrant individual, the group, and the ancestral homeland.

The unique cultural characteristics of Chinese migrants are difficult to be assimilated by the local society in a short period of time, and in the process of adapting

and integrating, they will maintain their own circle of contacts and national identity, showing a diversified localization approach. Chinese migrant labor entrepreneurs in Russia look for opportunities to survive between the two countries, turning to wherever there are better opportunities, and although they have a desire to return to their home country, it is difficult for them to completely disassociate from the place where they migrated, and when they return to their home country and find it difficult to continue to reside in their hometowns, they will again develop the idea of leaving the country. [Yu, 2021]

Migrant entrepreneurs form their networks both in the host country and in the home country, actively using these social resources to create international business spaces. The mixed type of migration allows Chinese entrepreneurs to utilize dual social networks that can form the basis for technology transfer and access to host country resources. Most of the Chinese who come to Russia to invest or start a business will consult local “acquaintances” before deciding whether to do business or not. And when they ultimately decide to enter the Russian market, they will surely hire Chinese migrant entrepreneurs from abroad. Due to the fact that they have lived in Russia for a long time, they are well-versed in the local market and customer preferences, and are highly skilled in international trade. Therefore, Chinese migrant entrepreneurs have more potential than entrepreneurs from other countries.

*Dependencies in adaptive capacity on the cultural distance between the host country and the home country*

The ethnic economy of Chinese migrants in Russia is characterized, on the one hand, by concentration, but in a way that does not resemble the Chinatown model that functions as an ethnic economic agglomeration in most other countries. Whereas most Chinese migrants concentrate in local minority markets and engage in transnational ethnos-economic activities, such places of doing business are places where multinational migrants gather together, forming a multifaceted ethnic agglomeration. They are segregated from mainstream society and make greater use of their own ethnic resources. On the other hand, they are decentralized and more deeply embedded in the

local economy and society, but engage in an ethnic economy and maintain strong economic and social ties with the home country.

Chinese migrants in Russia are a relatively “young” migrant population when compared to Chinese migrants in other nations because they primarily arrived after Chinese economic reform. Furthermore, it implies that they haven’t had enough time to firmly establish themselves in Russian society. This indicates that they are not stable and continue to struggle with community inclusion. Making money and conducting business is the primary reason for most Chinese migrants. The majority of people don’t think Russia will be a great location to live in the future. They are unwilling to take the initiative to modify their situation because they are in the psychological condition of “sojourn”. The vast majority of Chinese migrants within the ethnic market are less educated, have poor communication skills in Russian, do not wish and find it difficult to get out of the market, coupled with the more xenophobic national psychology of Russia and the differences between Chinese and Russian cultures, these people simply cannot or do not want to have further contact with the other local ethnic groups, which creates a certain dilemma of integration, and they mainly survive locally through the use of ethnic transnational resources.

In general, Chinese immigrants face severe hardships in Russia due to the rigorous immigration and visa policies. Many Chinese migrants have been here for a long time, but they typically don’t have a sense of belonging because of the traditional Chinese people’s mentality that they simply want to make money and do not want to move. They are accustomed to everything here, but establishing a new life in China is difficult for them because of family and professional responsibilities. Chinese migrant business owners are faced with this dilemma. The majority of people don’t think Russia will be a great location to live in the future. [Yu, 2021]

#### *Social entrepreneurship of Chinese migrants*

Chinese migrant entrepreneurs offer cost-effective goods and services that meet the needs in the lower price segment for Russian residents. Local entrepreneurs actively use migrants’ products for their business, which contributes to the development of small and medium-sized enterprises in the country. In turn, Chinese migrant

entrepreneurs create new jobs for the Russian labor force, thus making a significant contribution to the socio-economic development of local communities.

Chinese migrant entrepreneurship in Russia not only supplies affordable, high-quality goods but also functions as a source of security and psychological support for the ethnic community during the settlement process. This entrepreneurial activity manifests the complex interplay of ethnic identity, group dynamics, and host country relations in a spatially diverse manner. The role of migrants in shaping economic exchanges and promoting small and medium-sized social enterprises was highlighted.

The interdisciplinary approach presented in the thesis allows us to explain the nature of economic behavior and the specifics of entrepreneurship of Chinese migrants, combining elements of ethnic entrepreneurship, social entrepreneurship under the influence of migration incentives and restrictions, which allowed us to define it as a separate type of ethnic entrepreneurship.

In Chapter 1, the theoretical foundation of this research draws on an interdisciplinary approach, combining different theories to refract the Ethnic Entrepreneurship Theory on Chinese migrant entrepreneurs' enterprises, constituting the theoretical framework of migrant entrepreneurship research. The special object of migration is analyzed through Migration Theory about Entrepreneurship Theory and Ethnic Entrepreneurship Theory in conjunction with migrant entrepreneurship opportunities. Social Entrepreneurship Theory is used to present the possible social effects of migrant entrepreneurship.

## **CHAPTER 2: METHODOLOGY FOR STUDYING THE FACTORS OF ETHNIC ENTREPRENEURSHIP OF CHINESE MIGRANTS IN RUSSIA**

### **2.1 Methods of Empirical Research on Migrant Entrepreneurship: Existing Approaches and Their Limitations**

The analysis of existing methodologies for studying Chinese migrant entrepreneurship in Russia is a critical step towards understanding the complexities and nuances of this phenomenon. Researchers have employed various approaches to shed light on the motivations, challenges, and successes of Chinese entrepreneurs operating in market.

Sinkovics and Reuber, two esteemed researchers in the field of entrepreneurship, employed a comprehensive *Literature Review* methodology to meticulously investigate the driving forces behind migrant entrepreneurship. They argue that this field of study has been dominated by disciplinary silos, with different disciplines offering different perspectives but seldom engaging with each other. To address this issue, they systematically analyze the literature across multiple disciplines, including economics, sociology, psychology, and management. This in-depth examination aimed to shed light on both the “push factors” and “pull factors” that influence individuals to embark on entrepreneurial ventures in foreign lands.

Push factors typically refer to the challenging or unfavorable conditions in an individual's home country that compel them to seek opportunities elsewhere. These can include economic instability, political unrest, or limited job prospects. By contrast, pull factors are the attractive aspects of a host country that draw migrants, such as better economic opportunities, supportive business environments, or a more welcoming immigration policy. [Sinkovics, 2021]

In the book “Ethnic Economies,” Ian Light employs a *Literature Review* to develop a comprehensive framework for understanding ethnic entrepreneurship. This framework integrates various perspectives from different disciplines, including economics, sociology, psychology, and management. Light’s analysis of the existing

literature reveals both commonalities and differences across studies, highlighting the need for a more integrated approach.

Through this comprehensive review, Light identifies key themes and trends in the research on ethnic entrepreneurship. He explores factors that drive individuals to start businesses in their respective ethnic communities, as well as challenges they face and strategies they employ to achieve success. Additionally, he examines how government policies and societal norms influence entrepreneurial activity among different ethnic groups.

The framework developed by Light serves as a valuable tool for scholars seeking to advance our knowledge of this complex phenomenon. By bringing together diverse perspectives from multiple disciplines, it enables a more holistic understanding of the factors that shape ethnic entrepreneurship and its impact on society at large. [Light, 2000]

Ronald C. Kloosterman *combines the micro-dimension of migrant entrepreneurship with the macro-institutional framework* in his study. He proposes a framework for analysing a mixed embeddedness perspective that aims to analyse the match between opportunities and resources in migrant entrepreneurship.

With this framework, Kloosterman emphasises the social networks and resource accessibility of migrant entrepreneurs at the micro level, which includes the entrepreneurs' individual resources such as financial capital, human capital (including education and skills), social capital (including social networks), and potentially ethnic capital (within a particular diaspora). As well as their institutional environment and policy support at the macro level, which includes national and local economic policies, regulations, labour market structures, welfare systems, business systems (e.g. highly coordinated, fragmented or segregated business systems) and the broader socio-cultural environment. He argues that these two dimensions interact with each other and together shape the behaviour and decision-making processes of migrant entrepreneurs.

Through this analytical approach, which combines micro and macro dimensions, Kloosterman is able to understand the complexity and diversity of migrant entrepreneurship more fully. His findings suggest that successful migrant entrepreneurs

not only possess strong individual capabilities and access to resources, but are also able to effectively utilise the opportunities and support available in the macro-institutional environment. [Kloosterman, 2010]

Runova N. Y., in research conducted *in-depth interviews* to uncover the challenges faced by migrant entrepreneurs operating within the Russian economic landscape. Through this qualitative study, she delved into the experiences of entrepreneurs from diverse ethnic backgrounds, seeking to understand the unique obstacles they encounter while establishing and maintaining their businesses.

The interviews revealed that migrant entrepreneurs often face significant barriers related to legal and administrative issues. These include difficulties in obtaining necessary permits and licenses, navigating complex bureaucratic procedures, and dealing with discriminatory practices that limit their access to resources and markets. The lack of familiarity with the Russian language and cultural norms can further exacerbate these challenges, making it harder for them to establish strong networks and secure necessary support.

Moreover, Runova's findings highlighted financial constraints as another major issue faced by migrant entrepreneurs. Many struggle to secure adequate funding for their ventures due to limited access to formal banking and financial services. This can restrict their ability to invest in growth, innovation, and marketing, ultimately hindering their competitiveness in the market.

Social and cultural integration is another area of concern. Migrant entrepreneurs often find it difficult to build trust with local customers and partners, which can lead to stigmatization and reduced demand for their products or services. This can result in a vicious cycle of isolation and underperformance, as they are unable to fully tap into the potential of the Russian market. [Runova, 2023]

Dyatlov V.I., a researcher in the field of sociology, employed a combination of *semi-structured and free-form interviews* to delve into the intricate dynamics of the so-called "Chinese market" phenomenon in Russia. This in-depth study aimed to uncover the unique characteristics, challenges, and social implications of these ethnic markets, which are primarily formed by Chinese immigrants and serve as economic and cultural

hubs within the post-Soviet urban landscape. Interviews were conducted with market vendors, visitors, law enforcement officials, and representatives of the municipal government and market management. These interviews provided insights into the dynamics of the market, the experiences of participants, and the interactions of the market with migration and ethnic processes.

Semi-structured interviews allowed him to maintain a consistent set of guiding questions while still allowing for flexibility and adaptability in the conversation, ensuring that participants could elaborate on their experiences and perspectives in their own words. This approach was crucial for understanding the complex interplay between the Chinese immigrants, local communities, and the broader economic and political context.

Free-form interviews, on the other hand, enabled Dyatlov to encourage participants to share their stories and thoughts without strict constraints, allowing for a more organic exploration of their experiences in the “Chinese market.” This method facilitated the uncovering of unanticipated insights and nuances that might have been overlooked in a more rigidly structured interview format. [Dyatlov, 2020]

Yu T., a researcher in the field of Chinese entrepreneurship in Russia, used *in-depth interviews* to explore the group of Chinese businessmen who entered Russia in the late 1980s to sell Chinese light industrial goods in the Russian capital, Moscow. Through direct contact with the study participants, Yu T. gathered first-hand information about their experiences, struggles, and strategies for success. These interviews provide simple data and experiences of Chinese businessmen in the process of development in Russia. The interviews also reveal the problems Chinese businessmen faced during the economic crisis and how they adapted and transformed. The results of the interviews help us understand the changing dynamics of the Chinese business community and their survival in Russia.

The interviews reveal how these entrepreneurs have adapted to the changing economic conditions, such as the transition from the “profiteer” to operating in designated markets, and eventually to establishing more formal companies and brands. The study also highlights the impact of events like the global financial crisis on the



Chinese business community and their efforts to overcome challenges and find new opportunities.

Yu T.'s study is a valuable contribution to the understanding of the complexities involved in international business, highlighting the importance of qualitative research methods in capturing the lived experiences of entrepreneurs in unfamiliar environments. It could potentially inform policy recommendations or future research in the field of international entrepreneurship and cross-cultural adaptation. [Yu, 2018]

Peskova V. M. has proposed a new approach for future researchers in the study, which aims to evaluate the entrepreneurial activities of Central Asian migrants in Russia. She proposes leveraging *Russian statistical data sources*, specific data from Rosstat (the Federal State Statistics Service) and the statistics of Federal Taxation Service, to gain a comprehensive understanding of the extent and success of these migrants' businesses.

By analyzing Rosstat data, Peskova argues that it is possible to track the number of businesses established by Central Asian migrants, their sectoral distribution, and the overall economic contribution they make to the Russian economy. Additionally, the statistics of Federal Taxation Service provide valuable insights into the financial health and compliance of these businesses. By examining tax returns, one can assess the revenue, profitability, and tax-paying behavior of Central Asian migrant-owned enterprises. This information can be used to gauge the level of integration and the economic impact of these migrants on local communities and the broader Russian economy.

Peskova's research highlights the importance of using official data sources to overcome the challenges of measuring the economic activities of migrant entrepreneurs. By combining data from Rosstat and Federal Taxation Service, she aims to provide a more accurate picture of the business landscape shaped by Central Asian migrants in Russia. [Peshkova, 2018]

The underlying motivations for entrepreneurship are often difficult to identify, so researchers use qualitative methods such as semi-structured and in-depth interviews to identify them. However, qualitative methods have limitations: they apply to the

analysis and observation of a limited number of migrants and do not allow generalization to large samples. Therefore, qualitative methods must be complemented by quantitative data.

However, it is very unfortunate that the existing research methodology does not take into account the use of official statistics on migrants, and similarly, there is little research on the structure of the entrepreneurial environment in the receiving country. It can be said that there does not exist a mature and systematic methodological approach to the study of Chinese migrant entrepreneurs in Russia.

Therefore, the author suggested that the research should use triangulation in the process of data collection and processing in order to increase the reliability of the information base of the study and enhance the explanatory power of the results. This integrated methodology not only enriches the research but also offers valuable insights for policymakers, practitioners, and academics seeking to support and stimulate entrepreneurial activities.

## **2.2 Problems of Forming a Database for the Study of Chinese Entrepreneurship in Russia**

To study the issue of entrepreneurship among Chinese migrants, it is necessary first to analyse the Russian entrepreneurial environment from a macro perspective. This means that Russia should be compared in the world market of entrepreneurship to understand its position and characteristics.

The PSEDI (Panel Study of Entrepreneurial Dynamics)<sup>15</sup> and GEM (Global Entrepreneurship Monitor) represent groundbreaking global research programs that have amassed an extensive database of statistically sound and quantifiable information, enabling researchers to conduct in-depth comparative studies on entrepreneurial activities worldwide. These longitudinal initiatives have been instrumental in shedding

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<sup>15</sup> The Panel Study of Entrepreneurial Dynamics (PSED) is a research project initiated and conducted in the U.S. that focuses on investigating and understanding various aspects of the entrepreneurial process. PSED collects data through detailed questionnaires and interviews on potential and start-up founders, their backgrounds, motivations, opportunity identification, access to resources, innovation activities and business growth.

light on the nuances and trends within the entrepreneurial landscape, fostering a deeper understanding of the factors that drive or hinder startup ecosystems across different regions.

Despite the invaluable insights provided by these programs, a significant challenge arises when it comes to comparing the development of Small and Medium Enterprises (SMEs) on a global scale. The definitions of SMEs are not standardized internationally, and each country has its own set of criteria for classifying businesses as SMEs. These criteria can encompass aspects such as the number of employees, annual turnover, asset values, or even the industry sector. For example, one country might define an enterprise with 50 employees as an SME, while another might set the threshold at 250. The lack of uniformity in these definitions creates a complex landscape for researchers, making it nearly impossible to directly compare the absolute progress and growth of SME sectors between countries. [Dolgopyatova, 2021]

In the context of Russia's economic landscape, the availability of data on small and medium-sized enterprises (SMEs) and entrepreneurship is a crucial aspect for policy formulation and academic research. The Unified Register of Small and Medium-Sized Enterprises, maintained by the government, serves as a comprehensive database that captures essential information on these businesses, including their legal status, ownership, and economic activities. This register is a valuable tool for understanding the overall entrepreneurial ecosystem and tracking the performance of SMEs in Russia. To accurately assess the level of SME development across borders, researchers must account for these disparities and engage in meticulous data harmonization and adjustment processes. This often involves converting the data to a common framework or benchmark, which can be a time-consuming and resource-intensive task. [Zemtsov, 2020] A global system for categorizing businesses in the SME sector would be ideal since it would enable various nations to use the same standards while making adaptations for regional context and would enable more globally comparable data to be gathered. Since there is currently no such system, it is challenging to compare the relevance of SME sectors and the seriousness of their problems. Despite the fact that

some international organizations, like the OECD, collect national statistics with the same (typically simple and easily understandable) standards. [Barinova, 2019]

It is extremely challenging to compare the absolute values used to measure the level of SME development in each country because the worldwide criteria for assessing the performance of SMEs are not universal. The author had to locate a globally standardized database that included Russian entrepreneurship. The Organization for Economic Cooperation and Development (OECD) and Eurostat, fortunately, serve as the primary statistical sources of data on the expansion of entrepreneurship in various countries around the world.

Which countries' performances should be used to compare Russia's (RUS)? The author singles out socialist legerdemain or CMEA countries in the first place, they have the common past, primarily the institutions. However, compared to European countries, Asian post-communist countries have less entrepreneurial cultural traditions in common with Russia. Secondly, the group of former Soviet Union countries, because the former life history is very similar. And among these countries, the author particularly take these countries to make a comparison: Poland (POL), Czech Republic (CZE), Hungary (HUN), Romania (ROU), Slovakia (SVK), because Russia and these six countries are similar in terms of economic development, particularly in industries. As data on Chinese SMEs are absent from the OECD and Eurostat, it is necessary to assess Chinese and Russian entrepreneurial activities separately, they cannot put together in one comparison with former countries.

### ***The Russian entrepreneurial indicators in comparison***

Table 2.2.1 - Criteria for classification as SMEs in Poland, Czech Republic, Hungary, Romania, Slovakia. *Using data from Eurostat* <sup>16</sup>

POL, CZE, HUN, ROU, SVK, RUS	By number of employees	By annual turnover (EUR)	By balance sheet (EUR)
Medium-sized businesses	50-249	≤ 50 million	≤ 43 million
Small businesses	10-49	≤ 10 million	≤ 10 million
Micro-enterprises	1-9	≤ 2 million	≤ 2 million

<sup>16</sup> The data from Eurostat, EU small and medium-sized enterprises. URL: <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/edn-20220627-1> (date of access: 05.06.2023).

Poland, Czech Republic, Hungary, Romania, and Slovakia have the same SME standards. SMEs are defined as employing less than 250 persons. They should also have an annual turnover of up to EUR 50 million, or a balance sheet total of no more than EUR 43 million.

Table 2.2.2 - Criteria for classification as SMEs in Russia. *Using data from RANEPА (PAHXuFC)* [Antonova, 2020]

Classification standards	By number of employees	By operating income (RUB)
	Russian standards	Russian standards
Medium-sized businesses	101-250	≤ 2 000 million
Small businesses	16-100	≤ 800 million
Micro-enterprises	< 15	≤ 120 million

When comparing the standards for SMEs in Russia and the other five countries, it can be seen that they all have fewer than 250 employees in common.

Russian SMEs are categorized according to international standards in the OECD's 2017 report [OECD, 2017]. The author will compare the indicators of entrepreneurial activity in various countries in the following sections.

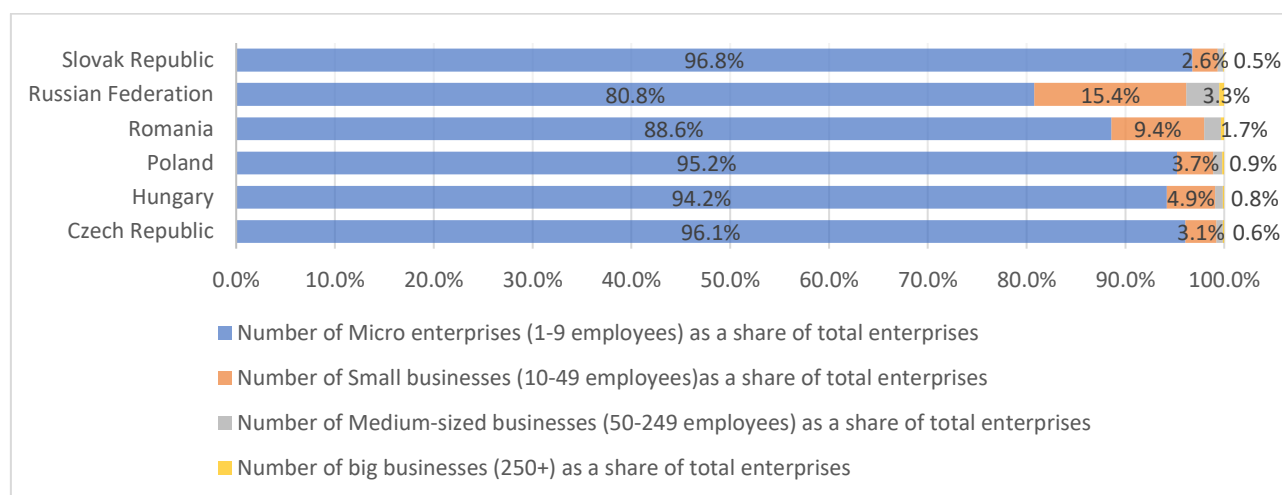


Figure 2.2.1 – Enterprises by size in six countries in 2014 or latest available year.

*Using data from OECD and assembled by the author* [OECD, 2017]

According to the OECD's 2017 study, SMEs account for over 99% of all enterprises in each of the six countries. However, compared to the other countries, Russia has a substantially lower percentage of micro enterprises (1–9 employees). In comparison to other countries, the percentage of small (10-49) and medium-sized (50-

249) businesses is larger. Even while this data isn't the most recent, it does to some extent show that Russian microbusinesses aren't very powerful. (Figure 2.1.1)

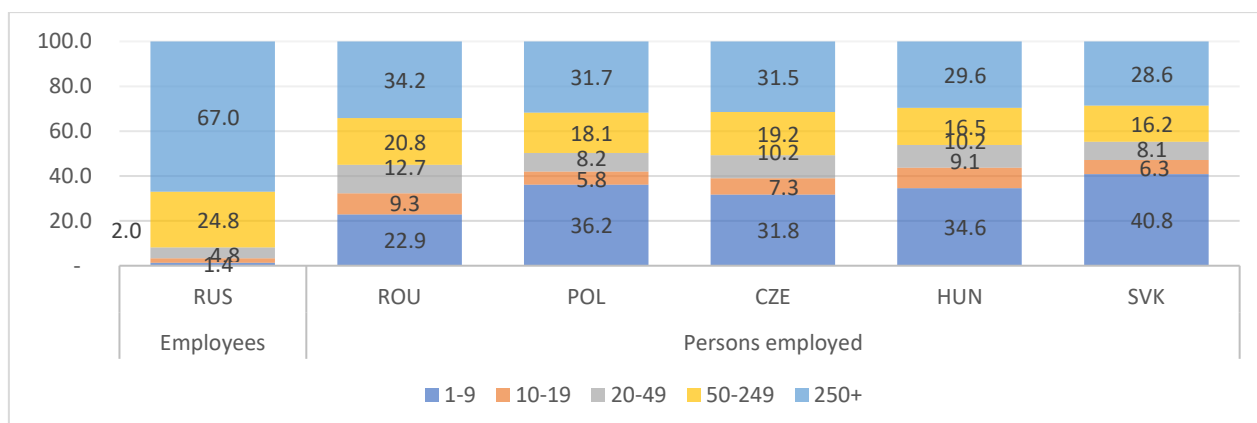


Figure 2.2.2 – Employment by enterprise size in six countries, percentage of all persons employed, in 2014 or latest available year. *Using data from OECD and assembled by the author [OECD, 2017]*

\* Data for RUS are based on number of employees.

The graph in Figure 2.2.2 makes it very evident that just 33% of all Russian workers are employed by SMEs. The other 5 countries, meanwhile, are all above 65%. The author concludes that employment is extremely high despite the low number of big businesses by comparing this result to the statistics in Figure 2.2.1. Russian micro enterprises (1–9), which have the most companies overall, provide the lowest employment rate at just 1.4%. It is obvious that SMEs are not in Russia acting as they should.

Despite using a standardized method and a single platform to generate a report on the entrepreneurial activity of enterprises in Russia and five other countries in 2017, the OECD has not updated the most recent data. The author calculates their indicators of entrepreneurial activity for 2021 using the data from European Commission and Register.

Table 2.2.3 -The number of SMEs and employees, average number of employees per SME and number of SMEs of per 1000 people in 2021. *Using data from European Commission <sup>17</sup>, Register, the World Bank <sup>18</sup> and assembled by the author. [Register]*

	The number of SMEs in 2021	The number of employees of SMEs in 2021	Average number of employees per SME	Number of SMEs, per 1,000 people in 2021
Czech Republic	1 040 622	2 471 708	2,4	99,1
Hungary	673 524	1 976 404	2,9	69,4
Romania	530 050	2 718 572	5,1	27,7
Slovakia	497 173	1 169 936	2,4	91,3
Poland	2 040 017	6 676 566	3,3	54,0
Russia	5 839 009	14 638 722	2,5	40,7

According to Table 2.2.3's statistics, Russia has the most SMEs and employees among six countries. Additionally, there is not a significant difference between the number of employees per SME in Russia and the other five nations. However, there are just 40,7 SMEs per 1,000 persons in Russia, which is a relatively low number. Russia only ranks higher than Romania among the six nations, which indicates that the scale of Russian SMEs has not grown sufficiently.

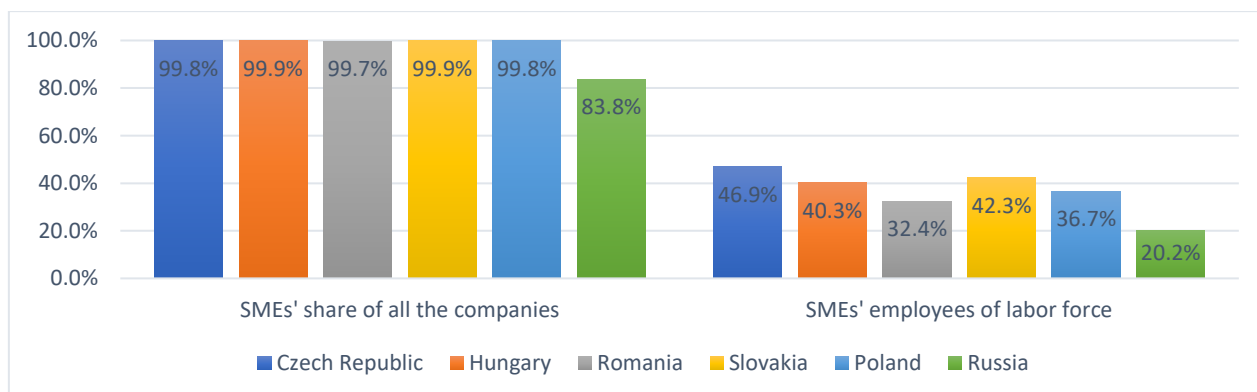


Figure 2.2.3 – SMEs' share of all the companies and the SMEs' employees of whole labor force in 2021. *Using data from European Commission, Register, SPARK <sup>19</sup>, The world bank and assembled by the author.*

<sup>17</sup> European Commission SME Performance Review // Internal Market, Industry, Entrepreneurship and SMEs. European Union. URL: [https://single-market-economy.ec.europa.eu/smes/sme-strategy/sme-performance-review\\_en](https://single-market-economy.ec.europa.eu/smes/sme-strategy/sme-performance-review_en) (date of access: 05.09.2024).

<sup>18</sup> The data from The World Bank, about GDP growth, Labor force and Population in these countries. URL: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=RU>, <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN>, <https://data.worldbank.org/indicator/SP.POP.TOTL> (date of access: 12.05.2023).

<sup>19</sup> SPARK, CIIAPK: the data about Russian SMEs. URL: <https://spark-interfax.ru/statistics> (date of access: 05.02.2023).

Figure 2.2.3 depicts the proportion of SMEs among all companies and their workforce in general among six nations. Compared to Figure 2.2.1, the figures from Register and SPARK in 2021 show that SMEs make up 83.8% of all enterprises in Russia. The lowest of the six countries is represented by this number. Additionally, Russian SMEs make up only 20.2% of the labor force, the lowest percentage among the six countries.

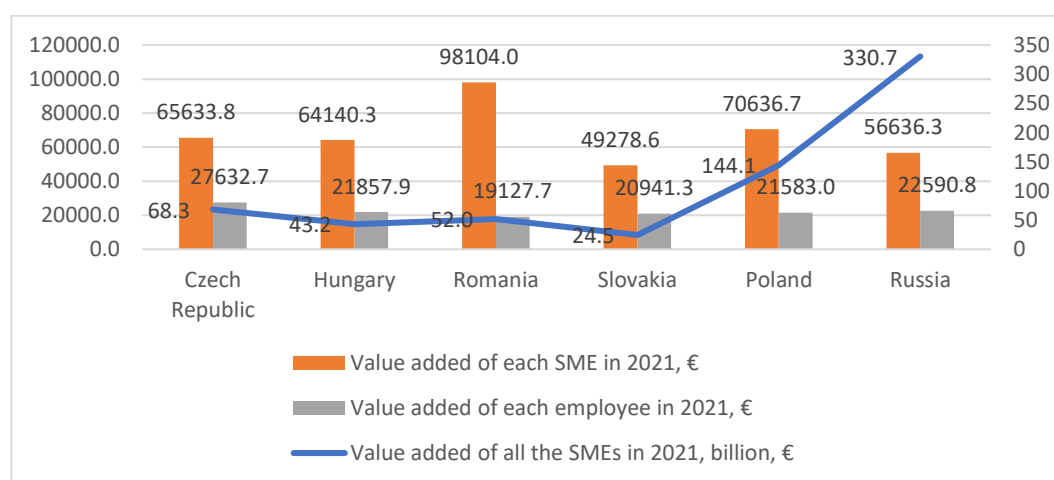


Figure 2.2.4 – Value added of all the SMEs, each SME and each employee in 2021.

*Using data from European Commission, Rosstat<sup>20</sup> and assembled by the author.*

\* Russian data is calculated based on the exchange rate between the rouble and the euro in January 2023.

The value added produced by Russian SMEs is the highest of the six countries, as shown in Figure 2.2.4. The value added by Russian SMEs is lower when separated by company and employee. This implies that Russian SMEs' value-added procedures are less effective than those in other post-communist countries.

### ***The Russian entrepreneurial conditions in comparison***

According to the above-mentioned analysis, compared with the former communist camp and the former Soviet Union countries — Poland, the Czech Republic, Hungary, Romania, and Slovakia despite having the most SMEs and employees overall, Russia has the least percentage of SMEs and the lowest SME labor force. Furthermore,

<sup>20</sup> The data about Small and medium-sized entrepreneurship in Russia, from Rosstat: Federal State Statistics Service (Федеральная служба государственной статистики. Росстат). URL: [https://rosstat.gov.ru/bgd/free/b99\\_10/isswww.exe/stg/d010/i010810r.htm](https://rosstat.gov.ru/bgd/free/b99_10/isswww.exe/stg/d010/i010810r.htm) (date of access: 05.09.2023).



Russia has the highest value added of the selected country's SMEs, but the value added of each SME and employee is not particularly significant. This demonstrates how Russian SMEs' potential has not been utilized.

The vitality and prosperity of society are directly correlated with entrepreneurship. It is also a powerful factor that drives economic expansion. It encourages the important innovation required to take advantage of new opportunities, increase productivity, and create jobs, as well as solve some of society's biggest problems. [GEM, 2022] The entrepreneurial environment and the business climate may have an impact on the difference in entrepreneurial activity between Russia and the other chosen nations. Consequently, it is vital to compare the conditions surrounding entrepreneurial development in different nations.

GEM conducts survey-based research on global entrepreneurial ecosystems and entrepreneurship. GEM is an online association of national country teams that are largely linked to top academic institutions. It is the only international research source that gathers information on entrepreneurship directly from business owners. The entrepreneurial ecosystem of an economy is described and evaluated by GEM using Economic Framework Conditions (EFCs). The condition of these EFCs can support, impede, or altogether prevent the establishment of new firms as well as the growth of new startups into established businesses that can produce stable revenues and jobs. The National Entrepreneurship Context Index, a recent addition in the GEM approach, allows for a single score to represent the quality of an economy's entrepreneurial ecosystem, or environment for entrepreneurship (NECI). [GEM, 2022]

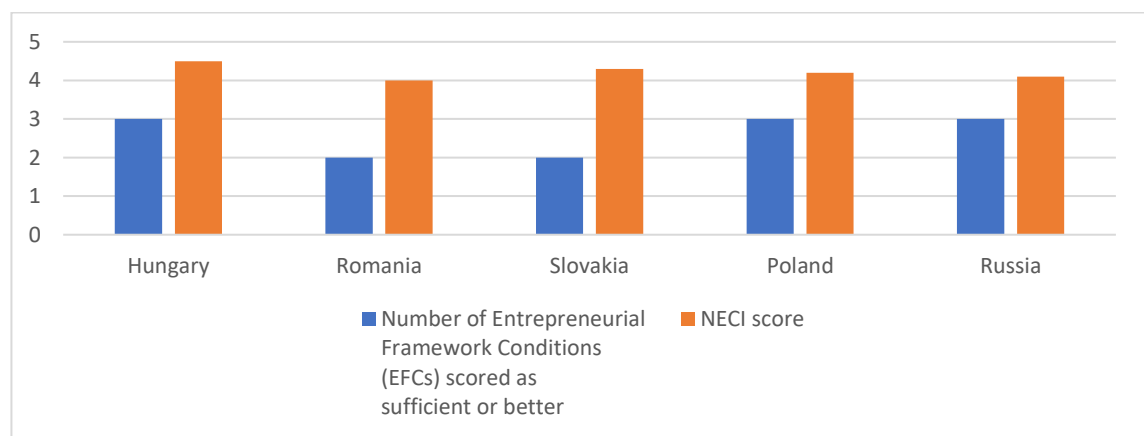


Figure 2.2.5 – National Entrepreneurship Context Index and number of Entrepreneurial Framework Conditions (EFCs) scored as sufficient or better (score  $\geq 5$ ). *Using data from GEM. [GEM, 2022]*

The entrepreneurial context or framework conditions are deemed sufficient or better if these two indices are more than 5. The entrepreneurial climates in these countries are comparable, in the opinion of GEM experts, but neither can be deemed to have a favorable entrepreneurial environment. (Figure 2.2.5)

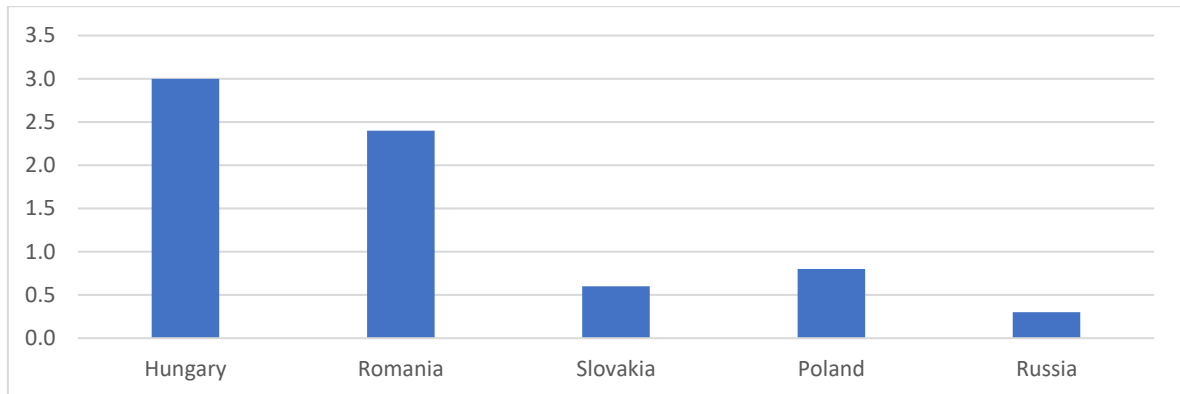


Figure 2.2.6 – Entrepreneurial Employee Activity (% of adults aged 18–64). *Using data from GEM. [GEM, 2022]*

Percentage of people who work for other people, including big businesses and government agencies, can be rather high in some economies, especially more developed ones. Even if they work for another company, these people are still regarded as entrepreneurial as long as they are involved in creating new goods, starting a new business unit, etc.

The rate of entrepreneurial activity among Russian employees is the lowest when compared to Hungary, Romania, Slovakia and Poland. This may be a sign that Russian SME employees lack much entrepreneurial motivation. (Figure 2.2.6)

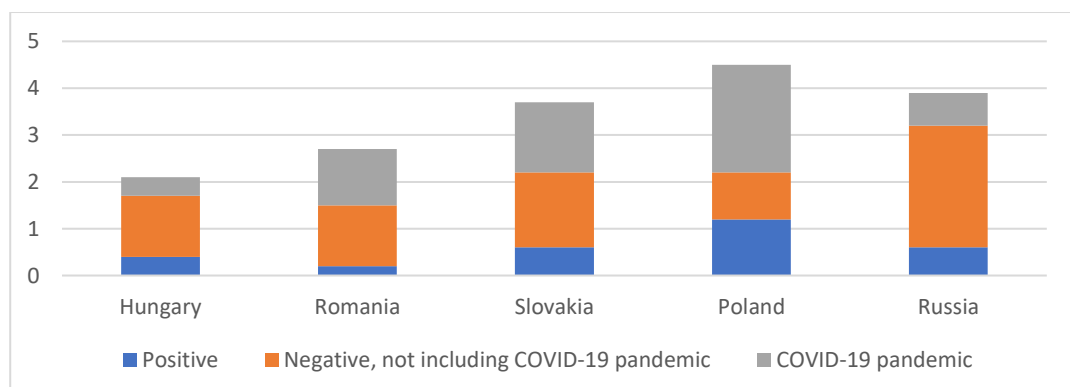


Figure 2.2.7 – Business exits, and reason for exit (positive, negative “non-COVID” and COVID-related), % of adults aged 18–64. *Using data from GEM. [GEM, 2022]*

Exiting a business can be done for a variety of reasons. Negative factors include low sales or profitability, the cost of taxes or bureaucracy, the inability to access resources, such as financing, or some changes in one’s personal situation. Additionally, a firm may have been impacted by the coronavirus pandemic directly through illness, lockdowns, or other interruptions, or indirectly through its effects on markets and supply chains. However, there are also positive reasons to quit a business, such as the potential to sell the company for a profit, the appeal of a good or stable job, or some other business opportunity, as well as the requirement to plan for retirement. [GEM, 2022]

According to the GEM report (Figure 2.2.7), the exit rate of small and medium-sized enterprises in Russia due to the impact of the pandemic is meager. Compared with other countries, it seems that other negative reasons than COVID have caused companies to exit the market. However, it might also imply that insurmountable obstacles, like bureaucracy, always stand in the path of Russian start-ups.

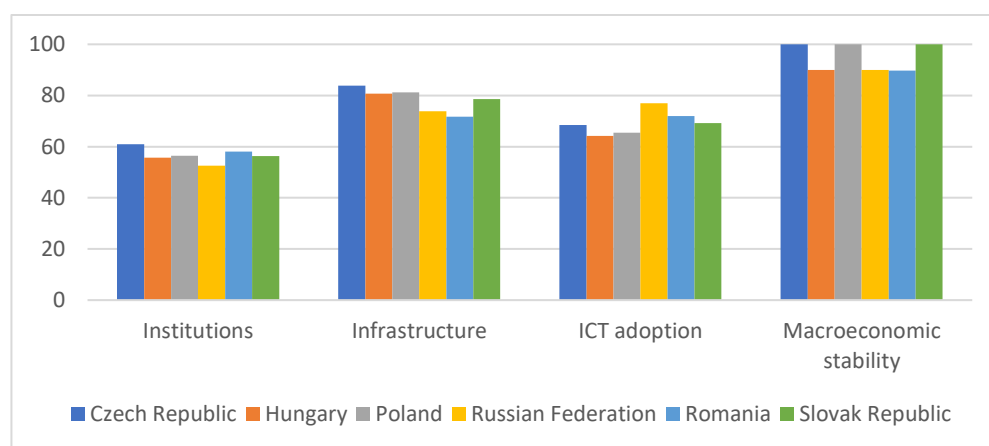


Figure 2.2.8 – The Global Competitiveness Index 4.0 in 2019 (institutions, infrastructure, ICT adoption, macroeconomic stability). *Using data from WEF.*

[World Economic Forum, 2019]

Russia’s institutions scored poorly among the six nations, with Transparency scoring especially badly, as seen in Figure 2.2.8. In contrast, Russia has the highest rate of ICT adoption among the six nations.

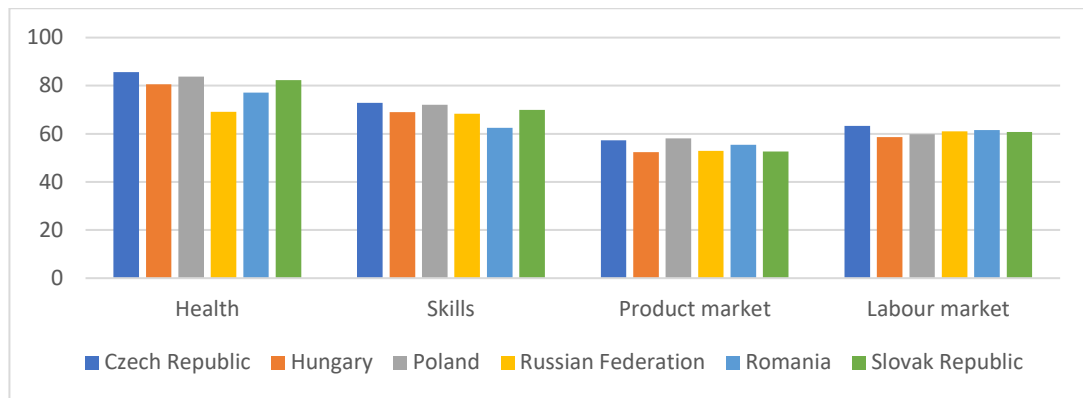


Figure 2.2.9 – The Global Competitiveness Index 4.0 in 2019 (health, skills, product market, labour market). *Using data from WEF.* [World Economic Forum, 2019]

Figure 2.2.9 shows that Healthy life expectancy is shorter in Russia than in the other selected countries. In addition, Russia's Skills of the workforce are among the highest among the six countries.

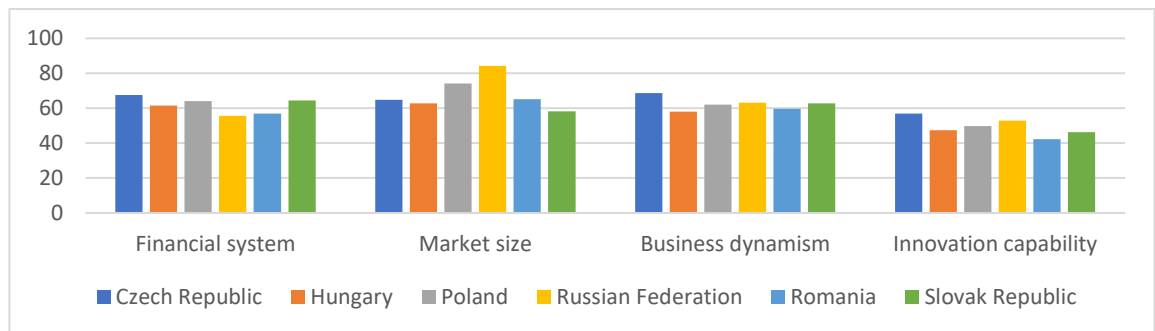


Figure 2.2.10 – The Global Competitiveness Index 4.0 in 2019 (financial system, market size, business dynamism, innovation capability). *Using data from WEF.* [World Economic Forum, 2019]

The weak Russian Financial system can be deduced from Figure 2.2.10. However, both the Market size and the level of Innovation are quite competitive.

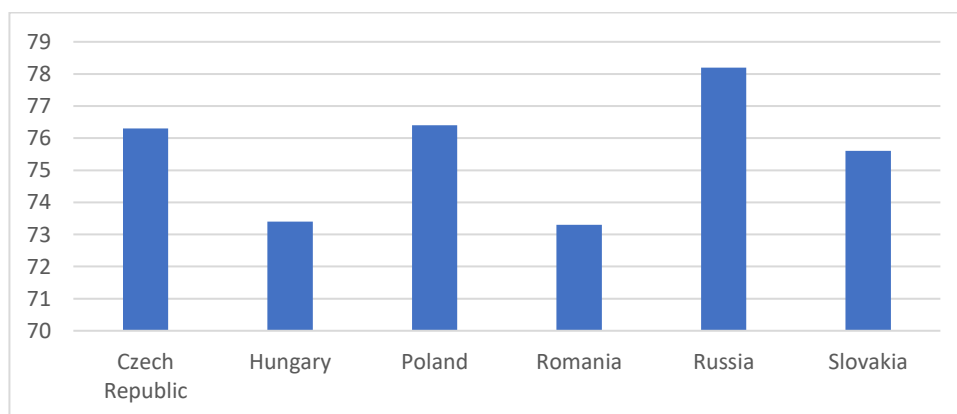


Figure 2.2.11 – Ease of doing business ranking in 2020. *Using data from World Bank Group.* [The World Bank, 2020]

The World Bank Group’s Doing Business 2020 report shows that the business environment in Russia is very good, especially when compared to other selected countries (Figure 2.2.11).

Despite the fact that a significant number of people are involved in SME entrepreneurship in Russia and that the overall contribution of SMEs to GDP is about 20 percent, Russia has the lowest share of SMEs among all firms and the lowest SME labour force compared to the other countries that were studied. This indicates that the potential of Russian SMEs is not being fully utilised.

### ***The differences between entrepreneurial environments in Russia and China***

Small and medium-sized businesses are the backbone of the country’s economy and are crucial for raising labour productivity, increasing employment, closing income inequalities, and fostering market competition. SMEs are receiving increasing amounts of attention from China and Russia. China has a system of gradient cultivation for high-quality SMEs<sup>21</sup>, while Russia has a “Strategy for the Development of Small and Medium-Sized Businesses.” The measurement criteria for SMEs in China and Russia also differ from one another.

Table 2.2.4 - Chinese MSME classification standards. *Using data from the reports of Renmin university of China and assembled by the author* [R&D Centre for Microfinance, 2019]

Classification standards	By number of employees	By operating income (rubles)*
	Chinese standards	Chinese standards
Medium-sized businesses	100-300	259.01-2 590 million
Small businesses	10-100	41.69-259.01 million
Micro-enterprises	<10	<41.69 million

\* Corporate income is computed using the typical Renminbi to Ruble exchange rate in 2017, as that was the year that the Chinese corporate standard was last modified.

<sup>21</sup> All the information from Ministry of Industry and Information Technology of China, and published on the Beijing News official account. URL: <https://baijiahao.baidu.com/s?id=1742581900226152454&wfr=spider&for=pc>. (in Chinese) (date of access: 05.09.2023).

Russia and China have differing standards in regards to SMEs. (Table 2.2.2, Table 2.2.4) However, there aren't many differences in the maximum number of employees or the definition of income. In light of this, it can be said that the SME indicators of these two nations can be compared and researched.

### ***Comparison of indicators of entrepreneurial activity in Russia and China***

Table 2.2.5 - Comparison of Russian and Chinese SMEs' indicators of entrepreneurial activity. Using data from the World Bank<sup>22</sup>, Rosstat, SberData, SPARK, Register, Federal Customs Service<sup>23</sup>, President of the Russian Federation in the Urals Federal District<sup>24</sup>, Bank of Russia<sup>25</sup>, The State Council of PRC<sup>26</sup>, People's Daily Online<sup>27</sup>, report of Zeping Ren<sup>28</sup>, Beijing News, Ministry of Commerce of China, Chinese Academy of International Trade and Economic Cooperation, People's Bank of China<sup>29</sup> and assembled by the author [Ren, 2021; Ministry of Industry and Information Technology, 2022; Han, 2022]

	<b>Russia</b>	<b>China</b>		<b>Russia</b>	<b>China</b>
Number of SMEs in the end of 2021, including individual entrepreneurs	5,839,009	151,000,000	SMEs' share of the GDP on average	20%	60%

<sup>22</sup> The labor force and total population from the World Bank. URL: <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN>, <https://data.worldbank.org/indicator/SP.POP.TOTL> (date of access: 05.09.2023).

<sup>23</sup> Federal Customs Service-Федеральная таможенная служба published the data about Results of foreign trade of the constituent entities of the Russian Federation (all exports). URL: <https://customs.gov.ru/statistic/exp-rf-msp/vneshn-torg-smp-itogi> (date of access: 15.12.2023).

<sup>24</sup> President of the Russian Federation in the Urals Federal District (Официальный сайт полномочного представителя Президента Российской Федерации в Уральском федеральном округе) published the report "small and medium entrepreneurship in Russia". URL: <http://uralfo.gov.ru/media/files/file/UgCf61U21DQK34LRPL2V0KJYbcODlkKg.pdf> (date of access: 05.09.2024).

<sup>25</sup> Bank of Russia (Банк России) published the report "loaning to subjects small and medium-sized businesses". URL: [https://cbr.ru/collection/collection/file/35425/stat\\_bulletin\\_lending\\_2106-04.pdf](https://cbr.ru/collection/collection/file/35425/stat_bulletin_lending_2106-04.pdf) (date of access: 05.12.2022).

<sup>26</sup> The State Council of the People's Republic of China published the information: "Chin's registered individual business households reached 103 million, achieving a historic breakthrough". URL: [http://www.gov.cn/xinwen/2022-01/27/content\\_5670765.htm](http://www.gov.cn/xinwen/2022-01/27/content_5670765.htm); and "2022 More than half of new corporate loans in the first three quarters went to private companies". URL: [https://www.gov.cn/xinwen/2023-01/10/content\\_5735962.htm](https://www.gov.cn/xinwen/2023-01/10/content_5735962.htm). (in Chinese) (date of access: 05.09.2023).

<sup>27</sup> People's Daily Online published the news: The number of small, medium and micro enterprises in China reached 48 million. URL: <https://baijiahao.baidu.com/s?id=1742816791108387934&wfr=spider&for=pc>. (in Chinese) (date of access: 05.03.2023).

<sup>28</sup> Postdoctoral fellow at Tsinghua University School of Economics and Management, Chinese economist, Ren is a former chief economist at the real estate giant China Evergrande Group.

<sup>29</sup> People's Bank of China published a study on "Research on improving the financing system for micro, small and medium-sized enterprises". URL: <http://www.pbc.gov.cn/redianzhuanli/118742/4122386/4122510/4214277/index.html>. (in Chinese) (date of access: 05.09.2024).

Number of SMEs, including individual entrepreneurs, per 1,000 people in the end of 2021	40.7	106.9	The percentage of SMEs' employees among all labor force in the end of 2021	20.2%	50.5%
Expected life of companies, months on average	35.3	49.5	MSMEs' share of all enterprises in the end of 2021	83.8%	98.1%
Share of SMEs in total exports in the end of 2021	11.6%	57.7%	Tax revenues as a share of all budget revenues	20% (in 2022)	20% (in 2022)
SME loan share	16.3% (in 01.05.2021)	64.96% (in 2020)			

We might be astonished to learn that China has an excessive number of MSMEs based on the aforementioned indicators. (Table 2.2.5) In comparison to Russia, China has more SMEs, including individual entrepreneurs per 1,000 people. Only 20% of the GDP in Russia is contributed by SMEs, compared to 60% in China, which is considerably greater than the average for developed countries [World Trade Organization, 2016]. Furthermore, comparatively, Chinese SMEs can offer a greater variety of jobs, and MSMEs make up a higher percentage of all companies.

Using the above indicators as a benchmark, in Russia, because the SME sector is burdening a large part of the labor force and has a relatively low share of the country's GDP and a relatively modest share of exports, tax revenues, loans, etc., it can be inferred that SMEs currently play the role of social stabilizers, mostly. Chinese SMEs, on the other hand, take on more of the growth-driven function, seeing SMEs as the driving force behind the restructuring of the economy. This gap highlights the different roles and economic impact of SMEs in the two countries. Such findings come from the results of the author's 2024 study on the comparison of the entrepreneurial environment in China and Russia. [Lu, 2024]

Table 2.2.6 - The top three with the highest concentration of SMEs in Russia and China. *Using data from SberData and Renmin University of China and assembled by the author* [R&D Centre for Microfinance, 2019]

	<b>Russia</b>	<b>China</b>
The top three with the highest concentration of SMEs	Wholesale and retail trade – 36.51% Transport and storage – 10.28% Construction – 8.59%	Manufacture – 21.74% Retail trade – 14.81% Wholesale business – 11.48%

The author can only compare the most well-known industries of SMEs from pertinent research studies because it is impossible to ask about the precise industrial distribution between Russia and China. Table 2.2.6 demonstrates that the great majority of SMEs in both countries are engaged in wholesale and retail trade. In addition, according to the 2016 World Trade Organization report, the majority of MSMEs (85% of micro companies and 72% of SMEs) are engaged in the services industry, particularly in the wholesale and retail trade, [World Trade Organization, 2016] this is also consistent with the situation of Russia and China.

### ***Comparison of entrepreneurial conditions in Russia and China***

The degree of entrepreneurship development in a country is strongly influenced by its business environment. The previous paragraph displayed the indications of business activity between Russia and China. In this paragraph, the entrepreneurial environments of Russia and China will be compared using data from significant international organizations like the World Economic Forum, IMD World Competitiveness Center, World Intellectual Property Organization, etc.

Table 2.2.7 - Global Competitiveness Index Rank of Russia and China in 2019, out of 141 economies. [World Economic Forum, 2019]

	<b>Russia</b>	<b>China</b>		<b>Russia</b>	<b>China</b>
Overall	43 <sup>rd</sup>	28 <sup>th</sup>	Energy efficiency regulation	44 <sup>th</sup>	21 <sup>st</sup>
Market size	6 <sup>th</sup>	1 <sup>st</sup>	Transport infrastructure	49 <sup>th</sup>	24 <sup>th</sup>
E-Participation	23 <sup>rd</sup>	29 <sup>th</sup>	Electricity access	2 <sup>nd</sup>	2 <sup>nd</sup>
Incidence of corruption	116 <sup>th</sup>	75 <sup>th</sup>	ICT adoption	22 <sup>nd</sup>	18 <sup>th</sup>
Quality of land administration	15 <sup>th</sup>	27 <sup>th</sup>	Macroeconomic stability	43 <sup>rd</sup>	39 <sup>th</sup>
Government ensuring policy stability	88 <sup>th</sup>	45 <sup>th</sup>	<b>Current workforce</b>	47 <sup>th</sup>	77 <sup>th</sup>
Legal framework's adaptability to digital business models	51 <sup>st</sup>	24 <sup>th</sup>	Skills of current workforce	49 <sup>th</sup>	37 <sup>th</sup>
Domestic competition	53 <sup>rd</sup>	43 <sup>rd</sup>	Future workforce	55 <sup>th</sup>	61 <sup>st</sup>
<b>Competition in services</b>	17 <sup>th</sup>	87 <sup>th</sup>	Skills of future workforce	63 <sup>rd</sup>	38 <sup>th</sup>
<b>Flexibility of wage determination</b>	17 <sup>th</sup>	100 <sup>th</sup>	<b>Workers' rights</b>	49 <sup>th</sup>	93 <sup>rd</sup>
Ease of hiring foreign labor	91 <sup>st</sup>	39 <sup>th</sup>	Financial system	95 <sup>th</sup>	29 <sup>th</sup>
Pay and productivity	37 <sup>th</sup>	27 <sup>th</sup>	Domestic credit to private sector % GDP	64 <sup>th</sup>	8 <sup>th</sup>
Business dynamism	53 <sup>rd</sup>	36 <sup>th</sup>	<b>Financing of SMEs</b>	118 <sup>th</sup>	34 <sup>th</sup>
Cost of starting a business % of GNI per capita	27 <sup>th</sup>	9 <sup>th</sup>	<b>Entrepreneurial culture</b>	77 <sup>th</sup>	34 <sup>th</sup>
Time to start a business days	62 <sup>nd</sup>	56 <sup>th</sup>	<b>Attitudes towards entrepreneurial risk</b>	59 <sup>th</sup>	31 <sup>st</sup>
Innovation capability	32 <sup>nd</sup>	24 <sup>th</sup>	<b>Growth of innovative companies</b>	96 <sup>th</sup>	42 <sup>nd</sup>



Research and development	23 <sup>rd</sup>	10 <sup>th</sup>	<b>Companies embracing disruptive ideas</b>	71 <sup>st</sup>	25 <sup>th</sup>
Scientific publications	22 <sup>nd</sup>	13 <sup>rd</sup>	Buyer sophistication	80 <sup>th</sup>	19 <sup>th</sup>
Research institutions prominence	9 <sup>th</sup>	2 <sup>nd</sup>	<b>Labor market</b>	62 <sup>nd</sup>	72 <sup>nd</sup>

The Global Competitiveness Report noted that (Table 2.2.7) the markets in China and Russia are sufficiently sizable. Both parties' ICT adoption and innovation capabilities have advanced significantly. In China, rigidity in wage setting and redundancy, conflictual industrial relations, limited participation of women, and a lack of internal mobility all seriously impair the functioning of the labor market. China is inferior to Russia in this regard. China has an advantage in addition to several entrepreneurial metrics (Financing of SMEs, Entrepreneurial culture, Attitudes towards entrepreneurial risk).

Table 2.2.8 – The Global Talent Competitiveness Index Rank of Russia and China in 2021, out of 134 countries. [INSEAD, 2021]

	<b>Russia</b>	<b>China</b>		<b>Russia</b>	<b>China</b>
Regulatory Landscape	95 <sup>th</sup>	67 <sup>th</sup>	<b>Formal Education</b>	24 <sup>th</sup>	21 <sup>st</sup>
Rule of law	108 <sup>th</sup>	76 <sup>th</sup>	<b>Vocational enrolment</b>	23 <sup>rd</sup>	61 <sup>st</sup>
Political stability	97 <sup>th</sup>	78 <sup>th</sup>	<b>Tertiary enrolment</b>	15 <sup>th</sup>	57 <sup>th</sup>
Regulatory quality	98 <sup>th</sup>	90 <sup>th</sup>	<b>Reading, maths, and science</b>	30 <sup>th</sup>	1 <sup>st</sup>
Corruption	107 <sup>th</sup>	64 <sup>th</sup>	University ranking	24 <sup>th</sup>	4 <sup>th</sup>
Ease of doing business	26 <sup>th</sup>	29 <sup>th</sup>	Lifelong Learning	64 <sup>th</sup>	3 <sup>rd</sup>
R&D expenditure	37 <sup>th</sup>	14 <sup>th</sup>	<b>Business and economics subject ranking</b>	21 <sup>st</sup>	3 <sup>rd</sup>
ICT infrastructure	58 <sup>th</sup>	41 <sup>st</sup>	Prevalence of training in firms	104 <sup>th</sup>	1 <sup>st</sup>
Investment in emerging technologies	46 <sup>th</sup>	32 <sup>nd</sup>	<b>Environmental performance</b>	56 <sup>th</sup>	99 <sup>th</sup>
<b>Migrant stock</b>	49 <sup>th</sup>	134 <sup>th</sup>	<b>Lifestyle</b>	77 <sup>th</sup>	102 <sup>nd</sup>
<b>Brain gain</b>	76 <sup>th</sup>	15 <sup>th</sup>	<b>Personal rights</b>	111 <sup>th</sup>	128 <sup>th</sup>
<b>Women in tertiary education</b>	69 <sup>th</sup>	82 <sup>nd</sup>	<b>Personal safety</b>	110 <sup>th</sup>	84 <sup>th</sup>
<b>Population with secondary education</b>	67 <sup>th</sup>	95 <sup>th</sup>	<b>Physician density</b>	18 <sup>th</sup>	70 <sup>th</sup>
<b>Ease of finding skilled employees</b>	45 <sup>th</sup>	12 <sup>th</sup>	<b>Sanitation</b>	73 <sup>rd</sup>	85 <sup>th</sup>
<b>Relevance of education system to the economy</b>	72 <sup>nd</sup>	12 <sup>th</sup>	<b>Researchers</b>	32 <sup>nd</sup>	46 <sup>th</sup>
<b>Population with tertiary education</b>	2 <sup>nd</sup>	88 <sup>th</sup>	<b>Availability of scientists and engineers</b>	46 <sup>th</sup>	28 <sup>th</sup>
Innovation output	57 <sup>th</sup>	6 <sup>th</sup>	High-value exports	35 <sup>th</sup>	7 <sup>th</sup>
<b>New product entrepreneurial activity</b>	87 <sup>th</sup>	15 <sup>th</sup>	<b>Scientific journal articles</b>	42 <sup>nd</sup>	50 <sup>th</sup>

Russia and China are performing well globally in terms of talent competition. (Table 2.2.8) They are the top two BRICS nations. Both nations have high levels of corruption, which also gives Chinese people some “adaptability” to conduct business

in Russia. The Ease of doing business, R&D expenditure, ICT infrastructure, and Investment in emerging technologies of the two countries are among the top in the world. Russia's Migrant stock, Population with secondary and tertiary education, Vocational enrolment, and Tertiary enrolment are obviously better than China's. Russia is so appealing in terms of the "people quality" that many Chinese are concerned about. These benefits of Russia, which appeal to Chinese immigrants, are also present there: Environmental performance, Lifestyle, Personal rights, Physician density and Sanitation. In terms of technological innovation, Russian Researchers and Scientific journal articles have advantages. Additionally, China has more access to scientists and engineers and has higher High-value exports, Innovation output, and New product entrepreneurship. In terms of education system, Relevance of education system to the economy, Lifelong Learning, Business and economics subject ranking and Prevalence of training in firms China performed better.

Table 2.2.9 – The world competitiveness of Russia and China in 2021, out of 64 countries [IMD, 2021]

	<b>Russia</b>	<b>China</b>		<b>Russia</b>	<b>China</b>
Real GDP growth (%)	20 <sup>th</sup>	3 <sup>rd</sup>	Consumer price inflation (%)	55 <sup>th</sup>	44 <sup>th</sup>
Unemployment rate (%)	10 <sup>th</sup>	28 <sup>th</sup>	<b>Competitiveness Ranking</b>	45 <sup>th</sup>	16 <sup>th</sup>
<b>The strengths of competitiveness in the world</b>					
<b>Russia</b>			<b>China</b>		
Gasoline prices	Collected personal income tax		Public finances	<b>Resilience of the economy</b>	
Long-term unemployment	Employee social security tax rate		Adaptability of government policy	Risk of political instability	
Start-up procedures	Women in management		Social cohesion	Collected personal income tax	
Remuneration in services professions	Female labor force		Start-up procedures	Working hours	
Remuneration of management	Skilled labor		<b>Need for economic and social reforms</b>	Labor force (%)	
Working hours	Labor force (%)		Changing market conditions	Business value system	
Finance skills	Women with degrees		<b>Entrepreneurship</b>	<b>Attitudes toward globalization</b>	
Graduates in Sciences	Higher education achievement		Use of big data and analytics	Students who are not low achievers - PISA	
Mobile Telephone costs	Electricity costs for industrial clients		Environment-related technologies	University education index	
Broadband subscribers	<b>Medical assistance</b>		Public-private partnerships	Primary and secondary education	

<b>Access to financial services – gender ratio</b>		High-tech exports (%)	ICT service exports
<b>The weaknesses of competitiveness in the world</b>			
<b>Russia</b>		<b>China</b>	
Consumer price inflation	<b>Resilience of the economy</b>	Cost-of-living index	Office rent
Cost-of-living index	Food costs	Rule of law	Youth exclusion
Life expectancy at birth	Rule of law	Disposable Income	Foreign investors
Venture capital	Foreign investors	Cost of capital	Foreign labor force - migrant stock
Cost of capital	Pension funding	Exposure to particle pollution	Access to financial services
Population-growth	<b>Use of digital tools and technologies</b>	<b>Total early-stage Entrepreneurial Activity</b>	Large corporations
<b>Attitudes toward globalization</b>	<b>Entrepreneurship</b>	Student mobility inbound	Human development index
Image abroad or branding	<b>Need for economic and social reforms</b>	Total public exp. on education per student	<b>Medical assistance</b>
Language skills		Total health expenditure	

The World Competitiveness Report, which IMD releases in 2021, compiles Russia's and China's competitive advantages and disadvantages. (Table 2.2.9) For businessmen in both nations, the Startup process is straightforward. And it's obvious that Russia has a significant edge in these fields: Employee social security tax rate, Women in management, Female labor force, Remuneration in services professions and management, Women with degrees, Skilled labor. Additionally, Russia has the prerequisites to draw businesspeople in terms of infrastructure, Gasoline prices, Mobile Telephone costs, Electricity costs for industrial clients and Broadband subscribers. Furthermore, Russia is noted for its social appeal and educational benefits, including its success in Medical assistance and Higher education achievement. China's outstanding advantage is Resilience of the economy, which is a disadvantage for Russia. Adaptability of government policy, Social cohesion, Public finances, Need for economic and social reforms (For Russia, this is a drawback), Changing market conditions are all excellent indicators of Chinese government efficiency.

The Cost-of-living is extremely high for the two economics. Russian society's Attitudes toward globalization and Entrepreneurship are competitive traps, but they are strong points for China. The Image abroad or branding and Language skills both

require urgent improvement. Office rent, Disposable Income and Foreign labor force - migrant stock - are three areas where China is not globally competitive. China's global level of Total early-stage Entrepreneurial Activity is likewise behind. Chinese entrepreneurs may leave the homeland for a variety of reasons, including some of the following: Human development index, Youth exclusion, Total public exp. on education per student, Medical assistance, Total health expenditure and Exposure to particle pollution.

Table 2.2.10 - Global Innovation Index of Russia and China in 2021, out of 132 economies. [World Intellectual Property Organization, 2021]

	<b>Russia</b>	<b>China</b>		<b>Russia</b>	<b>China</b>
<b>Overall</b>	45 <sup>th</sup>	12 <sup>th</sup>	<b>Business sophistication</b>	44 <sup>th</sup>	13 <sup>th</sup>
<b>Political and operational stability</b>	80 <sup>th</sup>	54 <sup>th</sup>	Knowledge workers	46 <sup>th</sup>	2 <sup>nd</sup>
Government effectiveness	62 <sup>nd</sup>	43 <sup>rd</sup>	University-industry R&D collaboration	58 <sup>th</sup>	6 <sup>th</sup>
Regulatory environment	92 <sup>nd</sup>	106 <sup>th</sup>	Research talent, % in businesses	28 <sup>th</sup>	15 <sup>th</sup>
<b>Business environment</b>	45 <sup>th</sup>	39 <sup>th</sup>	State of cluster development and depth	73 <sup>rd</sup>	3 <sup>rd</sup>
Ease of starting a business	38 <sup>th</sup>	25 <sup>th</sup>	<b>Knowledge creation</b>	26 <sup>th</sup>	4 <sup>th</sup>
<b>Human capital and research</b>	29 <sup>th</sup>	21 <sup>st</sup>	High-tech manufacturing, %	48 <sup>th</sup>	14 <sup>th</sup>
Education	40 <sup>th</sup>	12 <sup>th</sup>	High-tech exports, % total trade	52 <sup>nd</sup>	1 <sup>st</sup>
PISA scales in reading, maths and science	31 <sup>st</sup>	1 <sup>st</sup>	ICT services exports, % total trade	71 <sup>st</sup>	53 <sup>rd</sup>
Tertiary education	14 <sup>th</sup>	83 <sup>rd</sup>	<b>Creative outputs</b>	56 <sup>th</sup>	14 <sup>th</sup>
Research and development (R&D)	32 <sup>nd</sup>	14 <sup>th</sup>	Global brand value, top 5,000, % GDP	38 <sup>th</sup>	16 <sup>th</sup>
Researchers, FTE/mn pop.	33 <sup>rd</sup>	45 <sup>th</sup>	Industrial designs by origin/bn PPP\$ GDP	67 <sup>th</sup>	1 <sup>st</sup>
Gross expenditure on R&D, % GDP	38 <sup>th</sup>	13 <sup>th</sup>	Cultural and creative services exports, % total trade	27 <sup>th</sup>	46 <sup>th</sup>
<b>General infrastructure</b>	64 <sup>th</sup>	5 <sup>th</sup>	Creative goods exports, % total trade	68 <sup>th</sup>	1 <sup>st</sup>
Electricity output, GWh/mn pop	26 <sup>th</sup>	40 <sup>th</sup>	<b>Information and communication technologies (ICTs)</b>	36 <sup>th</sup>	34 <sup>th</sup>
Logistics performance	74 <sup>th</sup>	26 <sup>th</sup>	ICT access	54 <sup>th</sup>	71 <sup>st</sup>
<b>Credit</b>	70 <sup>th</sup>	26 <sup>th</sup>	ICT use	39 <sup>th</sup>	52 <sup>nd</sup>
Ease of getting credit	23 <sup>rd</sup>	74 <sup>th</sup>	Government's online service	39 <sup>th</sup>	12 <sup>th</sup>
Domestic credit to private sector, % GDP	63 <sup>rd</sup>	5 <sup>th</sup>	E-participation	27 <sup>th</sup>	9 <sup>th</sup>
<b>Investment</b>	116 <sup>th</sup>	44 <sup>th</sup>	<b>Trade, diversification, and market scale</b>	17 <sup>th</sup>	1 <sup>st</sup>
Ease of protecting minority investors	71 <sup>st</sup>	27 <sup>th</sup>			
Venture capital investors	55 <sup>th</sup>	29 <sup>th</sup>			

Although China and Russia are ranked differently, according to the World Intellectual Property Organization (Table 2.2.10). However, both nations are leaders in their respective fields. The ranking of each innovation detail is provided in the report. This report contains its own distinctive results in addition to what has already been mentioned above: Due to its large share of tertiary enrollment and tertiary inbound mobility, Russia's Tertiary education ranks at the top globally. Russian Electricity output also makes business owners' lives easier. Both countries have excellent Trade, diversification, and market scale, Human capital, Knowledge creation, Information and communication technologies and research and Business environment. Moreover, China has enormous asset General infrastructure, Business sophistication and Creative outputs.

From this paragraph of the research, it can be concluded that Russia has the lowest percentage of SMEs among all enterprises and the lowest number of SMEs in the labor force, both in comparison with China and with Poland, the Czech Republic, Hungary, Romania, and Slovakia. Compared to the other chosen countries, fewer people in Russia recognize business potential, and the majority of people believe they lack the necessary knowledge, skills, and experience as well as the fear of failing. When comparing employees from other nations, the Russian workforce has the lowest rate of entrepreneurship. The spirit of entrepreneurship is weak among Russian SME employees. Nonetheless, evaluations of the business climate conducted by international organizations indicate that Russia leads the world in talent competition, that the country's market is sizable enough, and that ICT innovation and adoption have surged recently. Russia also offers advantages in terms of broadband users' and industrial clients' electricity expenses, mobile phone charges, and petrol prices. This implies that Russian SMEs' potential is not being fully realized.

### ***The quantity and pattern of Chinese migrants attracted to Russia***

According to the Ministry of internal affairs of the Russian Federation [MIA] from January 2022 to December 2022, migrants from 250 countries have stayed in Russia. According to the fact number of migration registration, Uzbekistan, Tajikistan and Kyrgyzstan occupy the top three. China ranked 5th with 240,132 people have

migration registration record (факт постановки на миграционный учет). 237,171 of them were registered as temporarily staying (по месту пребывания). Among all Chinese migrants, which temporarily staying in the Russian Federation, about 59,5% are for business (32,805 people) or work (108,256 people) purposes. China has the most migrants for business purposes out of all the foreign countries. The number of labour migrants from China is only lower than that from Uzbekistan, Tajikistan and Kyrgyzstan. That, however, doesn't even consider the number of individuals who are permanently or temporarily residing (по месту жительства) in Russia in order to conduct business here. As a fairly significant portion of the workforce, the percentage would be substantially higher if there were data on it.

January 2022-December 2022, there are 36,116 Chinese who have obtained permit for work (разрешения на работу). It accounts for 37,9% of the total number of foreign permits in Russia. But it except for CIS countries as they get labor patents. [Rudenko, 2022] Among them, there are 14,324 qualified specialists and highly qualified specialists, accounting for 39,7%. Therefore, nearly 40% of the Chinese migrants who came to Russia and obtained permits are qualified specialists.

Table 2.2.11 - Dynamics of the flow of migrants from China to Russia and the Sverdlovsk Oblast in 2016 – 2022. *Using data from Rossta<sup>30</sup>, MIA and assembled by the author*

	2016	2017	2018	2019	2020	2021	2022
Chinese migration registration data	1288519	1457385	1807001	2318094	218268	152270	240132
Chinese migrants who registered as a place to stay	1285245	1453360	1803263	2314364	214639	148919	237171
Chinese migrants with business purpose who registered as a place to stay	No data	No data	No data	No data	No data	17417	32805
Chinese migrants with work purposes who registered as a place to stay	104045	108513	123385	140084	33582	87257	108256
The number of arrivals from China to Russia	7939	8237	7067	15306	7270	6465	7964
The number of departures to China from Russia	8711	7600	7544	8627	11035	2217	10982
The growth of Chinese migrants across Russia	-772	637	-477	6679	-3765	4248	-3018
The number of arrivals from China to Sverdlovsk Oblast	No data	No data	13	1783	1291	445	322

<sup>30</sup> The data about migration in Russia from Rosstat. Population size and migration in the Russian Federation // Rosstat. [URL:https://rosstat.gov.ru/folder/12781/](https://rosstat.gov.ru/folder/12781/) (date of access: 05.09.2023).

The number of departures to China from Sverdlovsk Oblast	No data	No data	36	287	1222	176	950
Chinese migrants growth in Sverdlovsk Oblast	No data	No data	-23	1496	69	269	-628

The total number of Chinese migrants in the Sverdlovsk Oblast, unfortunately, is unknown. Only the number of arrivals from China to Sverdlovsk Oblast and the number of departures to China from Sverdlovsk Oblast are available. This does not show the stock of Chinese migrants in the Sverdlovsk Oblast, but it shows the flow.

According to the Ministry of Internal Affairs of the Russian Federation in the period from 2016 to 2022 (Table 2.2.11), it is obvious that 2019-2020 is a turning point. Between 2016 and 2019, the number Chinese migrants entering Russia increased annually, peaking in 2019. Among all the Chinese migrants, which registered as a place to stay (по месту пребывания) from 2016-2019, the migrants came Russia for business or work purposes, is a fairly high indicator. This number would be even higher if figures according to the place of residence (по месту жительства) were included, but there are no detailed data on this. According to data from the Sverdlovsk Oblast, a large number of Chinese migrants entered Russia in 2019 compared to 2018. The data also shows that although the number of Chinese entering Russia in 2022 grew compared to 2020 and 2021, it has not yet reached the level of before 2019. Notably, the number of Chinese people migrating for employment has risen to 2016 levels. This demonstrates that the majority of Chinese labour migrants have gone back to Russia.

The high level of migration in 2019 is primarily due to the restructuring and simplification of Russia's migration policy, as well as giving regions more control over their own migration policy. Second, Russia grants a three-year work visa to very talented individuals, which has allowed some individuals to evaluate and extend their visas much faster. Thirdly, starting on July 1, 2019, residents of 53 nations, including China, were able to visit the Kaliningrad Oblast with a 30-day streamlined electronic visa. Entry requirements for migrants to Russia have been drastically simplified since the launch of e-visas. Fourth, 42.53% of all foreign visitors to Russia in 2019 were Chinese tourists, and Russia has been constantly coming up with new strategies to attract Chinese visitors. In addition, an increasing number of Chinese enterprises expanded in Russia, shifting from simply transnational trading to establishing factories

locally, processing semi-finished goods, and exporting finished goods from Russian factories. [Wang T., 2020].

However, overall Chinese migration to Russia drops sharply in 2020, reaching just 9.41% of 2019. In 2020, there is a reduction of 76.02% compared to the peak year of labour migration in 2019. The data for the Sverdlovsk Oblast also shows that many Chinese migrants stayed in Sverdlovsk Oblast in 2019. The peak of COVID was sequentially experienced in China and Russia at the end of 2019 and the middle of 2020. Chinese migrants who intended to visit, work, study, or run a business in Russia have been significantly impacted by this. Russian migration restrictions in March 2020 made it impossible for many Chinese labour migrants to return to Russia. China imposed severe border controls in 2021, which made it impossible for migrants to Russia who weren't workers. Due to the reopening of Russia's borders and the gradual stabilization of the pandemic, this situation ultimately changed in 2022. The migration of labour has grown, and although it has not yet reached its pre-epidemic level, the overall migrant population is likewise expanding gradually.

It is noteworthy that the high level of economic development of the Sverdlovsk Oblast and the potential of this old industrial region have become a source of attraction for migrants from China. High incomes, established infrastructure, a varied economic structure, and a robust financial sector combine to create the region's potential.

### ***The quality of Chinese migrants attracted to Russia***

It is necessary for every country to attract high-quality migrants. Attraction and preservation of human capital are one of the key tasks of the socio-economic development of the regions. High-tech industries (automotive, military-industrial complex) and knowledge-intensive services (education, health, IT) require a large number of migrants with higher education. [Zemtsov & Kidyaeva, 2020]

Table 2.2.12 – The data about migrants with higher professional education from China in 2016 – 2022. *Using data from Rosstat and MIA, and assembled by the author*

	2016	2017	2018	2019	2020	2021	2022
Chinese migration registration data	1288519	1457385	1807001	2318094	218268	152270	240132



The number of Chinese migrants with temporary residence permit or permanent residency;	8556	8940	9481	8575	9185	8410	8009
Its percentage of migration registration data	0.7%	0.6%	0.5%	0.4%	4.2%	5.5%	3.3%
The number of arrivals from China to Russia	7939	8237	7067	15306	7270	6465	7964
Had a higher professional education of whom arrivals from China to Russia;	391	376	412	15	403	528	742
Its percentage of whom arrivals from China to Russia	5.0%	4.6%	5.8%	0.10%	5.5%	8.2%	9.3%

For Chinese migrants, there are no equivalents to professional migrant entrepreneur programs or investment migrant visas similar to those available in other countries. The total number of people who have obtained a temporary residence permit or permanent residency in Russia hasn't changed much over the past few years, and the rate is also relatively low.

The number of people with higher professional education among migrants from China entering Russia is increasing, but there is no wave. Compared with other countries, the number of highly educated immigrants in China is still small. As a result, Russia has not yet seen the significant influx of Chinese migrants with high levels of education and employable skills that have been seen in other countries.

Slightly regrettably, the current environment for SMEs in Russia attracts migrants who do not run technology-intensive or knowledge-intensive businesses. Migrants are potentially important but are underestimated and poorly accounted for as the source of entrepreneurial growth in Russia. However, Chinese migrant entrepreneurs in Russia often engage in businesses that require less skilled labour than those in other countries.

Under current legislation, foreign migrants wishing to register a company in Russia must first obtain a residence permit. Without these documents, it is impossible to register a business. To obtain both of these statuses, a foreigner must demonstrate a certain level of proficiency in the Russian language. In addition, the number of places for obtaining a residence permit or residence permit is limited each year and it is extremely difficult to apply for them; this needs to be reviewed every year<sup>31</sup>. The

<sup>31</sup> The information from Federal Taxation Service of Russia. Source: [https://www.nalog.gov.ru/rn25/news/activities\\_fts/12936802/](https://www.nalog.gov.ru/rn25/news/activities_fts/12936802/) (date of access: 05.05.2023).

existing policy is insufficient to attract strong Chinese entrepreneurs and support potential Chinese migrant entrepreneurs.

### ***Absence and inadequacy of official statistics***

The Ministry of Internal Affairs of the Russian Federation and Rosstat, the federal statistical service, contribute to the data pool with their migration statistics. However, reliable statistics on Chinese migrant entrepreneurship in Russia are lacking, and as of today, a large database of Chinese migrant enterprises in Russia does not exist. The lack of transparency in company information often makes it difficult to accurately gauge the scale, performance, and characteristics of Chinese-owned businesses within the Russian market. [Zemtsov, 2020]

This is due to several reasons: first of all, so far the problem of migrant entrepreneurship has not received enough attention from the Russian scientific community. Despite the importance of migrant entrepreneurship in fostering economic growth, job creation, and cultural integration, there is a dearth of comprehensive and detailed data specifically focusing on this segment.[Peshkova, 2019; Tolametova, 2019]. Secondly, the high mobility of Chinese migrants adds another layer of complexity to the situation. Frequent movement between countries can make it challenging to track and maintain accurate records of their entrepreneurial activities, leading to incomplete or outdated data. Thirdly, as in other countries, data collection on migrants in the Russian Federation may also be problematic. [Smelov, 2018] While both receiving and sending countries are usually included in the definition of international migration flows, migrant inflows continue to receive more attention. Statistics on migrant flows are generally based on administrative events related to migrant status (e.g., granting, renewing, and revocation of residence permits), which are derived in some countries. For many countries, it is highly challenging to track migrant patterns since it requires major infrastructure, ICT, and knowledge systems [IOM, 2021]. A final reason is that official statistics only record the nationality of the entrepreneur at the time of company registration. The company is not always registered in the name of the owner. [Peshkova, 2019] The official database considers a company as a Russian enterprise if it is registered as a Russian citizen.

The business ventures of migrants in Russia have not received adequate attention for a very long time. Both in academic circles and in the government organizations in charge of economic development and immigration policy. Additionally, Russia's Migration laws are not lax and it has stringent restrictions on international migration. Moreover, there is often little acceptance and tolerance for Chinese migrants in public opinion. A large number of Chinese migrants remain in Russia illegally every year, and the locals are quite hostile to these sizable numbers of migrants who participate in business because they think the Chinese are dodging taxes and customs duties and displacing Russians from jobs.

Academic research on migrant entrepreneurship in Russia is limited, which hinders the development of evidence-based policies that could leverage the potential of this entrepreneurial group. [Peshkova, 2018] This lack of attention can lead to missed opportunities for policymakers to harness the innovative and adaptive capabilities that migrant entrepreneurs often possess. [Mikhailenko, 2019]

The author believes that by filling the data gap on migrant entrepreneurs can help in studying migrant entrepreneurial activities, policymakers and researchers can better understand the challenges and opportunities faced by migrant entrepreneurs and ultimately formulate more targeted and effective policies to promote their success and the overall economic prosperity of the country. [Smelov, 2018]

### **2.3 Author's Methodological Approach of Researching the Factors Influencing Ethnic Entrepreneurship of Chinese Migrants in Russia**

The decision to do business abroad is a complex process involving several key choices related to direct and imputed costs. The entrepreneur faces the choice between running their own business or hiring labor, operating in the home or the host country. If a favorable decision regarding departure is reached, it is also necessary to determine the direction of migration. Macro- and micro-level factors influence this decision. The research logic presented in the dissertation takes into account the analysis of the macro-environment and the micro-level of the individual migrant entrepreneur.

The underlying motivations for entrepreneurship are often difficult to identify, so researchers use qualitative methods such as semi-structured and in-depth interviews to identify them. For example, a person's decision to start a business may be influenced by their social network, which in turn may be influenced by their migration status.

A key challenge lies in unraveling the intrinsic motivations behind migrant entrepreneurship. Are these entrepreneurs driven by economic opportunity, a desire to overcome adversity, or both? Therefore, it is difficult to have an unbiased and representative methodology that adequately captures the nuances of these factors and identifies dynamic statistical indicators.

As a result, the dissertation proposes the use of triangulation in data collection and processing, which improves the reliability of the information base of the study and increases the explanatory power of the findings. In conclusion, the research step-by-step algorithm is presented in the dissertation (Figure 2.3.1). This method can be applied to future research on migrant entrepreneurship and constitutes an element of scientific novelty.

***Stage 1: Comparative analysis of the peculiarities of the entrepreneurial environment in the home and host countries: Russia and China.***

The research starts with a comparative analysis of the level and conditions of the entrepreneurial environment in Russia from a macro perspective. This stage of the research has been completed in Chapter 2.2.

Compared to other post-communist countries, Russia has the lowest share of SMEs in the total number of enterprises and the lowest share of the labor force employed in SMEs. Despite this, Russia shows the highest value-added SMEs among the selected countries, but the value-added per employee remains insignificant.

Data from the Global Entrepreneurship Monitor (GEM) show that Russia has the lowest level of entrepreneurial activity among other post-communist countries. Nevertheless, the Russian labor force is one of the most skilled, and the market size and level of innovation are highly competitive. This indicates that the potential of Russian SMEs remains underestimated.

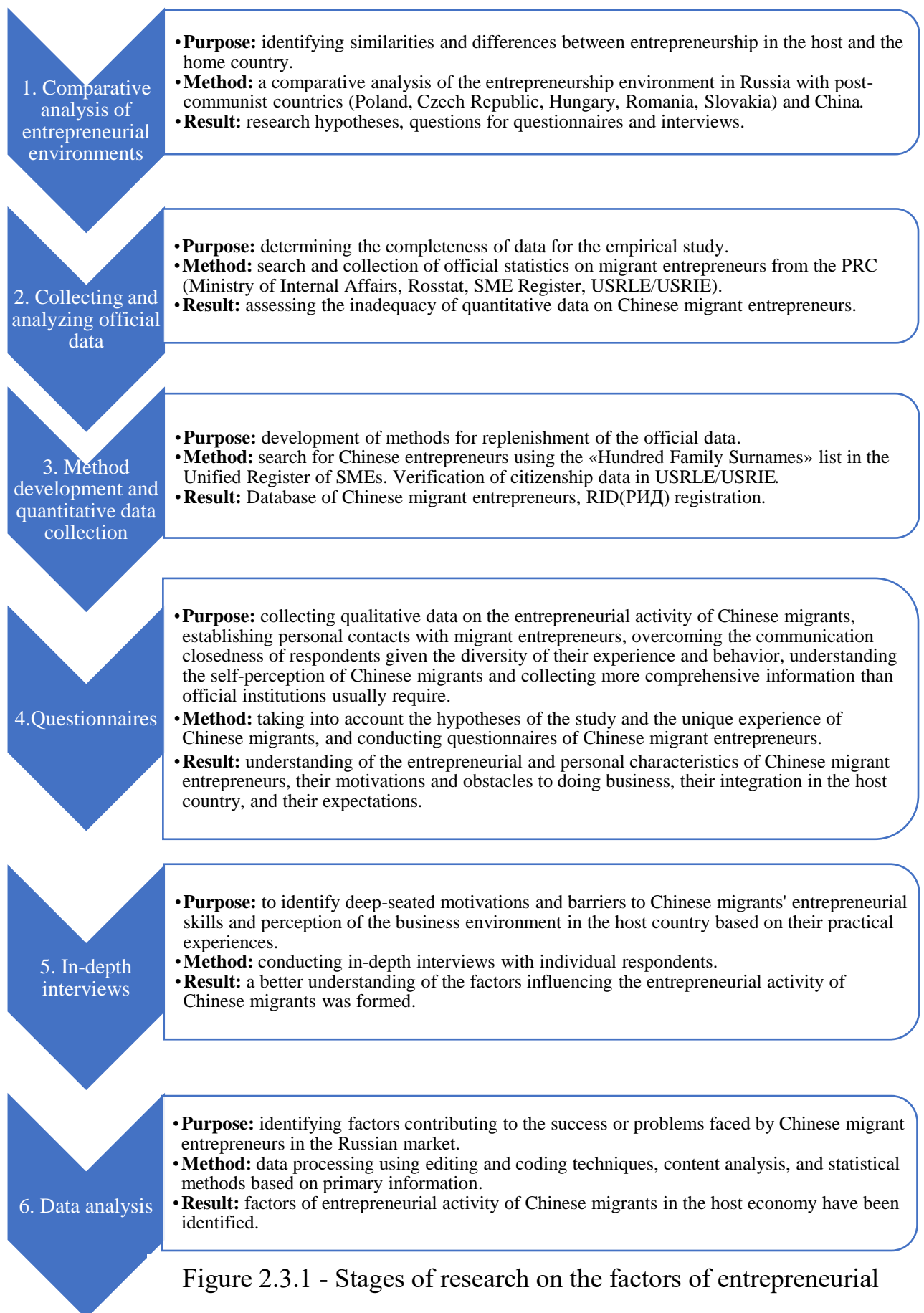


Figure 2.3.1 - Stages of research on the factors of entrepreneurial activity among Chinese migrants

Moreover, the share of Russian SMEs in exports, taxes, loans, and other indicators is relatively small, suggesting that they currently play an important role as a social stabilizer. In contrast, Chinese SMEs are seen as driving economic restructuring and taking a more active role in stimulating growth. This gap emphasizes the difference in the role and economic impact of SMEs in the two countries.

Through this stage of assessing the business environment in the host country and home country, the following *research hypotheses* can be proposed:

The Russian market is attractive enough for Chinese migrant entrepreneurs;

Push-pull factors can affect Chinese migrants' choice of Russia as a destination for developing their business;

Russia also poses risks to Chinese migrant entrepreneurs.

***Stage 2: Collection and processing of official data on migration from China.***

This stage has also been completed in Chapter 2.2 of the dissertation, official information is collected on the number of Chinese migrants who have been registered in Russia for business or labor purposes, on migration growth from China to Russia and to the Sverdlovsk Oblast. The main sources of this data are the Ministry of Internal Affairs of the Russian Federation (MIA/МВД) and the Federal State Statistics Service (Rosstat/Росстат). However, there is no data on Chinese migrant entrepreneurs in the Unified Register of Small and Medium-sized Entrepreneurship (Register/Рецтр) and Information from the Unified State Register of Legal Entrepreneurship (USRLE/USRLE, ЕГРЮЛ/ЕГРП). In general, official statistics provide information on Chinese coming to Russia to do business or work, but do not allow for an accurate assessment of the number of migrant entrepreneurs from China.

***Stage 3. Method development and collection of quantitative data on Chinese migrants' enterprises in Russia.***

In this step, the researchers embark on a comprehensive quantitative analysis using a large, self-collected database to systematically examine the characteristics of Chinese migrant entrepreneurs in Russia and to identify the key factors that influence their entrepreneurial activities. The database should include detailed information on

individual entrepreneurs, their businesses, and their interactions with the Russian market.

The quantitative analysis will explore the relationships between various factors, such as demographic attributes (age, gender), migration history, business experience, and the specific sectors in which they operate. This will allow the researchers to identify patterns and trends that might contribute to the success or challenges faced by Chinese entrepreneurs in Russia.

The findings from this quantitative analysis will provide a robust empirical basis for understanding the dynamics of Chinese migrant entrepreneurship in Russia. It will also help to identify potential areas for policy intervention or support to enhance the integration and success of Chinese entrepreneurs in the Russian market.

#### ***Stage 4: Questionnaires with Chinese migrant entrepreneurs.***

The objective of this stage is to present a complete picture of Chinese migrants' self-perception and to identify the underlying motives and barriers of their entrepreneurial activity. For this purpose, qualitative method were used: questionnaires. The questionnaire is meticulously crafted to encompass a wide range of topics, including the entrepreneurs' personal and professional backgrounds, their perspectives on the Russian market's attractiveness, the driving forces behind their entrepreneurial pursuits, the obstacles they encounter, and their future business strategies. By collecting this data, researchers aim to create a statistical profile of the target group, enabling them to identify common trends and patterns.

To ensure the questionnaire's effectiveness, it is designed to be culturally sensitive and adapted to the unique experiences of Chinese migrants in Russia. It will cover aspects such as the entrepreneurs' age, previous work experience, family background, and the role of social networks in their business endeavors. Questions on the Russian market's appeal will explore factors like market size, consumer preferences, and regulatory environment.

Furthermore, the questionnaire will delve into the entrepreneurs' motivations, exploring whether they are driven by economic opportunities, cultural connections, or other factors. It will also inquire about the challenges they face, such as language

barriers, cultural differences, and access to finance. The entrepreneurs' future plans will be assessed to understand their growth aspirations and potential for long-term in the Russian market. The questionnaire is attached as Appendix A.

Due to the unique cultural characteristics of Chinese migrants, it was necessary to personally distribute the questionnaire to overcome the barrier of insularity. Many migrants who have undergone the complicated process of legalization in Russia up to the level of residence permit fear losing this status. Personal contacts during the questionnaire allowed us to collect more comprehensive information than is usually requested by official institutions. The questionnaire was translated into Chinese to help migrants overcome the language barrier and better understand the questions. The results of the questionnaire were processed using the SPSS program<sup>32</sup>.

***Stage 5: In-depth interviews with Chinese migrant entrepreneurs.***

In addition to the questionnaire, individual interviews are conducted with a subset of the respondents to gather qualitative data. These in-depth conversations provide a more personal and detailed understanding of the entrepreneurs' experiences, allowing researchers to explore their decision-making processes, strategies for overcoming challenges, and access to resources. The interviews also offer an opportunity to discuss their successes, failures, and recommendations for potential Chinese entrepreneurs and policymakers who seeking to support Chinese migrant entrepreneurship in Russia. The in-depth interview questions are attached in Appendix B.

By combining the data from the questionnaire with the insights from the interviews, researchers can triangulate the information and gain a more comprehensive understanding of the Chinese migrant entrepreneurs' experiences in the Russian market. This integrated approach will ultimately contribute to a nuanced and evidence-based analysis of the factors influencing their success and inform policy recommendations for fostering a more supportive environment.

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<sup>32</sup> SPSS Statistics, a statistical software package created by IBM for data management and one of the most used statistical analysis programs in social research.



### ***Stage 6: Analysing the data.***

The data collected in Step 4 was analyzed using the SPSS package. The data were pre-coded before analysis. The factors contributing to success or causing problems faced by Chinese migrant entrepreneurs in the Russian market were identified. The results of the analysis were correlated with the results of the first and fifth stages to identify external and internal factors affecting the entrepreneurship of Chinese migrants and to develop recommendations for the support and development of this sector.

## **2.4 Methodology for Compiling the Database on Chinese Migrant Entrepreneurs in the Sverdlovsk Oblast in 2016-2022**

### ***Empirical data base***

Chinese migrants have unique surnames that differ significantly from residents of other countries. These surnames were included in the list compiled by the Ministry of Public Security of the People's Republic of China in 2021, known as "Hundred Family Surnames".

Therefore, the author utilizes a unique database of entrepreneurial firms operating in Sverdlovsk Oblast during August 1, 2016 - December 31, 2022. The collected statistics on business firms of Chinese migrants operating in Sverdlovsk Oblast from 2016-2022 is based on data from the Ministry of Internal Affairs of the Federation and the Unified Register of Small and Medium-Sized Businesses.

In order to study the Chinese migrants' entrepreneurial activity in the Sverdlovsk Oblast, the following sources were used:

– Data on Chinese migrants was obtained from the Ministry of Internal Affairs of the Russian Federation<sup>33</sup> 2016 - 2022. (already presented in Chapter 2.2)

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<sup>33</sup> Ministry of Internal Affairs of the Russian Federation (Министерство Внутренних Дел Российской Федерации), Only data from August 2016 and later are available. This is official Russian statistical information on the migration situation.

– Data on entrepreneurship information about Chinese migrants' SMEs in Sverdlovsk Oblast was obtained from the website of the Unified Register of Small and Medium-Sized Enterprises (Register)<sup>34</sup>. The authors requested information from 1 August 2016 to 31 December 2022.

– Information on migrant entrepreneurs was supplemented with data from the Unified State Register of Legal Entities/Individual Entrepreneurs (USRLE/USRIE).

The authors collected data on 712 entrepreneurs and 837 companies. Some Chinese migrant entrepreneurs have founded companies twice or more, so the number of companies is much larger than the number of entrepreneurs. At the same time, 59% of Chinese migrant entrepreneurs are men and 41% of women. All entrepreneurs and their companies are registered as Chinese migrants, and they all have official information. The following criteria are used to collect data on Chinese migrants' companies:

– Using “Hundred Family Surnames” to search for entrepreneurs on the Unified Register of Small and Medium-Sized Enterprises.

– The presence of a taxpayer identification number of Chinese migrant entrepreneurs. Using the taxpayer number in USRLE/USRIE, determine the nationality of entrepreneurs.

Desk research consisted in collecting data from official statistics sources, the analysis of which allows us to outline trends in the main indicators of entrepreneurial activity in a particular region and the country as a whole.

This study focuses on the Chinese migrant entrepreneurs in Sverdlovsk to provide a brief review of the whole situation in Russia. Such that it can identify the motivations and constraints of Chinese migrants' commercial activity in Russia. In the large industrialized region of Russia, the Sverdlovsk Oblast, the potential of the Sverdlovsk Oblast is formed by high incomes, developed infrastructure, a differentiated structure of the economy, and a developed financial sector.

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<sup>34</sup> Unified Register of Small and Medium-Sized Businesses, Единый Реестр Субъектов Малого и Среднего Предпринимательства. The register offers publicly available information on small and medium-sized enterprises.

According to the number of migration registrations, the Moscow region, Moscow, St. Petersburg and Leningrad region, Krasnodar region, and Sverdlovsk Oblast are the top five. The number of migrants in the Sverdlovsk Oblast is 389,181, which is 2.3% of the national total. [MIA]

According to statistics from the Register, as of January 10, 2023, there were 5,969,046 businesses in Russia. Among them, there are 201,015 businesses in the Sverdlovsk Oblast, which is 3.4% of the country's territory, ranking fifth, after Moscow, the Moscow region, St. Petersburg, and the Krasnodar region. [Register] According to SberData, the Sverdlovsk Oblast took the 6<sup>th</sup> place of the country in the rating of activity by the number of SMEs. The number of active companies was 34.6 per 1,000 people in the Sverdlovsk Oblast. [SberData, 2019]

The geography of SMEs in Russia has evolved over the past 30 years, and several regions have developed strong institutional and other distinctive features. In Russia, regions with a high long-term level of entrepreneurial activity have been identified: St. Petersburg, Moscow, Kaliningrad, Novosibirsk, Samara, Yaroslavl, Sverdlovsk, and Belgorod regions. After research, Zemtsov and Baburin divided the Sverdlovsk Oblast into the second camp. This camp has predominantly urban areas with a high density of a diversified SME sector with a favourable entrepreneurial climate, and good access to markets for goods, services, and capital. Active entrepreneurial policy in these cities aims at creating infrastructure, simplifying the lease of premises, and accessing public procurement. [Zemtsov & Baburin, 2019].

### ***The results of the statistics***

The authors requested information about the entrepreneurial activities of Chinese migrants in Sverdlovsk Oblast on the Register. According to the data from Register, there were 712 Chinese entrepreneurs in Sverdlovsk Oblast, who founded 837 companies during August 1, 2016 – December 31, 2022. Some Chinese migrant entrepreneurs have founded companies twice or more, so the number of companies is much larger than the number of entrepreneurs. While 41% of Chinese migrant entrepreneurs are women, 59% of them are men.

For each enterprise, the database contains the following characteristics: entrepreneur's full name, Taxpayer Identification Number (ИИИ), Primary State Registration Number (ОГРН), information on the date of registration in the Unified Register of SMEs, the date of termination, the way of termination, ОКVED, the gender of the entrepreneur, the status of Chinese migrants' enterprises in the Sverdlovsk Oblast and the period of their operation. The author single-handedly collected a unique database, registered as an object of intellectual property, the results are confirmed by a certificate of State Registration.

### ***The advantages of the self-collected database***

The work fills the gap of entrepreneurship and international management theory, and makes a significant contribution to the study of labour migration. The research has reference value for Chinese entrepreneurs who want to come to Russia to start a business. The paper provides useful information to government institutions working on programs to attract foreign workers to Russia and to develop entrepreneurship.

The Register is the only official Russian database of SMEs, so it has enough precision. In order to account for potential changes in migrant SMEs following the new round of crisis, the author purposefully divides the data to December 31, 2022.

It is reasonable to look into Chinese migrant entrepreneurs by using The Hundred Family Surnames. It covers all Chinese surnames and is officially certified. The USRLE/USRIE, which conducted by Federal Taxation Service of Russia (ФНС), has verified the nationality, which makes the desk data completer and more reliable. the results of database are confirmed by a certificate of State Registration.

### ***The limitations of The Research Method***

It is unfortunate that the entrepreneur data only reaches as far as August 1, 2016, and earlier data cannot be accessed. Due to the difficulty of collecting data, the author also takes only one region of the country for analysis, which is because it is difficult to hold a full national interview for migrant entrepreneurs.

A limited amount of basic information about entrepreneurs, such as their gender, nationality, and the major activity of the enterprise (ОКVED), is recorded in the

Register and USRLE/USRIE. Only qualitative research methods can be used to get information on challenges and intentions related to migration.

The company that is registered in the name of the entrepreneur can be found on the official website. The mistake can be made by the lack of transparency in Russian company information. For instance, many migrant entrepreneurs actually register their enterprises under Russian personas rather than their own names.

Official statistics cannot be used to determine whether migrant entrepreneurs are the owners of individual entrepreneurs or LLCs. Since it is impossible to investigate the classification of all Chinese migrant firms, it can only be confirmed by questionnaires.

Because the information on the USRLE/USRIE and Register is uploaded on the 10<sup>th</sup> of every month, there is a lag in the data of entrepreneurs. Consider a corporation that has stopped operating but whose information may not yet be updated. The author tracked every company until January 10, 2023, in order to provide more accurate data.

In Chapter 2, an method for studying the factors of entrepreneurship of Chinese migrants, which takes into account the peculiarities of the Russian business environment and the specifics of official statistics, is formed. It also substantiates the need to collect a database of migrant entrepreneurs and shows the author's methodological approach to collecting the database. In addition, the method of collecting a unique database is demonstrated, and the author even obtained the intellectual property.

## **CHAPTER 3 ETHNIC ENTREPRENEURSHIP OF CHINESE MIGRANTS IN RUSSIA: PECULIARITIES AND FACTORS**

### **3.1 The Specific Conditions of Doing Business in Russia for Chinese Migrants**

In 2019, Russia is the 18<sup>th</sup>-most popular destination for migrants from China.<sup>35</sup> Each year, a huge number of Chinese migrants - even more so before the pandemic China. According to the Russian chapter of the Annual report on overseas Chinese, 50,000–60,000 of the 150,000 Chinese residents living in Russia in April 2020 were small- and medium-sized business owners. 33-40% of all Chinese migrants fall into this category. [Wang Y., 2022]

The advantages of Chinese migration entrepreneurs in Russia are naturally influenced by Russia's trade cooperation with Russia and China. According to the Union of Chinese Entrepreneurs in Russia's report on the growth of Chinese enterprises in Russia in 2020, the significant number of SMEs in both China and Russia is the driving force behind effective economic and trade cooperation between the two countries. The scope of economic and trade collaboration between the two countries and speed of Russian-Chinese commerce is now being driven by this expansion of the depth and extent of cooperation. [China General Chamber of Commerce-Russia, 2021]

The prior research indicates that the business environment is favorable for Chinese SMEs. Why do Chinese people leave their home countries and come to Russia to start businesses when entrepreneurship is also extremely advantageous? How do so many Chinese entrepreneurs engage in Russia? What is the environment such as for business here now? What draws them to conduct business in Russia? It is necessary to study the changes in the Russian entrepreneurial indicators in recent years to determine the characteristics of the Russian entrepreneurial market as a receiving country.

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<sup>35</sup> The data from Center for China and Globalization, and the article about “Annual report on Chinese international migration (2020): Asia's international migration increases significantly”. URL: <http://www.ccg.org.cn/archives/61145>. (in Chinese) (date of access: 05.11.2022).

### ***Peculiarities of the Russian entrepreneurial environment as the host economy***

Since the categories of micro and medium-sized enterprises did not exist prior to 2007, there are no data for them. In Russia, only small businesses were defined before that year. The definitions of “micro-business” and “medium enterprise” and new standards for small and medium enterprise classification were introduced by the federal law “Development of Small and Medium Entrepreneurship in the Russian Federation” that was adopted in 2007. These criteria’s limit values have undergone numerous changes. Today, SMEs in Russia comprise legally recognized company entities, business partnerships, production cooperatives, agricultural consumer cooperatives, peasant (farmer) households, and individual entrepreneurs (IEs).

Today, Rosstat and the Unified Register of Small and Medium-Sized Businesses are the two primary sources of information on the number of SMEs and the number of employees in them. The data in dissertation about small and medium-sized businesses for the period of 2008 to 2016 are from Rosstat because Register’s data was first recorded in August 2016. [Obraztsova, 2021]. The primary economic and financial indicators that define the operations of small and medium-sized firms are included in the data, which state statistical agencies have received through federal statistical observations.

According to the data in Table 3.1.1, the number of SMEs in Russia has usually increased between 2008 and 2022. Despite the fact that the gain was not significant and there were drops in both 2014 and 2020, it rapidly bounced back and rose the next year. Although there are holes in the data, SMEs make up about 20% of GDP. Every year, the number of employees for SMEs and IEs declines. Additionally, the average number of employees per SME company fell from 5.36 to 2.54. In the labor force (15–72 years old), the proportion of SMEs’ employees fell to 19%.

SME revenue was only published for 2018, and while it somewhat decreased in 2009, it increased overall. Additionally, although there was a significant decline in 2009, SME investments in fixed assets showed a generally rising trend. The number of SMEs and IEs per 1,000 people decreased in 2020 but increased from 28.7 in 2008 to 41.2 in 2022.

Russia has faced numerous crises during the last 15 years. [Dolgopyatova, 2021] According to the data, every crisis has had a detrimental effect on entrepreneurship, but Russian companies are quite resilient, quickly recovering and adapting. The number of SMEs per 1,000 people has increased from 28% in 2008 to 41% in 2022, while the average number of employees per SME entity has been falling year over year and most recently stood at 2.54. This indicates that a relatively significant number of people in Russia are involved in SME entrepreneurship. Russia's intentions to start businesses have grown recently, according to GEM data. However, entrepreneurs believe that the percentage of a favorable business climate in Russia has not been high, falling below 30%. The business environment still needs to improve if designers want to attract more entrepreneurs.

There isn't much pertinent study on entrepreneurial activity in the sanctions in 2022. According to data from the Register (Figure 3.1.1), it appears that the sanctions have little effect on the number of SMEs and employees for SMEs and individual entrepreneurs.

According to the aforementioned data, it is clear that from 2008 to the present, the number of SMEs and IEs has expanded dramatically in Russia. Investment and income have also increased year over year. However, it can be seen that the level of entrepreneurship has decreased in some ways in the years 2008–2009, 2014–2015, 2020–2021, and the second half of 2022. This exactly corresponds to the 2008–2009 global economic crisis, the 2014 Ukraine crisis, the 2020 COVID difficulty, and the sanctions crisis since 2022. According to the data, every crisis has had a detrimental effect on entrepreneurship, but Russian companies are quite quickly recovering and adapting. The overall rising statistics appear to demonstrate that a growing number of Russians are involved in business operations and that the country's entrepreneurial climate is positive and hopeful.



Table 3.1.1 - Statistical indicators of entrepreneurial activity (2008-2022). Using data from Rosstat<sup>36</sup>, Register and assembled by the author [Register] \* IEs : individual entrepreneurs.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Amount of SMEs	4,103,790	4,281,942	4,596,939	4,357,477	4,619,113	4,575,853	4,531,264	5,033,650	5,307,483	5,998,371	6,042,898	5,924,681	5,702,150	5,839,009	5,991,349
SMEs's share of GDP (%)	No data	No data	No data	No data	No data	No data	No data	No data	No data	22,0	20,4	20,7	20,8	20,6	21,0
Numbe of employees for SMEs and IEs	21,995,792	19,870,821	19,117,800	18,985,102	19,126,601	18,830,741	19,048,778	18,492,800	18,467,408	16,130,582	15,917,053	15,357,010	15,509,813	14,638,722	15,191,543
Employee s on average per SME entity	5.36	4.64	4.16	4.36	4.14	4.12	4.20	3.67	3.48	2.69	2.63	2.59	2.72	2.51	2.54
The percentage of SMEs' employees among all the labor force (15–72 years old), %	29	26	25	25	25	25	25	24	24	21	21	20	21	19	20

<sup>36</sup> The data about Small and medium-sized enterprises in Russia; SMEs in GDP and GRP; Labor resources, employment and unemployment; Institutional transformations in the economy of Russia, all from Rosstat (Росстат). URL: <https://rosstat.gov.ru/folder/210/document/13223#>, <https://rosstat.gov.ru/statistics/accounts>, [https://rosstat.gov.ru/labour\\_force](https://rosstat.gov.ru/labour_force), <https://rosstat.gov.ru/statistics/instituteconomics> (date of access: 05.02.2023).

Turnover of SMEs(billion rub.), absent IEs	21832.8	19903.6	25639.8	27763.5	28174.3	29499.1	31420	54486.9	46467.5	61768.2	66996.2	60850.5	65907	69291.8	No data
Investments in fixed assets of SMEs (billion rub.), absent IEs	976.2	568.9	No data	693.8	730.6	850	949.3	No data	1193.1	1411.6	1431.4	No data	No data	No data	No data
Number of SMEs and IEs, per 1,000 people	28.7	30.0	32.2	30.5	32.3	31.9	31.5	34.4	36.2	40.9	41.1	40.4	38.9	39.9	41.2

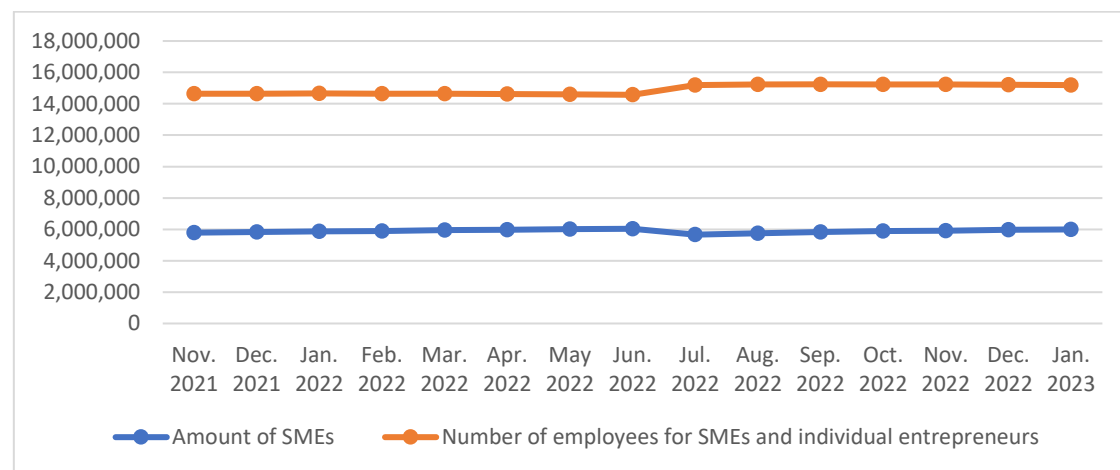


Figure 3.1.1- Statistical indicators of entrepreneurial activity before and during the sanctions. *Using data from Register and assembled by the author*  
[Register]

Domestic employment demands have grown in Russia in recent years, and the labour market is severely undersupplied. Foreign workers, who are primarily of working age, have direct access to the labour market, which has significantly improved the structure of the Russian labour market. In addition, the Russian government is committing to recruit top immigrant talent, rather than low-quality workers. The Russian Ministry of Labour has advocated that migration policy be skewed toward luring qualified workers. [Ministry of Commerce of China, 2020]

The decision to move abroad to start a new business is shaped by both pull and push factors.

*The reasons of Chinese migrants leave from home country are ethnically specific:*

1. Following China's reforms and opening up, a wave of migration began in the 1990s, which coincided with the Chinese government's active encouragement of Chinese SMEs to enter the international market. As a result, many Chinese started to set up businesses overseas. [Wang Y., 2020]

2. There are too many MSMEs in China, and the majority of them operate in markets with *severe competition*. [R&D Centre for Microfinance, 2019] Studies from Renmin University of China indicate that China's MSMEs are fiercely competitive, with the majority of them operating under perfect or supersaturated competition. Only 50 meters separate 30.85% of small and micro businesses from their competitors, and only 1,000 meters separate 72.43% of them. Chinese entrepreneurs therefore constantly face terrible competition pressure. In China, there are also not many medium-sized companies. Small businesses outnumber medium-sized businesses 13.75:1. Breaking the curse, standing out, and growing bigger and stronger is only possible for a very small percentage of small business owners. [R&D Centre for Microfinance, 2019; National Academy of Development and Strategy, 2019] There aren't many medium-sized businesses in China, and the majority of micro and small companies are in the midst of risky, quick-changing processes like enterprise growth and transformation. Additionally, they are forced to compete on a limited field, which magnifies the

negative effects of market unrest on corporate operations. [National Academy of Development and Strategy, 2019] The main risks faced by these entrepreneurial MSMEs come from the pressure to innovate, both in terms of the need to continuously innovate to capture the market; as well as a lack of resources and talent, market volatility, and external competition, including backlash from well-known corporations and imitation by later competitors. And these innovative businesses have discovered that opening up to overseas markets can help to some extent resolve the crisis. The vast overseas market and the lack of strong competition are what draw them abroad. [Guanghua School of Management, 2020]

3. Entrepreneurs who want to do business abroad have the advantage of a wide network of social connections that they can use to grow their business outside of China.

***The reasons why migration of Chinese entrepreneurs come to Russia:***

1. Russia borders China, and northeastern China is connected by land to the Russian Far East. The geographical location favors the inflow of Chinese migrant entrepreneurs. [Yu, 2021] Regarding the characteristics of the economy of Northeast China, the author has already shown in the study of China's regional economy. And the migrants from there also possess the regional character of the location. [Lu, 2021]

2. Historically speaking, there was a severe lack of basic goods in Russian society in the late 1980s and early 1990s, and all foreigners, foreign goods, and foreign capital were welcome to enter. China at the time had a wealth of the light industrial goods that Russia sorely needed. As a result, many Chinese businesspeople took advantage of the chance to visit Russia in order to conduct trade activities and sell Chinese goods. For thirty years, Chinese businesspeople have been developing in Russia. [Yu, 2018]

3. The Russian Federation continues to be a major destination for international migrants globally, in addition to being the primary source of migrants to other countries. The Russian Federation was one of the top ten global nations of origin and destination for migrants in 2020. The data unambiguously demonstrates that (Figure 3.1.2), in comparison to China, Russia is a large country of migrants and a country that receives

migrants. China's situation is the exact opposite, so it is not surprise that a significant number of Chinese migrants arrive in Russia.

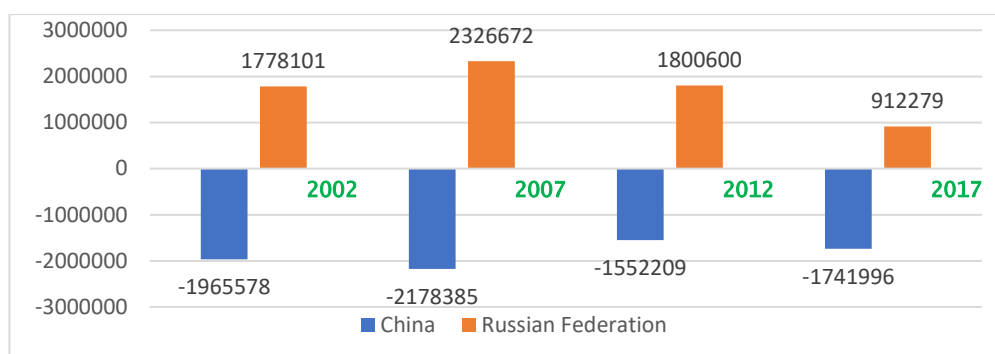


Figure 3.1.2 - The Net Migration of Russia and China from 2002-2017. *Using data from The World Bank and assembled by the author* [The World Bank, 2020]

Since there is almost no natural population growth in Russia, the country's demographic situation is still challenging, and the market needs labor that can only be obtained from abroad. A review of the statistics data revealed that the majority of the 1.8 million foreign workers who work in Russia on an official basis each year are paid official wages. Making it the fourth most popular migration destination in the world behind Saudi Arabia, Germany, and the United States of America. The Russian Federation continues to be one of the top ten countries in the world for remittance origination due to the enormous number of foreign migrants living here. [IOM, 2021]

4. According to the data of Global migration data analysis centre<sup>37</sup>, Russia's international migrant stock ranks fourth in the world. At 2020, the number of international migrants reached 11,6 million. Russia's international migrant stock as a percentage of the total population mid-year 2020 was 8%. But in China, the number of international migrants stock just 1 million at 2020. International migrant stock as a percentage of the total population at mid-year 2020 just was 0.1 %. According to the IOM2020 report, Russia is ranked fourth among the countries where foreign migrants choose to reside. China ranks third and Russia ranks fourth among migrants' home countries. [IOM, 2020]

<sup>37</sup> Global migration data analysis centre public Migration Data Portal. On the website can find international migrant stock until 2020. URL: [https://www.migrationdataportal.org/international-data?i=stock\\_abs\\_&t=2020&cm49=156](https://www.migrationdataportal.org/international-data?i=stock_abs_&t=2020&cm49=156) (date of access: 05.09.2022).

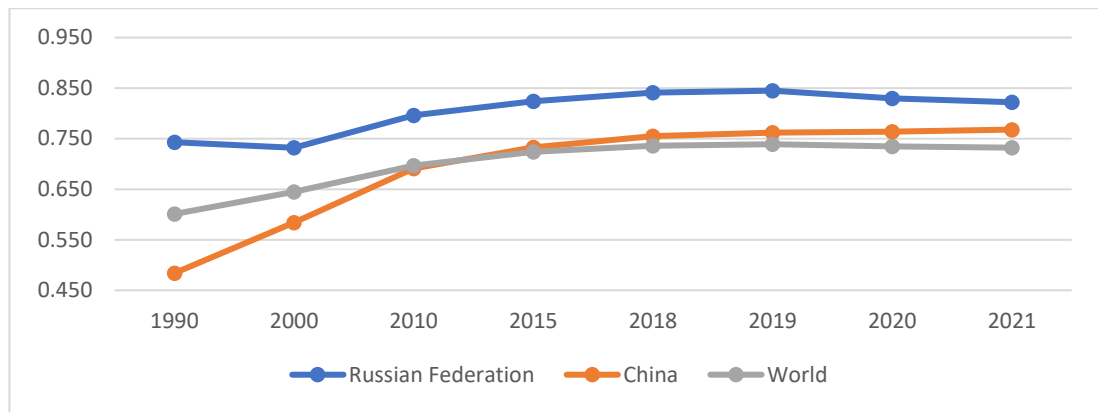


Figure 3.1.3 - The Human Development Index (HDI) of Russia and China from 1990-2021. *Using data from United Nations Development Program and assembled by the author [UNDP]*

The Human Development Index (HDI) is a summary indicator of average performance in three important areas of human development: living a long and healthy life, having access to education, and having a respectable level of living. It was made to underline that, instead of focusing solely on economic progress, the development of a nation should be evaluated in terms of its people and their potential. Figure 3.1.3 demonstrates that the HDI in Russia has historically been at a high level.

The IOM study indicates that there has traditionally been relatively little national migration from low-income nations. Countries with extremely high human development indexes (HDIs) <sup>38</sup> have seen the greatest concentration of international migration. In other words, the number and proportion of migrants from nations with medium and lower HDIs have decreased, while more migrants have arisen from the world's most developed nations.

5. The Russian Federation maintained tremendous economic potential following the fall of the USSR in 1991, enabling it to grow an economy that was stronger than other former Soviet Union countries as well as a larger labor market in terms of both volumes and pricing. [Rudenko, 2022] The Russian Federation has significant economic potential and an extensive domestic market for goods and services. In 2024,

<sup>38</sup> HDI: Human Development Index, from Human Development Reports. URL: <https://hdr.undp.org/data-center/human-development-index#/indicies/HDI>. (date of access: 05.09.2023). The HDI was created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone.

Russia ranked fourth in the world ranking of economies by GDP in purchasing power parity (PPP)<sup>39</sup>.

Many migrant workers start their enterprises and become entrepreneurs because there are resources and possibilities available in the host country. To make the most of their experience in Russia, migrants actively engage in commercial operations and hire workers, which enables them to engage in both the Russian labor market and the macroeconomic life of the country. [Rudenko, 2022]

6. Russia demonstrates a high ranking in terms of ease of doing business, especially in comparison with the countries of the former Soviet Union. In the World Bank Group's Doing Business 2020 report, Russia ranks 28th out of 190 countries<sup>40</sup>. Putin passed a federal law in August 2018 that lifted limitations on overseas companies purchasing shares in Russian SMEs. If foreign legal investors and firms meet the requirements for Russian SMEs, i.e., have annual operational sales up to 2 billion rubles and employ up to 250 people, they can receive the same support as domestic businesses. [China General Chamber of Commerce-Russia, 2021]

7. According to the Global Entrepreneurship Monitor (GEM), attitudes towards entrepreneurs in Russia are improving, creating a positive and promising entrepreneurial climate.

8. The 2020 Investment Guide to Russia published by the Ministry of Commerce of China found that Russia is a country with abundant energy, mineral resources, and other resources; research in cutting-edge fields including aerospace, nuclear energy, and the military industry is particularly strong in terms of basic science; foreign investment is encouraged by the Russian market; the opening of Free Port of Vladivostok and Russia's Leapfrog Development Zone; the population has a high level of education. While China has a well-developed light industry, there are complementary industries between the two countries. Russia is a big generator of electricity and has a good supply of it. A significant amount of cross-border

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<sup>39</sup> <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>. (date of access: 05.09.2023).

<sup>40</sup> <https://documents1.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf> (date of access: 05.02.2023).

infrastructure is also present in China and Russia. [China General Chamber of Commerce-Russia, 2021]

9. The level of digital maturity in Russia is high: according to the World Economic Forum's Global Competitiveness ranking, Russia ranks 22<sup>nd</sup> among 141 countries in terms of information and communication technology (ICT) adoption. (Table 2.2.7) There are numerous well-known e-commerce businesses in the country, including Wildberries, Ozon, Yandex.market, Avito, DNS shop, etc. Clothing, home appliances, and children's products are all popular goods. There are a lot of Chinese entrepreneurs who want to enter the Russian e-commerce platform.

### ***Risks of the Russian entrepreneurial market for Chinese migration***

The Russian business environment is characterised by a high level of risks<sup>41</sup>. Despite the existence of special government initiatives to support SMEs, the SME sector in Russia continues to play a very small role, contributing no more than 22% of GDP and 27% of employment (for comparison, the average for OECD countries is 55 and 60%, respectively). [Barinova, 2020] Because national enterprises make up a large portion of the GDP, SMEs are underrepresented compared to most developed countries. Furthermore, Chinese migrant entrepreneurs in particular naturally run a great deal of danger while doing business in Russia. They move to a foreign country to compete, taking into account both the level of risk and the lure of the Russian market. This idea is also reflected in the author's 2023 article with Ruzhanskaya L. S. [Lu, 2023]

*Macro-economic risks:* Russian academics claim that over the past ten years, Russia has gone through two economic crises: the 2008–2009 global financial crisis and the 2014 Ukrainian crisis. 2020 saw the onset of a fresh crisis marked by limitations on economic activity brought on by the COVID-19 virus's high contagiousness. The unpredictability of conducting business has significantly grown as a result. [Ruzhanskaya, 2022] Additionally in 2020, COVID had a negative impact on Chinese migrants' investments in Russia. Foreign direct investment inflows to Russia decreased

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<sup>41</sup> According to the country risk rating compiled by Allianz SE, the world's largest financial services group, Russia is classified as D4. D is the highest risk level in the "Medium-term rating", and 4 is the highest risk level in the "Short-term rating": [https://www.allianz.com/en/economic\\_research/country-and-sector-risk/country-risk/russia.html#rating](https://www.allianz.com/en/economic_research/country-and-sector-risk/country-risk/russia.html#rating). (date of access: 13.09.2024).



to \$10 billion, a 70% decrease, according to the World Investment Report 2021 of the United Nations Conference on Trade and Development. [UNCTAD, 2021] The SME sector could be among those most severely impacted by the 2020 crisis. This will result in fewer services available, lower population entrepreneurial incomes, and hidden unemployment (flow into informal employment). [Zemtsov, 2020] Russia's macroeconomic growth is subpar, and since the Russian people are currently subject to sanctions, demand is down and expectations for Chinese goods are lower than they were previously. [Ministry of Commerce of China, 2020]

After the 2014 crisis, the West imposed sanctions on Russia and Russia pursued anti-sanctions. Russia undertook an import substitution strategy and economic restructuring. In light industry, the effect has been significant, with Chinese textile and clothing exports likely to be squeezed in the future. [Wang Y. X., 2018]

*Antiquated infrastructure:* The 2020 Investment Guide to Russia published by the Ministry of Commerce of China found that the topography of Russia is complicated and diverse, with road transportation being moderately old; rail, air, and water transportation being older. With the exception of important urban centers like Moscow and St. Petersburg, the current state of affairs of outmoded infrastructure has not materially changed in recent years. Additionally, the logistics costs are expensive, the transport and logistics system in Russia is insufficient, and the public infrastructure is still relatively underdeveloped, all of which raise the investment costs for businesses.

*Significant regional differences:* The infrastructure, market access, commercial density, and capital acquisition channels of each city in Russia vary, and regional variances are too great. Other cities don't measure up to Moscow and St. Petersburg in the same way. [Zemtsov, 2019]

*Investment restrictions:* Foreign investment is subject to a number of restrictions in Russia, including those relating to market access, national treatment, land usage, labor quotas, insurance, visas, the tax code, and the operations of foreign banks. The federal electrical grid, sea inland navigation, air and rail transportation, the design and building of civil airports, and the upkeep and repair of paved roads are among the

industries where admission by foreign citizens is prohibited. [China General Chamber of Commerce-Russia, 2021]

*Local acceptance:* There is a pervasive belief in the Russian public that immigrant entrepreneurs drive the locals out of certain economically desirable niches. Their businesses are part of the unofficial economy, which reflects illegal methods of conducting business and even criminality. [Peshkova, 2018] As for migrant urban regions formed by Chinese and other foreigners, “foreigners” were frequently perceived as occupying alienated, contested, or even seized territory. [Dyatlov, 2020] Chinese migration and quick growth resulted in the creation of an enclosed and practically unmanageable space. The rise of “Chinese” markets (ethnic markets), according to Russian academics, is what caused the Chinese to be labeled as “dangerous” in prejudiced dialogue. Public sentiment was impacted by media reports that exaggerated the true scope of migration and was worried about illegal immigration. [Avdashkin, 2020]

*Risk of migration restrictions:* Also to be considered are the hazards associated with visas for Chinese migration. It should be noted that the Russian visa regime for Chinese citizens differs from the visa regime of CIS countries in that Chinese migrants must first obtain a visa before going to Russia. This makes it practically impossible to come to the country and then look for a job. In general, it can be said that Chinese migrants in Russia are by nature extremely enterprising. But neither business migration nor startup or investment visas is available in Russia. [Yu, 2021]

Russia has stringent labour quotas for immigrants from China and other countries (except the CIS). Companies and agencies that employ people submit applications to Service for Labour and Employment and the Migration Service each year to request the number of foreign workers they will need the next year. By the end of May the following year, the quotas are accessible. Before they may start working, foreign citizens must apply for a work visa, sign an employment contract with the company, and get a work permit. For regular employees, the duration of both work permits and work visas is one year. Senior specialists are exempt from the quota and may be given a three-year multiple work visa at the employer’s request. On the another

hand, Russia has also been working to strengthen the structure of the foreign labour force (foreign workers must have a comprehensive Russian language certificate), reduce foreign labour quotas, limit or restrict the use of foreign labour in specific industries, and fight illegal labour migration. For example, six thousand illegal Chinese migrants were deported from Moscow and the Moscow Region only in the first half of 2014. Furthermore, access to resources and business prospects may be restricted by a foreign identity and the lack of legitimacy that comes with being a foreigner in a host country. [Hamizah, 2019]

Nearly all migrant workers in Russia are introduced by friends and family, and no official contracts or agreements are written between the employers and the employees, according to a survey performed by the Ministry of Commerce of China. There are numerous companies that specialize in “selling contracts” as a result. The possibility of these companies being shut down exists, nevertheless. Many people enter Russia on tourist or business visas and work there illegally, or they stay here after their visas have expired. By order of the courts, they were penalized and expatriated.

Since the COVID outbreak in Russia on February 20, 2020, Russia has banned the issuing of work permits to Chinese nationals. Migrants could not enter Russia if they had returned to China before this time. Later, Russia gradually lifted the entry limitations. Russia included China as an official navigable country up until May 20, 2022. But it also implies that Chinese immigrants whose visas ran out while the outbreak was going on had to leave Russia within 90 days. China’s rigorous admission policy continued as a result of the outbreak until December 2022. For migrant business owners, this is another obstacle to entering Russia. When they left their home country, they must be aware that if their visa expires or if there are other issues, they will have to leave Russia; however, it is equally challenging to enter China. [Ministry of Commerce of China, 2020]

*Lack of legislative adaption.* The legal framework still requires improvement, particularly with regard to the frequently changing and insufficiently stable laws for foreign investment. Russia has also enacted significant anti-corruption efforts. Although this is a positive thing, some Chinese maintain that they are being duped into

engaging in “bribery” and that this is just an entrapment operation. Russia increased its efforts in 2015 to combat the grey area, the shadow economy, and to combat smuggling, counterfeiting, and tax evasion. Due to inadequate enforcement of the relevant rules or a lack of knowledge of them, Chinese business owners frequently lose money. In addition, within the Eurasian Economic Union, Russia has persisted in pushing for a law requiring electronic labelling. For now, it has been formally applied for footwear, textiles, and fur items. Additionally, only companies and individual entrepreneurs with a registered business in Russia may apply for electronic labelling. The Russian electronic label application system also uses a platform that is entirely in Russia, and the procedures are difficult and run by trained personnel. For Chinese companies doing such work, this presents difficulties. [China General Chamber of Commerce-Russia, 2021] Additionally, there are still several control and supervisory agencies’ requirements that are redundant or inconsistent, and business owners sometimes are unaware of these requirements until a violation is discovered. When resolving a conflict between an entrepreneur and the state in court, the probability of winning the former is low.

*Institutional risks:* According to a survey of Chinese migrant business owners in Russia conducted by the Union of Chinese Entrepreneurs in Russia, the main issues with the business environment in Russia are the stark differences between federal and local policies for luring foreign investment, corruption, inefficiency, a lack of qualified staff, administrative obstacles, an inadequate level of protection for ownership and contractual rights, an ineffective judicial system, rising prices, a decline in purchasing power and difficulties in access to financing. The different inspections that Russian institutions impose are likewise more frequent. Chinese migrant entrepreneurs are under a lot of strain because of this.

Furthermore, No initial tax holiday and a high tax burden. The Russian Ministry of Finance has imposed extraordinarily high tax rates for SMEs, including product taxes, income taxes, VAT, education taxes, road taxes, presidential taxes, and other taxes with various names.

Several significant factors were impeding entrepreneurship development in Russia, including a lack of industry information for domestic business owners, inadequate resources, mistrust of the government, infrequent use of state assistance programs for entrepreneurs, and excessive accountability of government departments. The demand for SME services and goods has decreased because of the rising tax burden, lackluster development in household incomes, and slow employment growth in Russian SMEs over time.

Some local employment departments do not put enough adequate eyes on migrant entrepreneurs, such as Ministry of Labor and Social Protection of the Russian Federation<sup>42</sup>. The same is true for some of the large foreign investment platforms that do not place much emphasis on migrant entrepreneurs such as The Foreign Investment Advisory Council<sup>43</sup>.

Unfortunately, many of the Russian-Chinese entrepreneurial platforms that could provide counselling or assistance do not contain enough business information, leaving migrants who want to start a business with nowhere to turn for help. Such as Association of entrepreneurs in the field of Russian-Chinese cooperation<sup>44</sup>, the Russian-Chinese Business Council, the Economic and Trade Department of the Embassy of the People's Republic of China in the Russian Federation. The more official platforms such as the Russian-Chinese Business Council<sup>45</sup>, the Economic and Trade Department of the Embassy of the People's Republic of China in the Russian Federation<sup>46</sup> websites do not provide a significant amount of useful business information and the content is outdated. There is no information on how to help migrants to start their own business, which is of limited use for migrant entrepreneurs.

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<sup>42</sup> Ministry of Labour and Social Protection of the Russian Federation (Министерство труда и социальной защиты Российской Федерации): <http://government.ru/department/237/events/> (date of access: 13.12.2024).

<sup>43</sup> The Foreign Investment Advisory Council (Консультативный совет по иностранным инвестициям в России): <https://fiac.ru/ru/> (date of access: 23.09.2024).

<sup>44</sup> Association of entrepreneurs in the field of Russian-Chinese cooperation (Ассоциация Предпринимателей в Сфере Русско-китайского Сотрудничества): <http://www.ruschnsh.com/ru/> (date of access: 23.09.2024).

<sup>45</sup> the Russian-Chinese Business Council (Российско-китайским деловой совет): <https://rcbc.ru/cn/interview/> (date of access: 23.09.2024).

<sup>46</sup> the Economic and Trade Department of the Embassy of the People's Republic of China in the Russian Federation (Отдел по торгово-экономическим вопросам Посольства Китайской Народной Республики в Российской Федерации): <http://ru.china-embassy.gov.cn/rus/sgxx/xgjj/jssc/> (date of access: 23.09.2024).

Russian academics contend that the country's judiciary is still substantially biased in the government's favour, which makes it difficult for investors to interact with the government in legal problems. The main issues faced by foreign investors in Russia are inconsistent economic regulation; a deteriorating market attractiveness; an excessively complex business environment; and doubts over the sustainability of the government's economic policies. [Akhmadeev, 2020]

*The instability of the ruble exchange rate and significant obstacles to commercial and personal remittances between Russia and China are also not to be overlooked. The Bank of China notified all banks to suspend payment business with Russia<sup>47</sup>.*

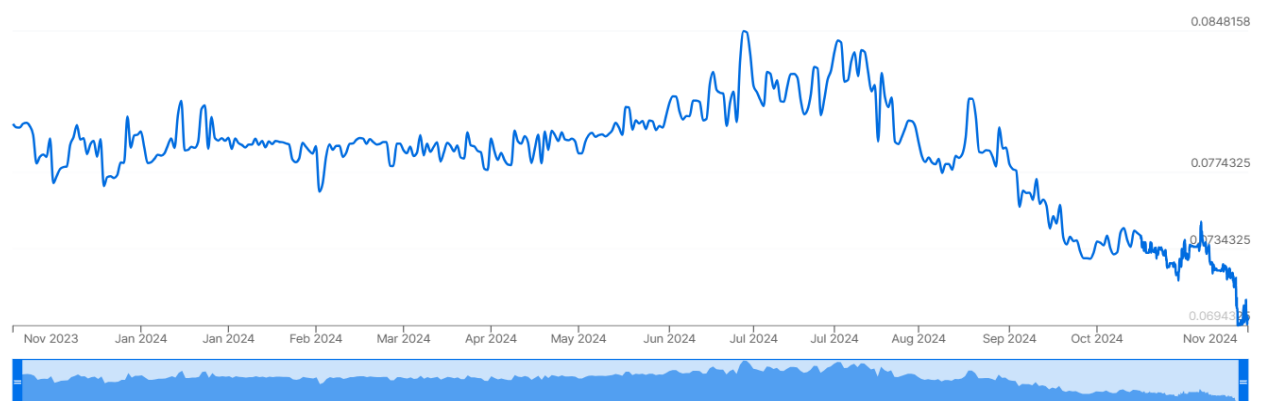


Figure 3.1.4 - RUB to CNY Chart in last year. *Using data from Google Finance<sup>48</sup> and assembled by the author*

*Security risks and insufficient professional staff:* Security risks are another major concern for foreigners in Russia, there is a high concentration of Chinese migrants near the big markets. However, there have been a number of cases that Chinese citizens being robbed due to the huge turnover of people in the big market. Many migrant Chinese entrepreneurs transporting cash to banks and other locations have been robbed or even killed. Moreover, there is a shortage of highly professional international staff who are fluent in Russian and Chinese. Despite the fact that there are many people learning Russian and Chinese, due to the two languages' extreme difficulty in learning,

<sup>47</sup> The information from GIS (was founded in 2011 by H.S.H. Prince Michael of Liechtenstein): <https://www.gisreportsonline.com/r/china-russia-finance/> (date of access: 23.12.2024).

<sup>48</sup> [https://www.google.com/finance/quote/RUB-CNY?sa=X&ved=2ahUKEwiozO-1o\\_iJAxWNn68BHeMZMD4QmY0JegQIIRAU](https://www.google.com/finance/quote/RUB-CNY?sa=X&ved=2ahUKEwiozO-1o_iJAxWNn68BHeMZMD4QmY0JegQIIRAU) (date of access: 20.02.2024).

there is a severe lack of multilingual individuals who can speak the language, comprehend the country, and be specialists in the field. [Ministry of Commerce of China, 2020]

### **3.2 Peculiarities of Ethnic Entrepreneurship Among Chinese Migrants in Russia**

The lack of transparency in Russian business and the significant mobility of Chinese migrants exacerbate the lack of reliable statistics. This makes it necessary to supplement official statistics with independently collected data. It is difficult to fully conduct interviews with migrant entrepreneurs across the country due to the complexity of data collection, so the author analyses only one region of the country: entrepreneurial companies operating in the Sverdlovsk Oblast from 1 August 2016 to 31 December 2022. Next, the author will analyze the information from the unique self-collected database that has been created and registered. The author collected data on 712 entrepreneurs and 837 companies.

The author selected and surveyed 35 Chinese migrant companies representing various industries and business sizes: 5 each from retail and wholesale trade to study their business activities.

The questionnaire was distributed personally to the entrepreneurs between November 2021 and June 2022. These respondents represented 5% of the total number of migrant entrepreneurs registered between 2016 and 2022 in the Sverdlovsk Oblast. Within the selection, 60% of respondents were men, and 40% were women, which corresponds to the gender structure of the general population.

The vast majority of respondents represent micro businesses (88% of them employ less than 10 people), 3% of companies have between 20 and 49 employees, 3% have between 50 and 100 employees and 3% have between 101 and 249 employees. In the sample, 74% are individual entrepreneurs (IE) and 26% are limited liability companies (LLC).

From January to August 2022, six in-depth interviews were conducted with Chinese entrepreneurs working in Ekaterinburg for 5 to 15 years. In addition, four

additional interviews were conducted after the 2022 crisis to gain a full understanding of changes in the factors affecting migrant entrepreneurship. To maximize the quality of the research on the factors influencing Chinese migrant entrepreneurs, the author conducted interviews both before and after the new crises. In order to prevent canned and false responses as much as possible, the author uses the interviewees' preferred interviewing technique. Furthermore, the author has internship experience in Chinese migrant companies and can ask targeted questions.

Table 3.2.1 - The status of Chinese migrant enterprises in Sverdlovsk Oblast August 1, 2016 – December 31, 2022. *Using data from author's database and assembled by the author*

<b>The status of migrant SMEs</b>	2016	2017	2018	2019	2020	2021	2022
nascent companies	27	44	123	225	53	177	123
closed companies	12	25	31	48	55	68	119
sustainable companies	87	120	221	412	411	537	585

*Note:* Numbers in columns reflect the number of enterprises of the respective status at the end of each year.

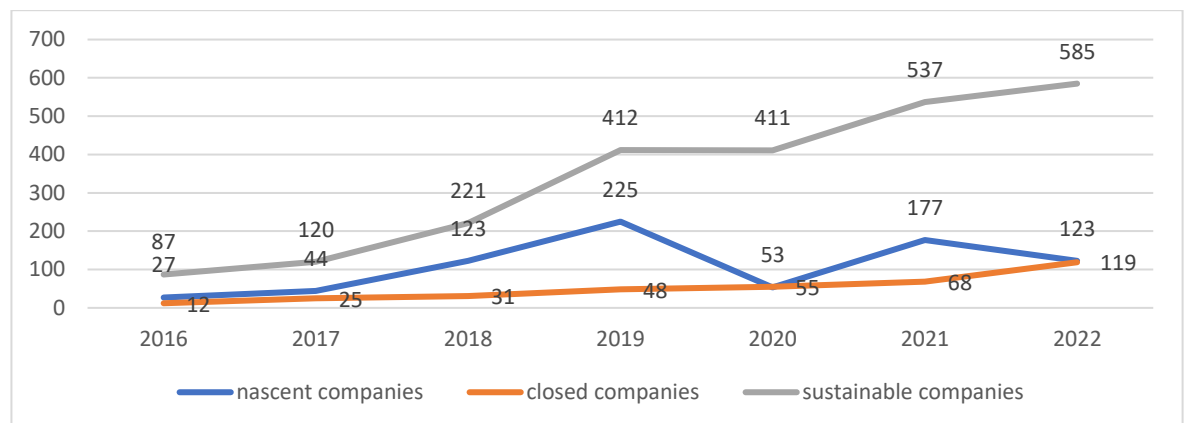


Figure 3.2.1 – The changing status of Chinese migrant enterprises in Sverdlovsk Oblast, August 1, 2016 – December 31, 2022. *Using data from author's database and assembled by the author*

From Table 3.2.1 and Figure 3.2.1, it can be clearly seen that the number of new businesses has increased from 2016 to 2019, with 2019 seeing the greatest increase. The nascent companies in 2019-2020 declined, and the survival rate remained flat. This shows that COVID has had a negative impact on companies, especially the enthusiasm of new companies (prior to the new sanctions crisis in 2022, 2020 was the year of the



economy’s largest blow because of the COVID epidemic in Russia). The difference from Table 2.2.11 in Chapter 2 is that more Chinese have opened their businesses in Russia, even though the number of Chinese in Russia has dropped as a result of adjustments to Russia’s and China’s<sup>49</sup> entry and exit regulations in 2020–2021. [The Russian Government, 2020] This may be since the Russian government relaxed the restrictions on epidemic isolation, the citizens’ lives have progressively returned to normal and the migrant entrepreneurs who remained in Russia have begun to conduct business. Notably, Russia reopened its borders to Chinese citizens in July 2021 [State legal information system, 2021], and in 2021–2022, the number of Chinese migrants registered increased dramatically. The Russian Presidential Decree of 2022 also mandated that foreign citizens who remained in Russia throughout the pandemic and whose visas had expired must depart the country by August 17, 2022.<sup>50</sup> Due to this, a significant number of Chinese migrants left Russia, leading to a dramatic decline in the number of migrant enterprises in operation as well as a significant increase in the number of business closures compared to prior years. Table 2.2.11 and Figure 3.2.1 demonstrate that changes in the number of migrant-owned enterprises do not always correspond to changes in the volume of migration as a whole. Immigration visa administration has a bigger influence on Chinese immigrant commercial activities than the pandemic.

Table 3.2.2 - Reasons for the termination of activities of Chinese migrant entrepreneurs. *Using data from author’s database and assembled by the author*

\*USRIP (ЕГПРИ): Unified State Register of Individual Entrepreneurs.

\*USRLE (ЕГРЮЛ): Unified State Register of Legal Entities.

The reasons for ending business activities	Number of migrant SMEs, ended their operations	Share of the total number of migrant SMEs, ended their operations, %

<sup>49</sup> In 2020 China’s heavy border controls due to the epidemic resulted in a significant reduction in out-migration. The news from National Health Commission of China. URL: <http://www.nhc.gov.cn/xwzb/webcontroller.do?titleSeq=11295&gecstype=1>. (in Chinese) (date of access: 23.08.2024).

<sup>50</sup> This decree was confirmed by Ministry of Internal Affairs (Russia): Some foreign nationals in Russia will become illegal after 17 August 2022. URL: <https://xn--b1amdcafogajtgf5ph.43.xn--b1aew.xn--p1ai/news/item/30557819> (date of access: 23.02.2023).

The expiration of the document confirming the right to temporarily or permanently reside in the Russian Federation	174	48,6
Connection with the adoption of a relevant decision by himself	172	48,0
Inactive individual entrepreneur excluded from USRIP*	11	3,1
Exclusion from USRLE* as a legal entity due to the unreliability information	1	0,3
<b>TOTAL</b>	<b>358</b>	<b>100</b>

The information of these Chinese migrant business owners in Sverdlovsk was then analyzed by the authors using USRLE/USRIE, and discover that 358 of these 837 (42.8%) companies have closed their business. Their reasons for ending their operations are listed in Table 3.2.2.

According to statistics, it is clear that institutional issues led to the closure of half of the enterprises, and that the remaining half was due to the personal decisions of the entrepreneurs. It is unfortunate that the cause of “a relevant decision by himself” cannot be determined. However, it is evident that “the document confirming the right to temporarily or permanently” has a major impact on how immigrant businesses perform.

Table 3.2.3 shows that the most common types of activities among Chinese migrant entrepreneurs are: 47.71 Retailing clothing in specialty stores; 46.42 Clothing and footwear wholesaler; 47.82 Retail in non-stationary stores and textiles, clothing and footwear markets. Retail (OKVED 47) and wholesale trade (OKVED 46) account for a very high proportion, accounting for 93,4% of all economic activity. A significant part of them are goods oriented towards meeting the needs of the low-income population, which allows Chinese migrant enterprises to contribute to the development of social entrepreneurship in the Russian economy.

In addition to the main economic activities, many companies also have additional activities. They are in the field of trade, manufacturing, construction, freight transport, travel agencies, hairdressing and beauty services, accounting, legal activities, medical practice, money intermediation, catering, photography, agriculture, forestry, exploration drilling, wholesale oil. Generally speaking, Chinese migrant entrepreneurs are rarely involved in production and construction operations in Sverdlovsk.

Table 3.2.3 - The major activity of Chinese migrant enterprises in Sverdlovsk Oblast.

*Using data from author's database and assembled by the author*

The major activity (OKVED)	Share of the total number of migrant SMEs		number of migrant SMEs
47.71 Retailing clothing in specialty stores	30,3%	47.11 Retail mainly food products, including beverages, and tobacco in non-specialized stores	0,48%
46.42 Clothing and footwear wholesaler	19,2%	95.23 Repair of footwear and leather goods	0,36%
47.82 Retail in non-stationary stores and textiles, clothing and footwear markets	10,51%	85.41 Education for additional children and adults	0,36%
47.71.1 Retail sale of men's, women's and children's clothing in specialized stores	5,26%	47.78.21 Eyeglasses retail in specialized stores	0,36%
47.19 Other retail trade in non-specialized stores	4,18%	47.43 Wholesale trade of motor vehicle parts and accessories	0,36%
47.89 Retail in non-stationary stores and other markets	3,70%	47.71.2 Retail sale of underwear in specialized stores	0,36%
47.99 Other retail outside stores, tents, markets	2,15%	68.20.2 Renting and operating of own or leased commercial properties and non-residential buildings	0,36%
47.91 Retail by mail or over the Internet	1,67%	66.19.6 Activity to accept payments from individuals by payment agents	0,24%
47.72 Retail of shoes and leather goods in specialized stores	1,67%	52.10 Warehousing and storage activities	0,24%
47.91.2 Retailing, carried out directly by means of information and communication on the Internet	1,43%	47.65 Retailing games and toys in specialized stores	0,24%
68.20 Renting and operating of own or leased real estate	0,96%	45.20 Maintenance and repair of motor vehicles	0,24%
47.82.2 Retail trade in the markets of textiles, clothing and footwear	0,96%	68.31.1 Provision of intermediary services in the sale and purchase of immovable property on a fee or contract basis	0,24%
46.42.1 Wholesale Clothing	0,84%	47.75 Retail of cosmetics and personal care products in specialized stores	0,24%
47.19.1 Retail sale of a large assortment of goods with a predominance of non-food products in non-specialized stores	0,72%	73.11 Advertising agencies	0,24%
46.42.2 Wholesale shoes	0,60%	96.02.1 Hairdresser services	0,24%
46.41 Textile wholesaler	0,60%	46.42.12 Wholesale of underwear	0,24%
46.90 Wholesale non-specialised	0,60%	47.78.3 Retail sale of souvenirs, handicrafts	0,24%
46.49 Wholesale of other household goods	0,60%	47.8 Retail trade in non-stationary trade facilities and markets	0,24%
46.49.42 Wholesale games and toys	0,48%	47.82.1 Retail trade in non-stationary trading objects, textiles, clothing and footwear	0,24%
47.64 Retail of sports equipment and sporting goods in specialized stores	0,48%	47.89.1 Retail trade in non-stationary trading objects other goods	0,24%
47.51 Retailing textiles in specialized stores	0,48%	56.10.1 Operations of full-service restaurants and cafes, cafeterias, fast food restaurants and self-service restaurants	0,24%
01.13.1 Growing of vegetables	0,48%	47.29 Retailing other food products in specialized stores	0,24%
56.10 Restaurant activities and food delivery services	0,48%		
<b>The major activity (OKVED)</b>	<b>Share of the total</b>		

46.74 Wholesale of hardware, plumbing and heating equipment and supplies	0,12%
47.74 Retail sale of medical products, orthopaedic products in specialized stores	0,12%
77.40 Leasing of intellectual property and similar products, except copyrighted works	0,12%
51.42.4 Wholesale Shoes	0,12%
47.21 Retail sale of fruits and vegetables in specialized stores	0,12%
47.59.2 Retail of various household utensils, knives, tableware, glassware and ceramics, including porcelain and faience in specialized stores	0,12%
49.4 Road freight transport activities and transportation services	0,12%
47.41 Retail trade of computers, peripheral devices to them and software in specialized stores	0,12%
46.43 Wholesale of household electrical goods	0,12%
95.11 Repair of computers and peripheral equipment	0,12%
45.32 Retail trade of motor vehicle parts and accessories	0,12%
47.1 Retail sale in nonspecialised stores	0,12%
46.39 Wholesale of non-specialty foods, beverages and tobacco	0,12%
46.49.43 Wholesale of sporting goods including bicycles	0,12%
46.15 Agents in the wholesale trade of furniture, household goods, hardware, knives and other metal products	0,12%
47.78.9 Retail of non-food items not elsewhere grouped in specialized stores	0,12%
14.11 Manufacture of leather clothes	0,12%
79.90 Other reservation service and related activities	0,12%
74.30 Translation and interpretation activities	0,12%
43.39 Other building completion and finishing	0,12%
79.11 Travel agency activities	0,12%
46.69.9 Wholesale of other general industrial and special purpose machinery, appliances, equipment and equipment	0,12%
47.51.1 - Retail sale of textiles in specialised stores	0,12%

46.49.44 Wholesale of leather goods and travel accessories	0,12%
09.90 Provision of services in other mining operations	0,12%
46.31.1 Wholesale of fresh vegetables, fruits and nuts	0,12%
46.4 Wholesale of non-food consumer goods	0,12%
46.49.4 Wholesale of other consumer goods	0,12%
68.10 Purchase and sale of own real estate	0,12%
46.76 Wholesale trade of other intermediate products	0,12%
47.53.3 Retailing wallpapers and floor coverings in specialized stores	0,12%
47.64.2 Retail sale of fishing tackle in specialized stores	0,12%
47.71.3 Retail sale of fur articles in specialized stores	0,12%
47.71.7 Retail sale of headgear in specialized stores	0,12%
47.72.1 - Retail sale of footwear in specialized stores	0,12%
47.78 Other retail sale in specialized stores	0,12%
47.81 Retail trade in non-stationary trading facilities and markets of food, beverages and tobacco products	0,12%
47.89.2 Trade retail markets of other goods	0,12%
47.9 Retail trade not in stores, stalls or markets	0,12%
45.31 Wholesale trade of motor vehicle parts and accessories	0,12%
68.20.1 Renting and operating of own or leased land, buildings and dwellings	0,12%
71.12.3 Exploration work, geophysical and geochemical study in the field of mineral resources and the reproduction of the mineral resource base	0,12%
85.41.9 Additional education of children and adults, not included in other categories	0,12%
46.32 Wholesale trade of meat and meat products	0,12%
47.19.2 Activities of department stores selling general merchandise	0,12%
<b>TOTAL</b>	<b>100%</b>

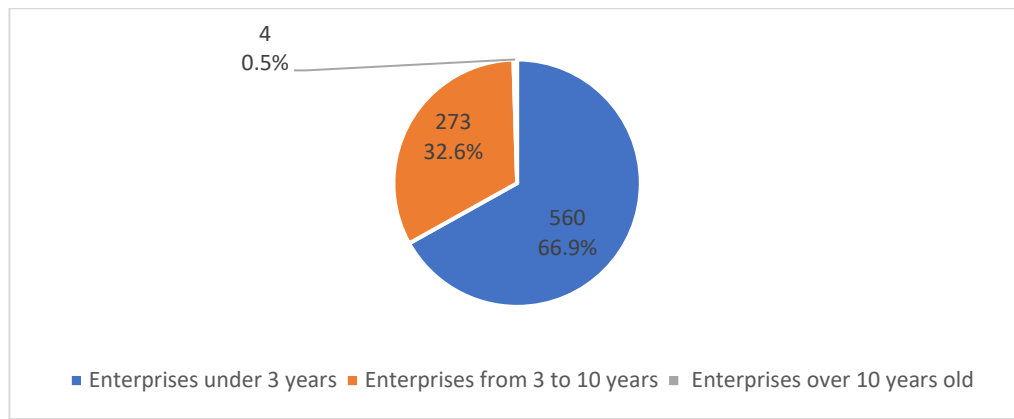


Figure 3.2.2 – The age of Chinese migrant enterprises in Sverdlovsk Oblast, August 1, 2016 – December 31, 2022. *Using data from author's database and assembled by the author*

According to statistics (Figure 3.2.2), the average age of Chinese migrant enterprises is quite short – less than 27 months. Almost two thirds, 67% of all companies are less than three years old. Therefore, we can confirm that the inventory life of Chinese migrant companies is not long. The average lifespan of Chinese companies in Russia is significantly shorter than in Russia as a whole, indicating a difficult environment for sustainable development.

The given data show that not many entrepreneurs receive assistance from the tax office—not even one in five, only 16%. Of course, on the issue of government support, further questionnaires and interviews are needed. (Figure 3.2.3) Due to language barriers or lack of initiative, 86% of respondents did not seek counselling on state support and were unaware of available opportunities. Some respondents noted a lack of state support and attention to migrant companies, due to limited material assistance, only national enterprises are prioritized. Although respondents who had received state aid recognized its effectiveness, they still considered it insufficient.

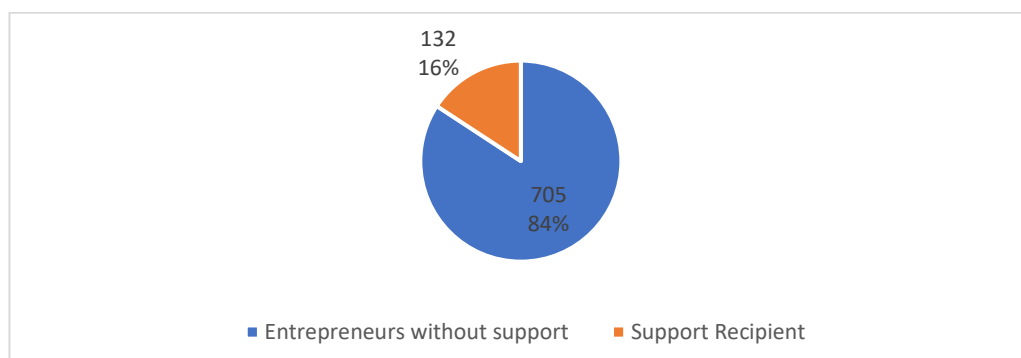


Figure 3.2.3 – The situation about recipient of support from the Federal Service for Taxes. Type of support: Provision of subsidies and grants. *Using data from author's database and assembled by the author [Register]*

Many interviewees said that the existing digital service program «Gosuslugi» («Госуслуги») is not convenient for foreign migrants, and because of the lack of patronymics in the names of Chinese migrants, they often fail to register and have to go in person to MFCs (МФЦ) to submit documents. After registration, many questions closely related to migrants cannot be answered using it, such as visa extensions and the supply of migration records. All this requires several offline trips to the Migration Centre.

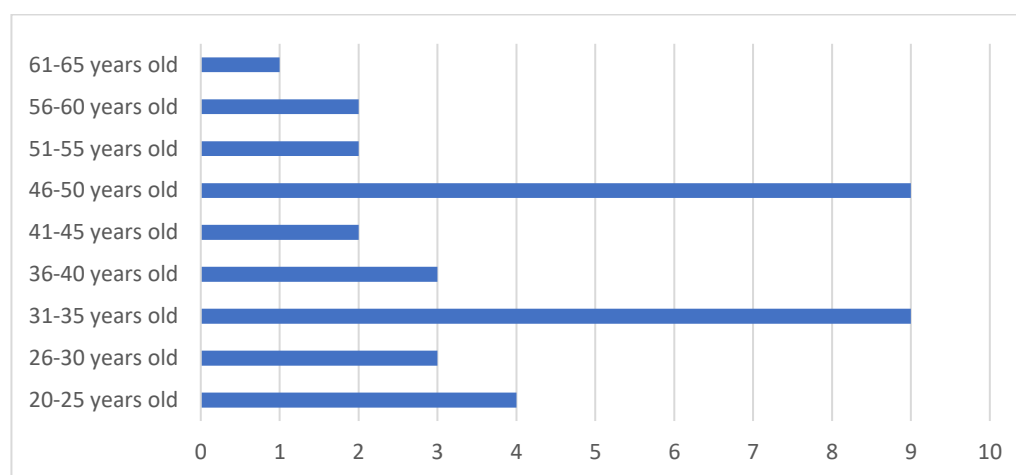


Figure 3.2.4 – The age groups of Chinese migrant entrepreneurs. *Using data from questionnaire and assembled by the author*

Analysis of questionnaire data using SPSS software showed that the majority of Chinese migrant entrepreneurs in the Sverdlovsk Oblast belong to the age groups 31-35 and 46-50, which account for 51% of respondents. The Russian market is proving to be attractive to both new entrepreneurs and experienced entrepreneurs.

The survey showed that the respondents' region of origin is the northeastern region of China, which has long-standing trade ties with Russia and a common land border. In addition, some of the respondents came from southern cities of China, where light industry is developed and there is access to inexpensive raw materials. The attractiveness of the Russian market for these entrepreneurs is explained by the high demand for relevant goods.

The sectoral structure of Chinese migrants' businesses is skewed towards low-tech sectors of the economy oriented towards the B2C segment. The expert views of established Chinese entrepreneurs with experience of opening several businesses in Russia indicate that the majority of Chinese migrants in Russia are engaged in wholesale and retail trade of consumer goods, catering, and tourism. Trade enterprises predominantly export Chinese goods to Russia, but there are also companies importing Russian goods to China, mainly food products. In ethnic markets where Chinese businessmen are concentrated, there are many service companies that provide services mainly to Chinese migrants and Russian residents, including logistics, warehousing, and transport companies; intermediary companies that assist migrants and Russian residents in obtaining visas, purchasing airline tickets, and advising on Sino-Russian business; and intermediary and consulting companies that assist in obtaining loans, exchanging currencies, and making remittances abroad. In addition, Chinese migrant entrepreneurs are opening companies in sectors such as medical services and car leasing, Chinese restaurants, hostels, hospitals, clinics, beauty parlors, massage therapists, car rental agencies, etc. The structure of Chinese ethnic entrepreneurship in Russia also includes such manufacturing segments as agribusiness (mainly vegetable farming), and food and light industry (clothing and footwear production).

However, it should be noted that 36 % of the surveyed entrepreneurs have already had the experience of losing their companies for various reasons but used the experience to restart their businesses.

The survey revealed the peculiarities of the recruitment policy among Chinese migrant entrepreneurs in Russia. Chinese migrant entrepreneurs opening companies in Russia often decide to hire local employees instead of performing all tasks independently. This contributes to the realization of the social function of entrepreneurship in the form of job creation for the local population of the host countries. Given the complexity and costs associated with hiring foreign workers, Russian locals are favored. The most in demand are specialists in accounting, finance and other areas requiring professional knowledge that entrepreneurs may not possess.

In addition, Chinese entrepreneurs often hire specialists on a part-time basis to deal with legal issues, tax documentation and other administrative tasks.

Table 3.2.4 - The self-evaluation of Chinese migrant entrepreneurs' company. *Using data from questionnaire and compiled by the author and analyzing from SPSS statistic.*

Report					
	Do you think you have integrated into the local Russian society?	Are you accustomed to Russian customs?	Do you often celebrate Russian festivals?	Are you used to speaking Russian?	Do you know the relevant industry laws in Russia?
Mean	3.06	3.63	2.77	3.34	2.40
N	35	35	35	35	35
Std. Deviation	1.349	1.031	1.573	1.211	1.418

The vast majority of Chinese migrants who responded to the survey said they had acquaintances who were Russian and that most of the local Russians treated them nicely. The interviewees responded to five questions about cross-cultural components in the self-evaluation, score 1 means very unfamiliar or unknown, 2 means unknown or unfamiliar, 3 means fair, 4 means more familiar and knowledgeable, and 5 means very familiar and knowledgeable. Table 3.2.4 shows that while awareness of the applicable Russian industry laws is least among entrepreneurs, they have the highest score for familiarity with Russian culture and customs. The fact that these five evaluations received low marks further demonstrates how difficult it is for a foreigner with a different culture and language to integrate into Russian society.

There are many reasons for this, the first being the language problem. For example, the common language of “large Market” with most Chinese Migrant Entrepreneurs is “Market Russian,” which is the dialect of Russian used for sales. But this doesn’t imply that these migrant entrepreneurs may leave the market and become more fully integrated into the community. It is challenging for migrants in “large market” to converse freely with Russians outside of “market Russian” due to the significant linguistic and cultural differences between China and Russia. But on the



other hand, they actively buy property, including houses and land, and reinvest their business income into the Russian economy.

Chinese migrant entrepreneurs, particularly those from the “Large market,” are largely acquainted with one another. Family members, friends, colleagues, and acquaintances are frequently intricately linked to one another. Despite the fact that there are dispersed Chinese migrant entrepreneurs. They scrupulously follow local laws, operate independently, and only occasionally interact with other ethnic groups in the “Large market”. Even though they have lived in Russia for a long time, the majority of these dispersed Chinese entrepreneurs still find it challenging to speak Russia, which keeps them inextricably linked to other Chinese people. They continue to struggle with integration into Russia and are said to be in a “sojourn” mentality. However, despite this, the importance of family values encourages them to move their families to Russia, send their children to Russian schools and involve relatives in family businesses. Some entrepreneurs have even created families with Russians.

Some dispersed Chinese migrant entrepreneurs carefully adhere to local regulations and do business independently. They are more fluent in the language, comprehend local laws, customs, and culture, and can converse effectively across cultural contexts. But frequently, these people are already qualified to hold leadership positions. They want to be self-employed and run their own business. They will decide to leave the “large market” and establish a presence somewhere now that they have mastered enough consumer resources.

Chinese students are another type of person. They are professionally inclined, highly educated, and proficient in several languages. They take advantage of their bilingualism to conduct Russian-Chinese trade abroad. As a result of the minimal work requirement, these students will initially choose to work in Chinese businesses to get experience. When they acquire the necessary skills, they might go back to China to look for a better suitable company, launch their own company, or work for a Russian business here at all. But even if there is less work pressure and a pleasant working atmosphere, there are very few individuals employed by Russian companies. But there

are alternatives to these companies, and entry barriers are low. Immigrants who are capable enough can accomplish it on their own.

Most Chinese entrepreneurs are keen to expand their businesses, actively seeking more profitable opportunities, and ready to make new investments. Before coming to Russia, many of them had experience of doing business in China or acquired it through relatives and friends. Similarly, Chinese migrants in Russia discovered that there are many well-liked Russian goods in China and that many migrants wish to export “Made in Russia” goods, particularly food, to China. On the Chinese market, the majority of “Russian products” are not actually from Russia, it’s a barren market.

Interestingly, as they live in Russia, many Chinese migrants gradually lose the desire to return to their home country. When planning their future, most of them consider the option of passing the business on to their children after retirement, with the prospect of returning to China themselves.

#### *The potential of migrants’ entrepreneurial activity from China*

Entrepreneurship is an important part of people’s social and economic lives in China. It plays an important role in employment, taxation, output value, and innovation in China. In 2018, Chinese Vice Premier Liu He stated that SMEs in China contributed more than 50% of the tax revenue, more than 60% of GDP, more than 70% of technological innovation, more than 80% of urban labor employment, and more than 90% enterprises in China.<sup>51</sup>

China places a high value on the growth of small and medium-sized businesses. Small and medium-sized enterprises can flourish due to a variety of laws on corporate financing, fee and tax reduction, service optimization, and the formation of technology research and development platforms. The administration approvals procedure has been streamlined by governments at all levels, and the “one-stop service” has been strongly promoted. [Ren, 2021]

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<sup>51</sup> The data come from The State Council of the People’s Republic of China’s article: Liu He presided over the first meeting of the State Council Leading Group for Promoting the Development of Small and Medium-sized Enterprises (SMEs). URL: [https://www.gov.cn/guowuyuan/2018-08/20/content\\_5315204.htm](https://www.gov.cn/guowuyuan/2018-08/20/content_5315204.htm). (In Chinese) (date of access: 23.08.2024).

In 2020, the number of technology-based small and medium-sized enterprises and high-tech enterprises exceeded 200,000. Chinese industrial SMEs have an average operating income profitability of 6.2% as of 2021. Small and medium-sized enterprises are the source of many new technologies, industries, formats, and corporate practices. By 2021, there were 3.838 million newly established “four new enterprises,” or 42.5% of all new companies. [Ministry of Industry and Information Technology, 2022]

Except for Individual Enterprises, more than 70% of SMEs are found in professional services (including Internet and technology services), logistics wholesale, retail, and manufacturing. The majority of China’s small and medium-sized businesses are positioned in the southeast coastal regions, particularly in Shanghai, Jiangsu, and Zhejiang. Micro (1–9 employees) businesses still make up the majority of SMEs today—more than 79%.<sup>52</sup>

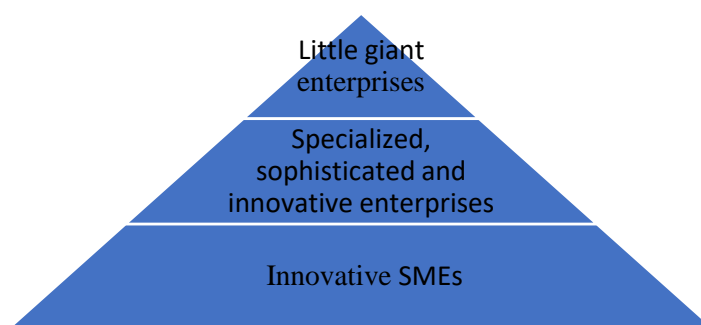


Figure 3.2.5 - Gradient training system for high-quality small and medium-sized enterprises. *Using data from The State Council of the People's Republic of China*<sup>53</sup>

China is also concentrating on developing a system of gradient training for high-quality SMEs, improving the environment for innovative SMEs, and assisting SMEs in following the path of specialization, specialization, and new development. The gradients are innovative SMEs; specialized, sophisticated and innovative enterprises; and “little giant enterprises”. All SMEs are eligible to participate in the ranking, which uses a variety of metrics to provide each company a score out of 100. These are the

<sup>52</sup> The data from International Data Corporation, with the article: Report on the survival status of small and medium-sized enterprises in China. URL: <https://www.idc.com/getdoc.jsp?containerId=CHC49803422>. (in Chinese) (date of access: 23.08.2023).

<sup>53</sup> The news published by The State Council of the People’s Republic of China on the article: Interpretation of the interim measures for the management of elevated cultivation of quality small and medium-sized enterprises. URL: [https://www.gov.cn/zhengce/2022-06/03/content\\_5693839.htm](https://www.gov.cn/zhengce/2022-06/03/content_5693839.htm). (in Chinese) (date of access: 23.08.2023).

three tiers of high-quality small and medium-sized business cultivation, and they are interconnected to create a gradient cultivation system. As of 2021, there were more than 48,000 specialized, sophisticated and innovative enterprises. There are 4,762 “little giant enterprises,” 90% of which are manufacturing enterprises. [Ministry of Industry and Information Technology, 2022]

From May 2019 to April 2020, Peking University’s Guanghua School of Management and Hewlett-Packard jointly conducted a research project on the innovation behavior of entrepreneurial SMEs in China. The research was conducted among 605 entrepreneurial SMEs in Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, and Sichuan and Chongqing regions.

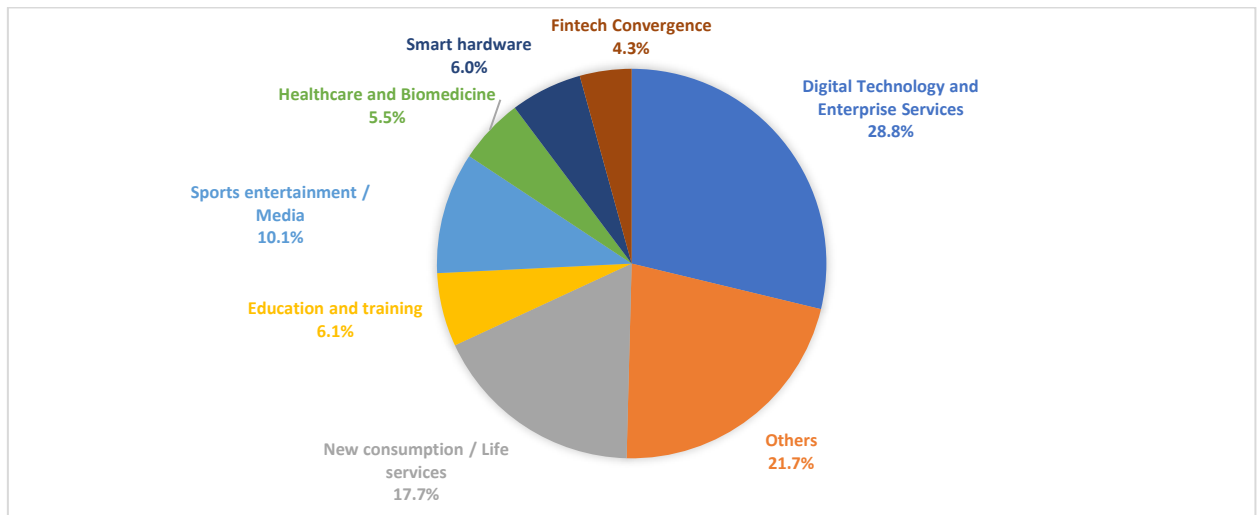


Figure 3.2.5 - Sectoral structure of SMEs in China. *Using data from Peking University* [Guanghua School of Management, 2020]

The survey found that Digital Technology and Enterprise Services, New consumption/Life services, and Sports entertainment/Media accounted for the largest share. There are technological advances in many areas, such as big data, cloud computing, artificial intelligence, sensing technology, robotics, the Internet of Things, materials science, bioscience, and 3D printing, that are gaining momentum and are strongly influencing and changing every aspect of socio-economic life in a systemic revolution. A significant number of these entrepreneurial companies have rapidly grown to unicorn status.

Chinese businesses can fill the gap in the Russian market, according to many Chinese and Russian experts. Small Chinese private enterprises that are looking for ways to fill the hole left by the departure of many Western brands. Large state-owned Chinese businesses are expected to behave very cautiously in the Russian market due to their concern over the possible consequences of breaking Western sanctions against Russia.

According to The South China Morning Post<sup>54</sup>, small Chinese private enterprises in a variety of sectors—from food companies to automobile manufacturers—are seeking ways to profit from the “emptiness.” Small and independent businesses with more adaptable payment and logistical systems can effectively take advantage of the opportunity. The exit of the EU and US from the Russian market will be particularly advantageous for Chinese companies operating in certain specialized industries, such as those producing food, medical supplies, car parts, and infrastructure-related products.<sup>55</sup>

The vice speaker of the Federation Council, Konstantin Kosachev, told RIA Novosti that he believes China and Russia have “very good potential for collaboration, regardless of how the situation in the Ukraine develops.” After Western businesses leave the Russian market, Chinese businesses can fill the vacant high-tech niches.<sup>56</sup>

On the other hand, Russia has long been a point of interest and one of the primary investment destinations for Chinese businesses, as it is China’s largest neighbor. Also, Chinese entrepreneurs are considering shifting production to Russia in order to save money on shipping and customs. Energy producers benefit from Russia’s comparatively low energy prices. [Tao, 2019] Although there is no shortage of highly skilled workers in the computer industry in Russia, Chinese internet enterprises are needed for their capital investments and management expertise. [Wang T., 2020] The poor participation of SMEs in foreign trade is being overcome by the development in

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<sup>54</sup> The South China Morning Post is a Hong Kong-based English-language newspaper owned by Alibaba Group.

<sup>55</sup> The idea comes from an article by RIA Novosti: Chinese companies can fill the void in the Russian market. URL: <https://ria.ru/20220329/kompanii-1780598645.html?ysclid=lfgg8xofdp92286650> (date of access: 23.08.2023).

<sup>56</sup> The concept came from an article by RIA Novosti: The Sovfed suggested that China should fill high-tech niches in the market. URL: <https://ria.ru/20220411/tekhnologii-1782847537.html?ysclid=lfgn4jxw5f530888318> (date of access: 23.12.2023).

Russian e-commerce.<sup>57</sup> Chinese businesses are also interested in entering the Russian market and seizing a part of the market there that was previously held by brands from the United States and Europe.

*The contribution and limitations of Chinese migrant entrepreneurs in Russia*

Chinese employment is disproportionately concentrated in trade, agriculture, and catering in Russia. Some Chinese entrepreneurs were powerful, but only a few established local industries or enterprises in Russia. The mainstay of Chinese businessmen is individual entrepreneur. They move through most Russian cities and focus on the local wholesale markets. [Xin, 2018]

Chinese migrant entrepreneurs have had several chances as a result of the deficiencies of the Russian light industry, and their companies have enjoyed a lot of success in this sector.

The market for Chinese electronics, auto components, furniture, consumer goods, and agricultural machinery is significant in Russia, in addition to the light industry-related industries that have a promising future here. Since most Chinese businessmen have the view that “Heaven rewards hard effort,” they have recognized the limitations of Russian society and sought out chances to establish business overseas.

Companies have been compelled to weigh the political risks of expanding abroad as a result of the sanctions that have been enforced on countries like China and Russia in recent years. Chinese businesses are now concentrating more on international markets in countries and regions with more stable political relations with China. [Wang T., 2020] There are increased possibilities for commercial and cultural connections between Russia and China attributable to “One Belt, One Road” and the “Eurasian Economic Union” between the two countries. Chinese businessmen’ reputation in Russia has increasingly improved along with their level of activity, and the industries they operate in have grown more complex. [Xin, 2018]

But alas, compared to traditional industries, there are not many high-tech enterprises entering Russia. In-depth interviews and analysis of China’s international

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<sup>57</sup> Deputy Director-General of WTO Alan Wolff spoke at the Small Business Standards Conference in Brussels on 30 May 2018.

relations suggest that there are numerous causes behind this. First of all, in contrast to the hundreds of years of migration to European and American countries, the Chinese have not been able to successfully assimilate into Russian society as a whole. Compared to other nations, Russia has a relatively small population of Chinese migrants. [Center for China and Globalization, 2020]

Second, the majority of migrants in Russia are traditional. Traditional or first-generation migrants are Chinese people who came to Russia in the initial wave. They fight for a higher standard of living and concentrated on the trade of light industrial products. The majority of them speak Russian poorly and are older and less educated. New types of migrants (international students, 2nd generation migrants, etc.) have clearly not found their place yet, migration of high-tech skills is not very prevalent.

To sum up, according to the study titled “Analysis of the Situation of Overseas Chinese in Russia in 2020,” Chinese migrants play a significant role in introducing affordable light industrial products to the Russian market. Their presence enriches the diversity of available products, offering a wider range of options to consumers in Russia [Wang Y., 2022], and provide more options for low and middle-income Russians. Furthermore, migrant entrepreneurs actively employ Russians for both short-term and long-term positions, such as lawyers, accountants, translators, business managers, and consultants.

In addition, Chinese migrants and high-tech entrepreneurs in China face significant competitive pressure within the domestic market, compelling them to explore opportunities in foreign markets. Migrant entrepreneurs often consider regions such as Southeast Asia, the United States, Australia, and Europe as potential destinations. These regions are popular choices for immigration due to their favorable migration policies, have a highly developed entrepreneurial activity, and are active in a variety of industries, including high technology. For instance, Europe implements a points-based immigration system that allows economic migrants to qualify for work visas based on their personal characteristics and qualifications, without the requirement of a job offer. Singapore, on the other hand, grants permanent resident status to migrants based on their tax returns. While Russia does have a migration policy, it is not

as well-developed or widely known among these entrepreneurs. Consequently, despite the interest in the Russian market, many entrepreneurs are unsure about how to enter it due to a lack of awareness or information regarding the migration policies in place.

It is worth noting that, as the stratum of people working with Russia is formed and the understanding of the country's specific conditions grows, so does the number of Chinese doing business here. It is reasonable to predict that over time they will play a bigger role in the growth of the Russian economy and society. As a result, there is reason to anticipate that Chinese business in Russia will grow and become more established, and that stable personal and professional links will form among Chinese entrepreneurs. This development could result in a new level of Russian-China relations in the future. [Kashin, 2018]

Guidelines revision of the state migration policy should be aimed not only at attracting qualified migrant entrepreneurs but also at supporting potential entrepreneurs who can expand businesses and create jobs. Facilitating the influx of entrepreneurs capable of making a meaningful contribution to the economy would allow Chinese migrant entrepreneurs and other international entrepreneurs to play a more significant role in the development of key sectors of the Russian economy and society.

### **3.3 Factors Affecting the Entrepreneurial Activity of Chinese Migrants in Russia**

Many sources of data not only about the fact of entrepreneurship by migrants. The authors focus not only on assessing the size of migrants' entrepreneurial activity, but also on identifying the underlying factors influencing migrants' willingness of starting and continuing business in the host country. Moreover, the authors must identify barriers and discontinuity factors for migrants.

#### ***Analysis of the software SPSS***

Table 3.3.1 - The sex of Chinese migrant entrepreneur respondents by questionnaires.

*Compiled by the author and analyzing from SPSS statistic.*



Statistics			Sex		
Sex					
N	Valid	35	Man	21	60.0%
	Missing	0	Woman	14	40.0%

These respondents are 60% male and 40% female (Table 3.3.1); the gender share of the survey respondents is the same as the gender share of Chinese migrant entrepreneurs in the Sverdlovsk Oblast.

Table 3.3.2 - The position of Chinese migrant entrepreneur respondents by questionnaires. *Compiled by the author and analyzing from SPSS statistic.*

Case Summary						
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
\$position <sup>a</sup>	35	100.0%	0	0.0%	35	100.0%

a. Dichotomy group tabulated at value 1.

\$position Frequencies				
		Responses		Percent of Cases
		N	Percent	
\$position <sup>a</sup>	Company Owner	16	30.8%	45.7%
	Executive Director	11	21.2%	31.4%
	General accountant	4	7.7%	11.4%
	Financial Controller	4	7.7%	11.4%
	Commercial Director	7	13.5%	20.0%
	Member of the Board	3	5.8%	8.6%
	Others-shop Assistant	3	5.8%	8.6%
	Others-salesperson	2	3.8%	5.7%
	Others	2	3.8%	5.7%
Total		52	100.0%	148.6%

a. Dichotomy group tabulated at value 1.

We can infer from the responses of the respondents that (Table 3.3.2), in addition to Company Owner and Executive Director, Commercial Director is the most typical profession for Chinese migrants. The Executive Director and Company Owner both need to maintain overall control. This is also consistent with the finding in Table 3.3.1 that the majority of Chinese migrants work in sales or commercial, whether it be wholesale or retail. Additionally, about 66% of Chinese migrant entrepreneurs play

numerous responsibilities, demonstrating their intense and hard work. Additionally, 35 respondents are engaged in 52 jobs, only 12 are engaged in professional work.

Table 3.3.3 - Year of the Chinese migrant entrepreneur respondents' residence in Russia by questionnaires. *Compiled by the author and analyzing from SPSS statistic.*

How long have you been in Russia?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	2	5.7	5.7	5.7
	1-3 years	5	14.3	14.3	20.0
	3-5 years	4	11.4	11.4	31.4
	5-10 years	5	14.3	14.3	45.7
	More than 10 years	19	54.3	54.3	100.0
	Total	35	100.0	100.0	

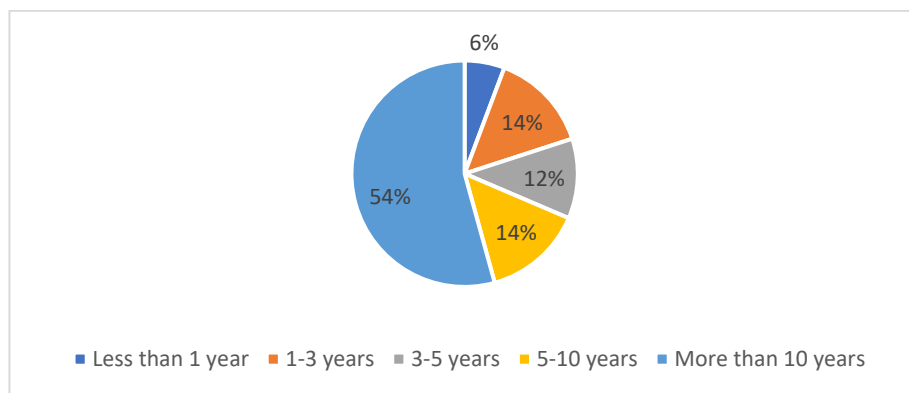


Figure 3.3.1 – Year of the Chinese migrant entrepreneur respondents' residence in Russia by questionnaires. *Compiled by the author and analyzing from SPSS statistic.*

The length of time that these migrant entrepreneurs have been operating in Russia differs as well. But many more have been there for longer - more than ten years. This may indicate that many businesspeople have abandoned Russia after failing in the short term. (Figure 3.3.1)

Table 3.3.4 - The current legal status of Chinese migrant entrepreneur respondents' company by questionnaires. *Compiled by the author and analyzing from SPSS statistic.*

What is the current legal status of your company?		
	N	%
Limited liability company	26	74.3%
Individual entrepreneur	9	25.7%

The majority of the 35 entrepreneurs that responded to the survey are individual entrepreneurs, which further demonstrates it is not difficult to become an IE. With less than 10 employees, the majority of Chinese migrant businesses in Russia are similarly quite tiny. (Table 3.3.4, Figure 3.3.2)

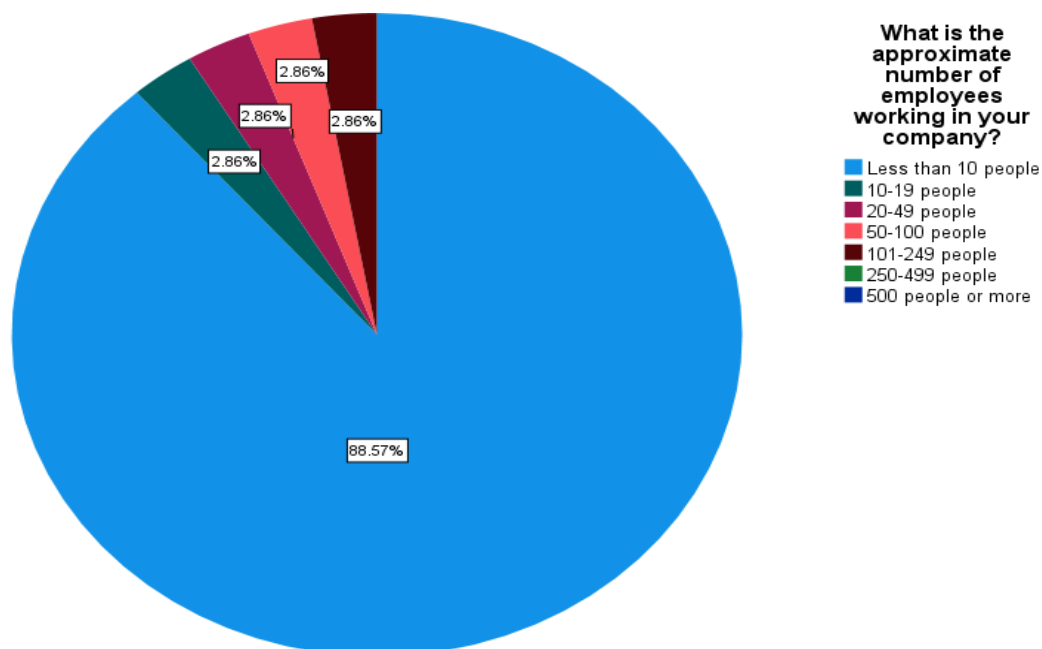


Figure 3.3.2 – The number of employees of Chinese migrant entrepreneur respondents’ company by questionnaires. *Compiled by the author and analyzing from SPSS statistic.*

Table 3.3.5, Table 3.3.6 and Table 3.3.7 can be seen that the motives to start business in Russia most people are: Russia has more opportunities than China. Followed by the recommendation or call of friends and fellow villagers. There are also some who did business with Russians when they were in China, which makes it less difficult for them to enter the market. Family business is also an important reason. Some people’s fathers and mothers do business in Russia, and their children take over the family business when they are adults.

Table 3.3.5 - The reasons to do business in Russia of Chinese migrant entrepreneur respondents' company by questionnaires.

*Compiled by the author and analyzing from SPSS statistic.*

Reasons Frequencies				
		Responses		Percent of Cases
		N	Percent	
Reasons <sup>a</sup>	It's a family business	8	20.0%	22.9%
	More opportunities in Russia	16	40.0%	45.7%
	Friends/compatriots ask you to help run the company	10	25.0%	28.6%
	Already doing business with Russians in China, it is not difficult to do it in Russia	4	10.0%	11.4%
	Someone recommended	1	2.5%	2.9%
	Used to be a family business, but later expanded into a new business	1	2.5%	2.9%
	Total	40	100.0%	114.3%

a. Dichotomy group tabulated at value 1.

Table 3.3.6 - The advantages of doing business in Russia for Chinese migrant entrepreneur respondents by questionnaires.

*Compiled by the author and analyzing from SPSS statistic.*

Advantages Frequencies				
		Responses		Percent of Cases
		N	Percent	
Advantages <sup>a</sup>	High profit	5	11.4%	14.3%
	Easy access to resources (financial, human, material)	9	20.5%	25.7%
	Large product market	18	40.9%	51.4%
	Registering a company is easy	3	6.8%	8.6%
	Great opportunities for business growth	5	11.4%	14.3%
	The market is less competitive	1	2.3%	2.9%
	Fast return on investment	1	2.3%	2.9%
	Doing business is simple	2	4.5%	5.7%
	Total	44	100.0%	125.7%

a. Dichotomy group tabulated at value 1.

Table 3.3.7 - The reasons for choosing the industry of Chinese migrant entrepreneur respondents' company by questionnaires. *Compiled by the author and analyzing from SPSS statistic.*

<b>\$industry Frequencies</b>				
\$industry <sup>a</sup>		Responses		Percent of Cases
		N	Percent	
\$industry <sup>a</sup>	High demand for the product/service	13	26.5%	37.1%
	Key workers have the skills and qualifications to engage in these activities	5	10.2%	14.3%
	I have previously conducted entrepreneurial activities in this type of business in Russia	9	18.4%	25.7%
	I have previously conducted business activities of this type in China	4	8.2%	11.4%
	It is easy to do this kind of business in Russia	6	12.2%	17.1%
	It is easy to hire local Russian employees	1	2.0%	2.9%
	It is easy to hire employees for this type of activity among the diaspora	1	2.0%	2.9%
	A lot of people from the diaspora work in this type of activity	7	14.3%	20.0%
	In Russia can find cheap resources	1	2.0%	2.9%
	Improved employment opportunities and provides means of subsistence	2	4.1%	5.7%
	Total	49	100.0%	140.0%

a. Dichotomy group tabulated at value 1.

Table 3.3.8 - The barriers to doing business in Russia of Chinese migrant entrepreneur respondents' company by questionnaires. *Compiled by the author and analyzing from SPSS statistic*

<b>\$barriers Frequencies</b>				
\$barriers <sup>a</sup>		Responses		Percent of Cases
		N	Percent	
\$barriers <sup>a</sup>	High tax	9	12.9%	25.7%
	Extensive inspections and other regulatory measures	12	17.1%	34.3%
	Difficulty getting help from the Russian government	11	15.7%	31.4%
	Difficulty accessing resources	6	8.6%	17.1%
	Difficulty finding suppliers	4	5.7%	11.4%
	Expensive rent	12	17.1%	34.3%
	Negative public attitude towards foreign entrepreneurs	1	1.4%	2.9%
	High level of corruption	4	5.7%	11.4%
	Regulations, documents, operations of state institutions are not transparent	7	10.0%	20.0%
	There are no obstacles	3	4.3%	8.6%
	Russia's overall economy declines, national purchasing power declines	1	1.4%	2.9%
	Total	70	100.0%	200.0%

a. Dichotomy group tabulated at value 1.

And the main reason for them to continue business in Russia is: large market and high demand for the product/service. There also are many people who feel that in Russia have great opportunities for business growth and have high profit. When Chinese migrant entrepreneurs choose their industries, they consider market demand to be the most important. Previous work experience in similar industries in Russia or China also gave them more confidence. The simpler the business is and the more relevant industry skills of the key employees have, the more entrepreneurs will do this kind of business.

Table 3.3.9 - The support from government of Chinese migrant entrepreneur respondents' company by questionnaires. *Compiled by the author and analyzing from SPSS statistic.*

**What kind of support you received from the government?**

	N	%
Tax incentives	2	5.7%
Soft loans	2	5.7%
Termination of scheduled inspections	1	2.9%
None	30	85.7%

Table 3.3.10 - What difficulties do entrepreneur respondents have in Sverdlovsk Oblast by questionnaires. *Compiled by the author and analyzing from SPSS statistic.*

**\$difficulties Frequencies**

		Responses		Percent of Cases
		N	Percent	
\$difficulties <sup>a</sup>	Housing issues	3	4.8%	8.6%
	Legal difficulties	10	16.1%	28.6%
	Social dilemma	6	9.7%	17.1%
	Different cultures	13	21.0%	37.1%
	Language Differences	20	32.3%	57.1%
	Inability to communicate, inability to understand each other	7	11.3%	20.0%
	No difficulty	3	4.8%	8.6%
Total		62	100.0%	177.1%

a. Dichotomy group tabulated at value 1.

From the Table 3.3.8, Table 3.3.9, Table 3.3.10, it can be seen that the biggest barriers to doing business in Russia are: extensive inspections and other regulatory measures, expensive rent, and the difficulty obtaining government help and support. None of them received advice on government assistance. The authors interviewed people who didn't receive support. Many respondents did not know of the possibility of state support at all and did not seek help due to language barriers or a lack of initiative. Some people also believe that the government does not provide much support to companies or pays little attention to foreign companies, and the financial budget is also insufficient. The vast majority of people who get government help think it's effective but not enough. In business activities, the most troubled Chinese migrant entrepreneurs are language and legal problems.

Table 3.3.11 – Starting a business is harder than before the epidemic?  
*Compiled by questionnaires and analyzing from SPSS statistic.*

<b>Starting a business is harder than before the epidemic?</b>		
	N	%
True	30	85.7%
False	5	14.3%

Table 3.3.13 – Someone else ended business because of the pandemic.  
*Compiled by questionnaires and analyzing from SPSS statistic.*

<b>You know someone who shuts down their company and ends their business because of the pandemic?</b>		
	N	%
No	5	14.3%
Yes	30	85.7%

Table 3.3.12 –The pandemic caused a delay in starting a business? *Compiled by questionnaires and analyzing from SPSS statistic.*

<b>The pandemic caused a delay in starting a business?</b>		
	N	%
Agree	32	91.4%
Disagree	3	8.6%

Table 3.3.14 – Who closed business in Russia during entrepreneur respondents.  
*Compiled by questionnaires and analyzing from SPSS statistic.*

<b>still in operation</b>		
	N	%
No	5	14.3%
Yes	30	85.7%

According to the respondents' comments in Table 3.3.11, 3.3.12, 3.3.13, 3.3.14, 85.7% of respondents believe that it is harder to work now than before the outbreak; 91.4% believe that the pandemic has a negative influence on the company's sales and production; and 85.7% are aware that other Chinese people have shut down businesses as a consequence of the epidemic. And 14% of them have shut down their businesses due to the eradication of traditional industries, the need to stop work due to the pandemic, the declining profitability of their enterprises, or changing their industries.

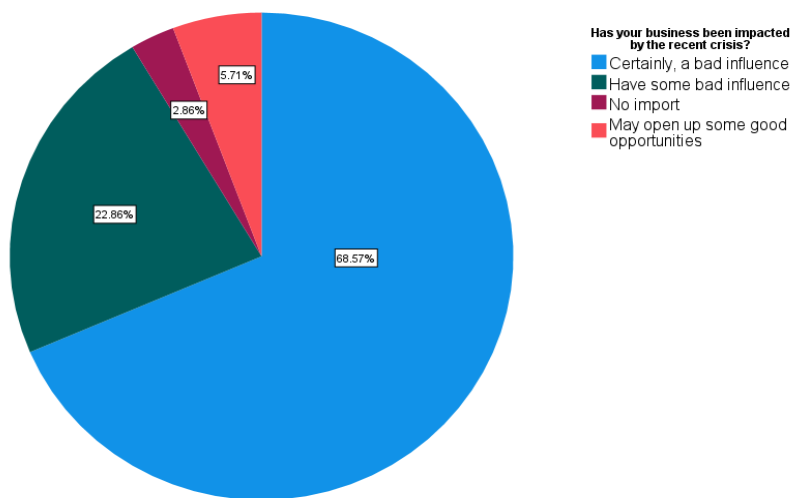


Figure 3.3.3 – Has your business been impacted by the recent crisis?

*Compiled by questionnaires*

Obviously, the sanctions crisis in 2022 had an impact on Chinese migrant entrepreneurs as well. However, it's interesting to see that 9% of respondents believe the crisis may present opportunities or have no impact on them. (Figure 3.3.3) There was a lack of confidence in investing in Russia after sanctions were imposed. Due to the chance this provided for Chinese businesses to fill the market gap, Russian-Chinese collaboration in recently emerging sectors including agriculture, finance, and online e-commerce has evolved quickly and has a promising future. This is due to the fact that the political unrest around the world would instead increase the willingness of Chinese migrant entrepreneurs to conduct business. [Ministry of Commerce of China, 2020]

Table 3.3.15 - How the company avoided losses during sanctions and counter-sanctions? *Compiled by questionnaires and analyzing from SPSS statistic.*



### \$sanctions Frequencies

		Responses		Percent of Cases
		N	Percent	
\$sanctions <sup>a</sup>	Diversified products and services	6	8.6%	17.1%
	Refocused on other products	5	7.1%	14.3%
	Entered new export markets	2	2.9%	5.7%
	Found new Russian suppliers of raw materials	6	8.6%	17.1%
	Found new foreign suppliers of raw materials, materials, components	2	2.9%	5.7%
	Reduced costs	14	20.0%	40.0%
	More products imported from China	4	5.7%	11.4%
	Less products imported from China	12	17.1%	34.3%
	Product price hike	10	14.3%	28.6%
	Convert rubles to other currencies	1	1.4%	2.9%
	No special actions	7	10.0%	20.0%
	Considering changing careers	1	1.4%	2.9%
Total		70	100.0%	200.0%

a. Dichotomy group tabulated at value 1.

The sanctions situation has decreased migrant businesses' sales and made doing business more difficult. To cut down on business losses, more entrepreneurs are deciding to spend less, make fewer purchases, and increase product prices. Changing suppliers and products, as well as product diversity, are also effective moves. (Table 3.3.15)

Do you think it will be easier or harder to do business in the future?  
%

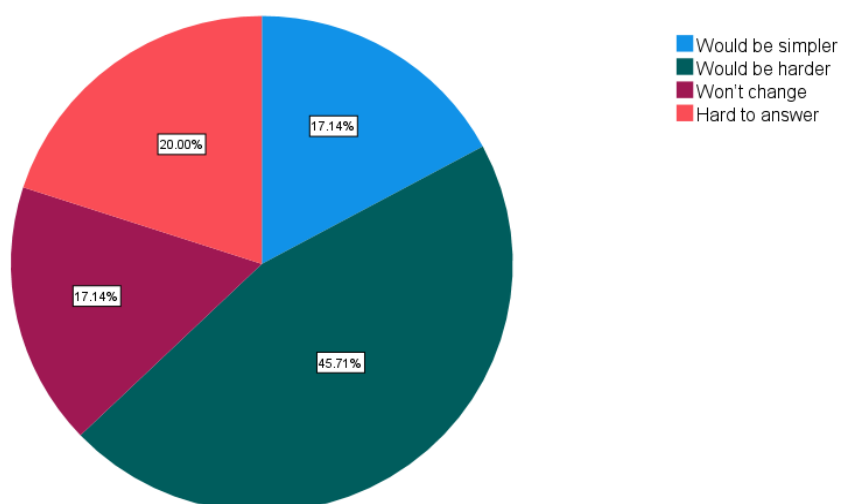


Figure 3.3.4 – Future forecasts of respondents regarding doing business in Russia.

*Compiled by questionnaires and analyzing from SPSS statistic.*

Most people still think it will be harder to do business in Russia in the future, but some people think it will be easier. Entrepreneurs in the cultural, educational, food, and international freight industries who can better integrate into Russian society believe that a new crisis may open up new opportunities. (Figure 3.3.4)

***Internal motives and barriers to the development of ethnic entrepreneurship of Chinese migrants in the Russian economy***

*Motivations of doing business in Russia for Chinese migrants*

Russia has more opportunities than China. The Russian market is large and lacks many products. There also are many people who feel that Russia has great opportunities for business growth and high profit. Chinese is very hard-working and many Chinese products are popular. Registering a company in Russia is procedural and standardized, and it doesn't take much time. Some industries have low barriers, and it's easy to enter, with large profits and opportunities for growth. Followed by the recommendation or call of friends and fellow villagers. There are also some who did business with Russians when they were in China, which makes it less difficult for them to enter the market. The family business is also an important reason. Some people's fathers and mothers do business in Russia, and their children take over the family business when they are adults. There are also some international students or second-generation immigrants who emphasize promoting cross-cultural, academic, scientific, and technological contacts between Russia and China. They think that since relations between Russia and China are at their best ever, this is a once-in-a-lifetime opportunity that must be taken advantage of.

*Factors affecting the continuation of business in Russia*

The decision to continue doing business in Russia is mainly influenced by the presence of a large market with a high demand for goods and services, as well as the perception of rich opportunities and potential for high profits. When selecting industries, entrepreneurs take into account the existing market demand and rely on their previous experience in related fields. More entrepreneurs will engage in this type of

business the simpler the company is to operate and the more relevant industry expertise the main personnel has. Successful businessmen took advantage of chances, worked hard to build their brands, set up factories, and successfully transitioned. They decided to not be afraid of challenges. Many people also believe that Russia and China complement one another in the commercial world.

In addition, Russia has a large Chinese diaspora, which facilitates the creation of social networks and the integration of foreign migrants into local society. In addition, Chinese migrants are guaranteed education, medical care, housing, and other services in Russia. Many people also stated that they had grown acclimated to life in Russia for a long time and would find it difficult to adapt if they left and returned to China.

#### *Barriers and risk to doing business in Russia*

Interviewees again highlighted the complexity of processing documents, the lack of policy support, expensive rent, language barriers, and legal issues. During interviews, entrepreneurs noted that many Chinese migrants do not have sufficient knowledge of local laws, which leads to frequent fines and penalties, especially among start-up businessmen. Migrants often start their business activities under conditions of uncertainty, without access to qualified assistance and support from government agencies.

In addition, some respondents noted that TV media reports about Chinese immigrant entrepreneurs are not correct and objective, and some Russians have a bad impression of Chinese products. Several interviewees specifically mentioned that customs officers twice conducted raids at Moscow's Sadavod market in 2018; the Moscow Cherkizovsky Large Container Market was shut down due to problems with illegal goods and unsanitary conditions. They were made even more frightened by the fact that Shen Yongyue<sup>58</sup> was found guilty of accepting bribes in 2019, even though the evidence was contested. As a result, some people are afraid to start really big businesses in Russia for fear of getting into trouble. In addition to labour costs, Russians are not

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<sup>58</sup> Shen Yongyue contributed more than \$15 million USD in 2005 to the establishment of the "Yue Jin Hi-Tech Park in Ussuriysk" in Russia. Shen was found guilty of bribery in the first trial in 2019 while contesting all accusations. The case received a lot of media, public, commercial, and human rights activist attention. Shen was defended vigorously by four attorneys at once, but the state prosecution was successful in securing a harsh sentence.

as diligent workers as Chinese people, and “leaving work on time” is the norm for them. He believed that Russia had a strong sense of local protection, which made it challenging to set up and run factories.

*Reasons the termination of Chinese ethnic business in Russia*

During in-depth interviews, Chinese migrant entrepreneurs indicated two main reasons for leaving the Russian market. The first one is related to the forced cessation of business activities as a result of the deteriorating economic situation in the country, exchange rate instability, and inefficient business practices. This, in turn, has led to a reduction in assets, loss of financial resources, or the incurrence of debt. The Ruble lost value during the 2008 global financial crisis, and several banks shut down. As a result, the amount of money held by migrants has significantly decreased. They have so far also gotten into the habit of not readily depositing money in banks. Most significantly, 2014 was affected. The ruble’s value was roughly halved. Entrepreneurs, who frequently engage in international trade, lost almost half of their deposits, and some even became indebted. As a result of the 2020 pandemic, some companies were forced to close, while customers fell sharply, profits dried up, and many company owners fled Russia.

The second reason is the violation of migration laws or the expiry of business-related documents, forcing migrants to leave Russia within the stipulated timeframe.

In addition, entrepreneurs who have left the country can obtain a visa again and return to Russia to start a new business. However, during the COVID-19 epidemic, China took strict measures to secure its borders, and Russia and China temporarily closed their borders. As a result, many entrepreneurs who returned to China were unable to enter Russia for a limited period of time, leading to the closure of their companies to minimize losses.

The external crises of 2020 had a significant impact on Chinese migrant entrepreneurs in Russia. Many of them were forced to close their businesses and leave the country, while those who remained faced the need to revise their business strategies due to the decreasing demand for goods and services.

The situation was further complicated by the introduction of sanctions in 2022, which reduced sales and made it more difficult to do business. However, some entrepreneurs perceived the crisis as an opportunity for growth and adaptation without experiencing significant difficulties. To minimize losses, Chinese entrepreneurs began to actively cut costs, reduce purchases, raise prices, change suppliers, and diversify their product range. The application of these measures allowed many to effectively adapt to the changed economic situation.

#### *How to do business successfully in Russia for Chinese*

Many Chinese businessmen claimed that migrants must acquire cross-cultural business concepts and thinking as well as Russian psychology. Early profiteers greatly offended the Russian people with their sloppy trickery. In reality, the primary benefit of Chinese goods in Russia is price, and those with low and intermediate incomes require Chinese goods. Chinese migrant entrepreneurs must communicate with local Russians while using their native social network. They must interact with people from different cultural backgrounds and are required to learn new techniques for cross-cultural communication, starting with language.

Some entrepreneurs also mentioned that they should adopt a Russian name and make an effort to fit in with the community. In order to succeed in business in Russia, one must not be frightened of challenges, seize opportunities, work hard to establish a brand, and create companies. Chinese migrant entrepreneurs must communicate with local Russians while using their native social network. They must interact with people from different cultural backgrounds and are required to learn new techniques for cross-cultural communication, starting with language. Additionally, some exceptional entrepreneurs have the idea to change industries, stop losses in their tracks, and enter the Russian market that was previously dominated by European firms.

#### *Russian business environment compared with China*

One of the positive factors for doing business in Russia is the low barriers to market entry, as well as the ease and speed of company registration. However, respondents showed that the efficiency of government agencies in Russia was lower than expected, which often leads to protracted processes. Doing business in Russia

requires more patience and compliance with multiple procedures, while speed and efficiency are prioritized in China.

Entrepreneurs also emphasized that in China, “connections” and human resources are of particular importance for successful operations, while in Russia it is important to ensure quality assurance and gain the respect and loyalty of local people.

Without extrapolating to other regions, the interviewed entrepreneurs praised the level of infrastructure in the Sverdlovsk Oblast. Transport accessibility, availability of jobs, communications, and resources provide the conditions for businesses to function. Suppliers, employees, lawyers, accountants, banks, and translators are available and inexpensive, which contributes to the efficient organization of business activities. The cost of living in the region is relatively low, quality of life is high, and employment opportunities are diverse.

At the same time, entrepreneurs noted that some areas of the Sverdlovsk Oblast have an unfavorable environment characterized by crime risks such as robbery and violence, which require additional attention when setting up business in these regions.

#### *Confidence in the future*

Most respondents are convinced that doing business in Russia will become more difficult in the future, but some entrepreneurs believe that conditions may improve. Representatives of such sectors as culture, education, food production and international freight transport tend to view the new crisis as a source of opportunities for growth and expansion.

In the in-depth interviews, senior entrepreneurs point out that despite the expected increase in demand for Chinese goods after the crisis, traditional retail and wholesale trade in Russia may lose their profitability in the future. In this regard, they emphasize the importance of timely exploitation of current opportunities and finding new promising industries to do business opportunities. In addition, they emphasize the need to effectively use digital technologies and attract highly qualified specialists to promote business in the online space.

**Based on the results of the research, the following recommendations for potential migrant entrepreneurs in Russia and government policy were formulated.**

### **Recommendations for future migrant entrepreneurs**

The authors have the following recommendations for potential Chinese migrant entrepreneurs based on the results of the study obtained above (Figure 1):

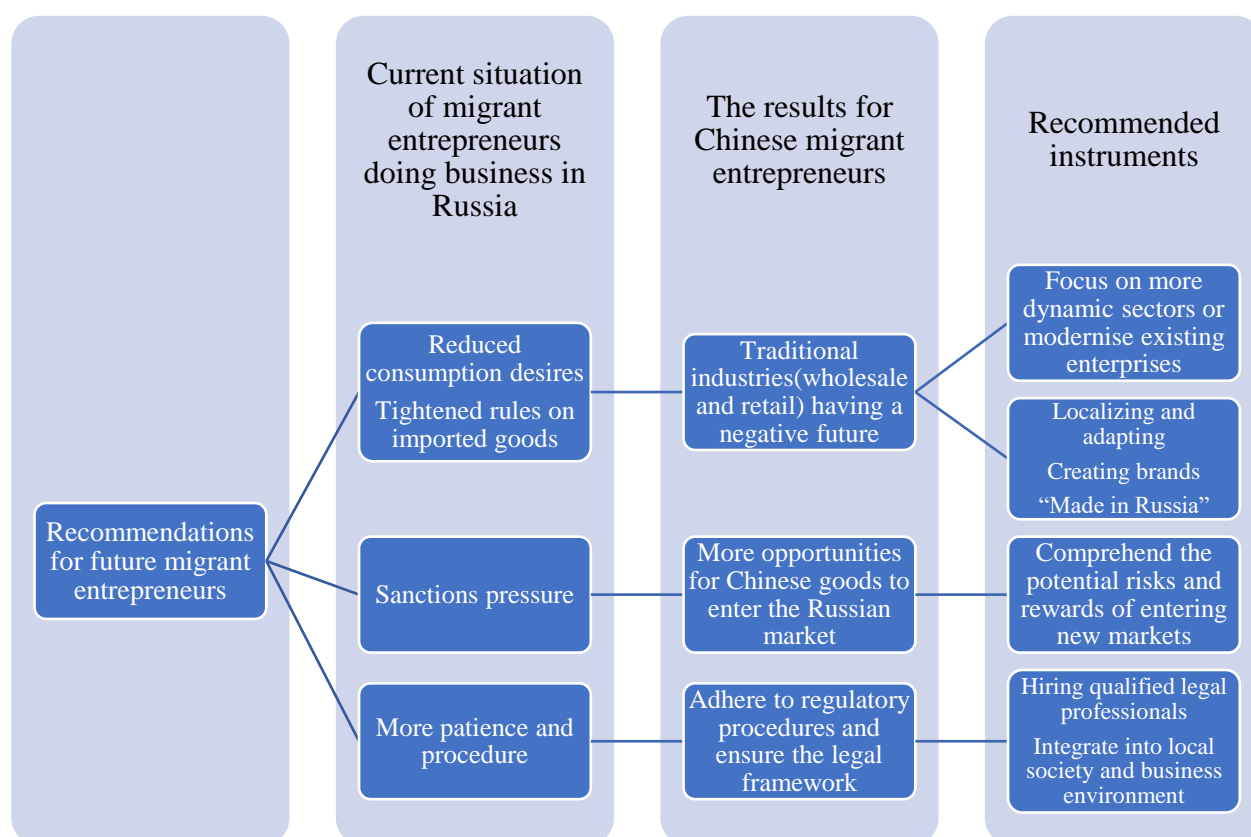


Figure 1 – Author’s recommendations for potential migrant entrepreneurs in Russia

1. In a changing business environment, it may be advisable to focus on more dynamic sectors or modernize existing enterprises. This is especially true for areas related to new technologies or with the potential to introduce technological innovations by the directions of the State Program of the Russian Federation “Scientific and Technological Development Strategy”<sup>59</sup>. For example, furniture chains, IT, and other medium or high-technology industries. This is especially true in areas that involve new technologies or have the potential for technological innovation.

<sup>59</sup> Scientific and Technological Development Strategy, Государственная программа «Научно-технологическое развитие Российской Федерации», <http://government.ru/rugovclassifier/858/events/>

2. Adapting to the specifics of Russian business practices may require redesigning products or launching them under their own brand name, which will allow them to take a more stable position in the Russian market and strengthen the “Made in Russia” status.

3. To run a successful business, it is important to strictly follow regulatory procedures and ensure the legal framework for operations, including company registration and obtaining all necessary licenses and permits. The need to comply with applicable laws also remains a key aspect of business sustainability. An important step is to engage qualified legal professionals who can assist in dealing with non-standard situations and ensure the smooth operation of the business.

4. For successful integration into Russian society and the business environment, it is advisable to take into account cultural differences, take Russian language courses and actively engage with the local community.

### **Recommendations for government regulators on migration and entrepreneurship development in Russia.**

The authors have the following recommendations for legislative work and state regulatory institutions based on the results of the study obtained above (Figure 2):

1. For administrative state institutions related to migration management and registration of business entities, such as the Main Directorate for Migration Affairs of the Ministry of Internal Affairs of the Russian Federation (GUVM/TYBM) and the Federal Taxation Service, which can exchange information or cooperate on migrant entrepreneurship issues, the author proposes simplification of administrative procedures: in terms of the paperwork process for migrant entrepreneurs, e.g. creating windows for migrant entrepreneurs at the Federal Taxation Service and the Ministry of Internal Affairs or creating “one-stop shop window” service zones for entrepreneurs, which would reduce administrative barriers, shorten the time needed to complete procedures and make it more attractive for foreign entrepreneurs to do business in Russia.



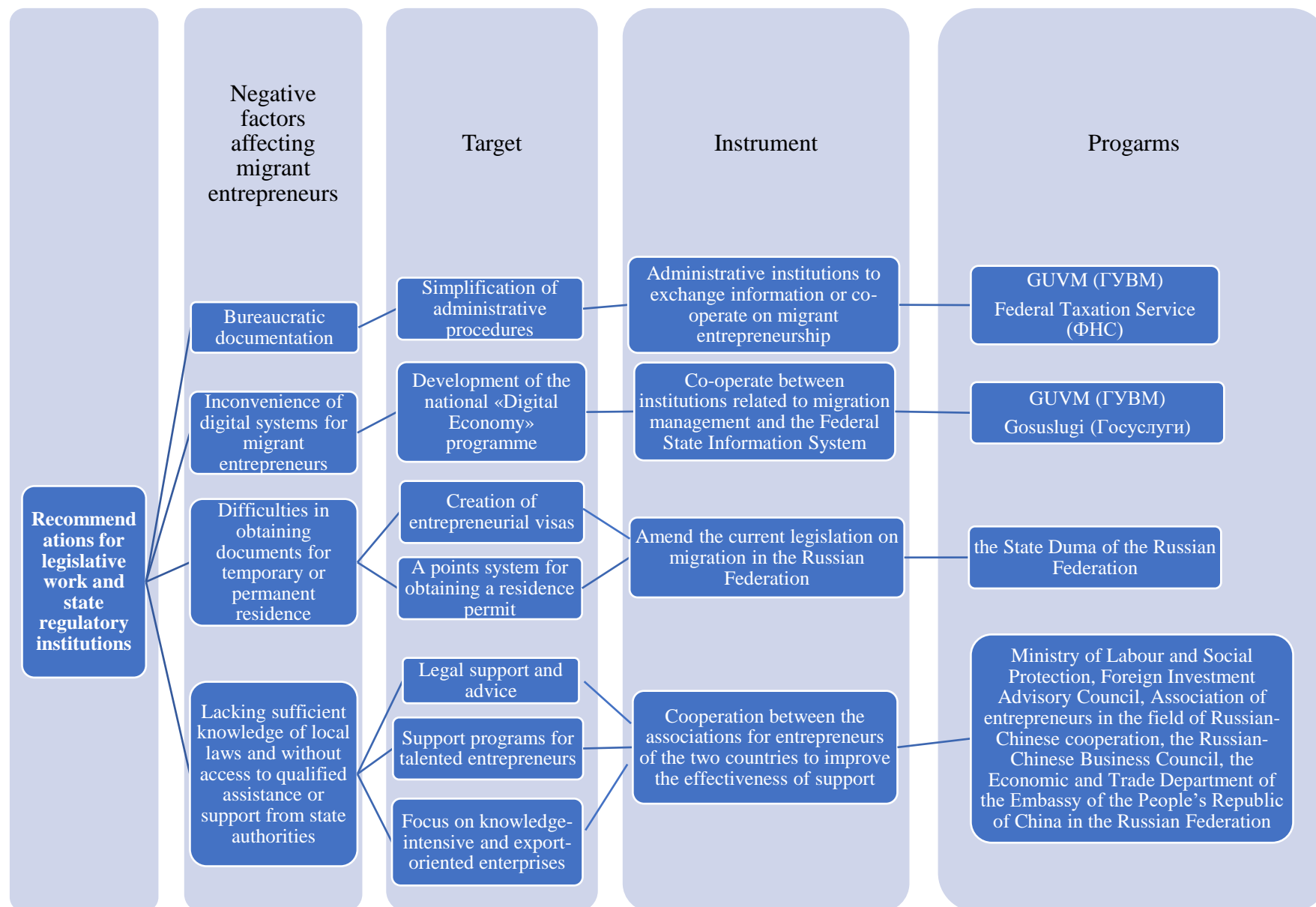


Figure 2 – Author's recommendations for legislative work and state regulatory institutions

2. For administrative institutions related to migration management and the federal state information system, such as the Main Directorate for Migration Affairs of the Russian Ministry of Internal Affairs (GUVM/ГВБМ), Gosuslugi, and the Ministry of Digital Development, Communications and Mass Media of the Russian Federation, which may exchange information or cooperate on migrant entrepreneurship. It is proposed that within the framework of the development of the national program “Digital Economy” and support for entrepreneurs in the digital era, the Ministry of Digital Development, Communications and Mass Media of the Russian Federation improve the Unified Portal of State and Municipal Services in terms of creating an integrated digital space, taking into account the support of migrants in doing business.

3. The author proposes to the State Duma of the Russian Federation to amend the current legislation on migration in the Russian Federation (Federal Law № 109-ФЗ “On Migration Registration of Foreign Citizens and Stateless Persons in the Russian Federation” and Federal Law № 115-ФЗ “On the Legal Status of Foreign Citizens in the Russian Federation<sup>60</sup>”) in terms of the development of the visa system and the introduction of the issuance of residence permits based on the entrepreneurial contribution of migrants.

To change the structure of migration flows from China to Russia in favor of attracting more Chinese migrants interested in doing business, it is advisable to introduce special “entrepreneurial visas” with preferences for representatives of high-tech industries. It is also recommended to consider the introduction of a points system for obtaining the residence permit, where accelerated accrual could be based on the number of tax contributions in favor of the host country.

4. Coordination of the efforts of such structures as the Ministry of Labour and Social Protection of the Russian Federation, the Foreign Investment Advisory Council in Russia, the Russian-Chinese Business Council, the Association of Entrepreneurs in the field of Russian-Chinese Cooperation, the Economic and Trade Department of the Embassy of the People’s Republic of China in the Russian Federation are proposed to

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<sup>60</sup> <http://www.kremlin.ru/acts/bank/24033>, <http://www.kremlin.ru/acts/bank/18669>. (date of access: 23.12.2024).

cooperate in creating conditions for more effective support for Chinese migrant entrepreneurs. For example, organization of meetings, exchanges of successful experiences of migrant entrepreneurs, and creation on the official websites of the above organizations of information resources necessary for starting their own business.

The PRC Embassy in the Russian Federation can act as an intermediary in communication between migrant entrepreneurs and the Ministry of Labour and Social Protection both directly and through the Russian-Chinese Business Council and the Association of Entrepreneurs in the field of Russian-Chinese Cooperation to provide organizational and legal support.

The Embassy can cooperate with the Foreign Investment Advisory Council in Russia, and suggest programs to support talented entrepreneurs: development of special programs and incentives for promising and gifted migrant entrepreneurs, including legal assistance, consulting services and access to additional resources, which can contribute to their successful development and integration into the Russian economy.

Focus on knowledge-intensive and export-oriented enterprises: Special attention should be given to supporting knowledge-intensive enterprises with high added value as well as projects with export potential. These companies can help stimulate technological progress and economic growth. Accelerated procedures for obtaining residence permits and access to legal and linguistic services should be made possible.

In Chapter 3, the reasons of Chinese migrants come to Russia are analyzed, and the risks of doing business for Chinese migrants in Russia are demonstrated. The peculiarities of the Russian entrepreneurial environment as a host economy are finalized. The author's database, questionnaires, and in-depth interviews are analyzed, and the characteristics of Chinese migrant entrepreneurs doing business in Russia are obtained. Factors influencing the activities of Chinese migrant entrepreneurs in Russia are identified. Recommendations for politicians and migrant entrepreneurs are offered.

## CONCLUSION

The dissertation substantiates theoretical provisions of the interdisciplinary approach to the study of ethnic entrepreneurship among migrants, develops a methodological approach to identifying the factors of ethnic entrepreneurship of Chinese migrants in Russia, and the author's method of collecting data on Chinese migrant entrepreneurs, taking into account country and ethnic differences, which made it possible to identify the unique features of Chinese migrant entrepreneurs as a separate ethnic group.

The dissertation research allowed us to draw several theoretical and practical conclusions and formulate recommendations for the development of entrepreneurship in Russia and the improvement of migration, structural, and industrial policy.

The analysis of theoretical approaches revealed the need to develop an interdisciplinary approach to the study of ethnic entrepreneurship among migrants, combining entrepreneurship and migration theories at the intersection of management, economics, and sociology, which allows describing the phenomenon of migrant entrepreneurship taking into account economic, managerial and social aspects, and also its innovative nature. Because the previous theories revealed separately the nature of the entrepreneur's economic behavior, the peculiarities of ethnic and social entrepreneurship phenomena, and the factors of migration processes, the features of migrant entrepreneurship were not fully disclosed. On the one hand, migrants possess the features of entrepreneurs and business initiators, and on the other hand, migrants choose between employment and running their own business in a particular host country in comparison with their home country. This allowed us to identify and describe Chinese migrant entrepreneurs as a distinct ethnic group of entrepreneurs and to identify the social role they play in the host economy. This approach contributes to bridging the research gap in understanding the mechanisms of development and characteristics of ethnic entrepreneurship of Chinese migrants in Russia.

Based on a structured analysis of existing methods of research on entrepreneurs and migrants, the paper proposes a methodological approach to the study of ethnic

entrepreneurship factors of Chinese migrants, taking into account the specifics of the Russian business environment, the characteristics of the ethnic group and the incompleteness of official statistics. To identify Chinese migrant entrepreneurs, we propose a method of data collection with the help of the “Hundred Family Surnames”. Approbation of the method allowed us to collect a database of 837 enterprises established by Chinese migrants in the Sverdlovsk region of Russia in 2016-2022.

The empirical analysis allowed us to obtain several new results within the framework of the topic under study. A large market, significant opportunities for business expansion, and high profits are the main motivations for Chinese migrants to do business in Russia. At the same time, the main barriers for entrepreneurs are intercultural differences, difficulties in accessing state support, and an overabundance of regulations. Migrants represent an important but under-reported source of entrepreneurial growth in Russia. However, most Chinese entrepreneurs in Russia run businesses that require fewer skills than in their home country. The existing SME environment in Russia attracts migrants who are not, unlike their countrymen, engaged in technology or knowledge-intensive industries that are actively developing in China.

The results of the study confirmed the hypothesis put forward at the theoretical stage about the attractiveness of the Russian market for Chinese migrant entrepreneurs in the existence of certain risks. Under the influence of both repelling and compelling factors, migrants open businesses in Russia and contribute to solving social issues.

**Limitations of the work.** There has long been an inadequate concentration of research on Russian migrant entrepreneurs. The scarcity of reliable statistics is made harder by Russian firms’ lack of transparency and the high mobility of Chinese migrants. There are no complete statistics or data available regarding Chinese migrant entrepreneurs.

There can be an error because Russian corporate information is not transparent. For instance, rather than registering companies under their own names, many migrant business owners actually do it under Russian aliases.

Because it is challenging to conduct a comprehensive national interview for migrant entrepreneurs, the author also chooses only one region of the country for

research. Due to the complexity of data collection, the results may have their own unique implications.

The unique database of entrepreneurial businesses that were active in the Sverdlovsk Oblast between August 1, 2016, and December 31, 2022, was used for the study. It is based on data from the Federation Ministry of Internal Affairs and the Unified Register of Small and Medium-Sized Businesses. Since the data on the website began on August 1, 2016, any data prior to that is blank.

**Whether the results are similar to other surveys.** The findings on the entrepreneurial motivations of Chinese migrants in Russia are consistent with the main findings of Gross and Schmitt [Gross, 2012], that migration pool and push factors differ for high- and low-skilled professionals, and that restrictive migration policies constrain the flow of migrants in general and high-skilled professionals in particular.

This dissertation on Russia's attractiveness to Chinese migrants and the challenges faced by entrepreneurs is comparable to those of Yu T., Wang Y.'s report, Xiong Y.'s interview, and Wang T.'s article. Chinese migrant business owners have been drawn to Russia by its sizable market, the high demand for Chinese goods, high profits, and the convenience of establishing a company; but the demand has decreased due to the decline in Russian national income development, and language barriers, institutional restrictions, exchange rate volatility present significant challenges for entrepreneurs.

The research on the characteristics of Chinese migrant entrepreneurs in this paper is comparable to that of Wang H. Y. on Chinese businessmen operating globally, Li M. H. on Chinese businessmen operating in Europe, Long on Chinese businessmen operating in Singapore, Wu M. M. on Chinese businessmen operating in the United States, Ruan on Chinese businessmen operating in Malaysia, and Lin X. H. on Chinese businessmen operating in Canada. Chinese migrants work far harder and more diligently than local business owners do. Chinese social networks open up more chances for migrants from China, who rely heavily on their friends and family. Additionally, they frequently gain commercially from their Chinese heritage by importing Chinese products, for example.

**Based on the results of the research, the following recommendations for potential migrant entrepreneurs in Russia and government policy were formulated.**

State support for existing and emerging migrant enterprises in areas related to new technologies or with the potential to introduce technological innovations;

Support for highly skilled migrants;

Priority support for industries with high-added value produced on the territory of the host country;

Development of organizational support, facilitating access to qualified legal assistance;

Simplification of administrative procedures based on the “one window” principle;

Adaptation of e-business services to the needs of migrants; Introduction of “entrepreneurship visas”;

Development of cultural exchanges, increasing the study of culture and language of the host country by migrants, the experience of entrenched migrant entrepreneurs.

**Prospects for further development of the research topic** include the creation of modernized indicators for assessing the contribution of migrant entrepreneurs to the host economy; the peculiarities of entrepreneurship of Chinese migrants in the current conditions of the impact of sanctions and instability of the geopolitical situation.

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## APPENDIX A. QUESTIONNAIRE FOR CHINESE MIGRANT ENTREPRENEURS

Doing Business in Russia:

1. Sex

*Mark only one oval.*

- Woman
- Man

2. Is your company/business still in operation?

*Mark only one oval.*

- Yes, still in operation
- No, closed

3. When did your company end?

\_\_\_\_\_.

4. What position do you hold at the enterprise?

*Mark only one oval.*

- Company Owner
- Executive Director
- General accountant
- Financial Controller
- Commercial Director
- Member of the board
- Other:

5. Your age \*

\_\_\_\_\_.

6. How long have you been in Russia?

*Mark only one oval.*

- Less than 1 year 1-3 years
- 3-5 years

- 5-10 years
- More than 10 years

7. What is the current legal status of your company?

*Mark only one oval.*

- Limited liability company
- Individual entrepreneur

8. Please specify what type of activity (OKVED) is the main one for your company?

If you don't know, please write what is your company's business?

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9. What is the approximate number of employees working in your company?

*Mark only one oval.*

- Less than 10 people
- 10-19 people
- 20-49 people
- 50-100 people
- 101-249 people
- 250-499 people
- 500 people or more

10. Why did you choose the type of activity?

*Mark only one oval.*

- High demand for the product/service
- Key workers have the skills and qualifications to engage in these activities
- I have previously conducted entrepreneurial activities in this type of business in Russia
- I have previously conducted business activities of this type in China
- It is easy to do this kind of business in Russia
- It is easy to hire local Russian employees

It is easy to find personnel for this type of activity among the diaspora



- A lot of people from the diaspora work in this type of activity
- In Russia can find cheap resources
- Other:\_\_\_\_\_.

11. Why are you doing business in Russia?

*Tick all that apply.*

- It's a family business
- More opportunities in Russia than in China
- Friends/compatriots ask you to help run the company
- Already doing business with Russians in China, it is not difficult to do it in Russia
- Other:\_\_\_\_\_.

12. The advantages of doing business in Russia are:

*Tick all that apply.*

- High profit
- Easy access to resources (financial, human, material)
- Large product market
- Registering a company is easy
- Closing a company is easy
- Great opportunities for business growth
- Other:\_\_\_\_\_.

13. Obstacles to doing business in Russia are:

*Mark only one oval.*

- High tax
- Extensive inspections and other regulatory measures
- Difficulty getting help from the Russian government
- Difficulty accessing resources
- Difficulty finding suppliers
- Expensive rent
- Negative public attitude towards foreign entrepreneurs

- High level of corruption
- Regulations, documents, operations of state institutions are not transparent
- Other:\_\_\_\_\_.

14. How do Russian citizens treat you?

\_\_\_\_\_.

15. What difficulties do entrepreneurs have for you in Yekaterinburg?

*Tick all that apply.*

- Housing issues
- Legal difficulties
- Social dilemma
- Different cultures
- Language Differences
- Inability to communicate, inability to understand each other
- Other: \_\_\_\_\_.

16. Have you closed your company for various reasons in Yekaterinburg before?

*Why? Please specify:*

\_\_\_\_\_.

17. Have you received support from the Federal Service for Taxes?

*Mark only one oval.*

- Yes
- No

18. What kind of support you received from the government?

*Tick all that apply.*

- Tax incentives
- Soft loans
- Consultations
- Termination of scheduled inspections

- None
- Other: \_\_\_\_\_

19. How would you rate the help of the Russian government

*Mark only one oval.*

- Effective and sufficient
- Ineffective and untimely
- Effective but not enough
- None of the above

20. If you did not receive financial or non-material state support, why did this happen?

\_\_\_\_\_.

21. Starting a business is harder than before the epidemic?

*Mark only one oval.*

- True
- False

22. The pandemic caused a delay in starting a business?

*Mark only one oval.*

- Agree
- Disagree

23. You know someone who shuts down their company and ends their business because of the pandemic?

*Mark only one oval.*

- Yes
- No

24. Will the current new crisis affect your company/business?

*Mark only one oval.*

- Certainly a bad influence
- Have some bad influence
- No effect

25. In general, what has been done in your enterprise to adapt to the regime of international sanctions and counter-sanctions?

- Diversified products and services
- Refocused on other products
- Entered new export markets
- Found new Russian suppliers of raw materials, materials, components
- Found new foreign suppliers of raw materials, materials, components
- Reduced costs
- More products imported from China
- Less products imported from China
- Product price hike
- Convert rubles to other currencies
- No special actions
- Considering changing careers
- Other: \_\_\_\_\_.

1	2	3	4	5
mini				maximum

1	2	3	4	5
mini				maximum

*Mark only one oval.*



## **APPENDIX B. IN-DEPTH INTERVIEW**

Good afternoon!

The author is conducting an in-depth interview with you on issues affecting Chinese migrants' entrepreneurship in Russia. The interview will be anonymous and will be held at the interviewee's home to create a comfortable environment for the participants. The interview results will be communicated to you in a common form.

The purpose of the interview is to identify the deep-seated motivations and barriers that affect entrepreneurial skills and business cognition.

Therefore, the author will conduct one-on-one interviews with representatives of excellent migrant entrepreneurs. As an expert in migrant entrepreneurship, your opinion will help other migrant entrepreneurs and policymakers to more fully realize the potential of Chinese migrants to develop entrepreneurship in Russia, as well as to improve migration policy.

### **ANALYSIS OF THE ENTREPRENEURIAL ENVIRONMENT IN THE HOST COUNTRY**

1. Specifics of the entrepreneurial environment in Russia, how does it differ from other countries?
2. Which Russian market entrance barriers exist? Are Chinese businesspeople in Russia facing any unique challenges?
3. Why aren't there many high-tech migrant companies entering Russia?
4. Evaluations of Sverdlovsk's business, physical and professional infrastructure
5. Is financial assistance available for migrant entrepreneurs? How can they succeed in obtaining financial assistance?

### **CHARACTERISTICS OF MIGRANT ENTERPRISES**

6. What are the characteristics of migrant entrepreneurs from China? Which industries do they operate in? Why do they work in those fields?
7. Do you know anyone who has pulled out of the Russian market? Why?
8. Why do so many Chinese entrepreneurs continue to do business in Russia?

## FACTORS AFFECTING ENTREPRENEURIAL ACTIVITY

9. What positive factors influence the development of entrepreneurial activity in Russia?
10. What negative factors affect the development of entrepreneurial activity in Russia?
11. What are the motivations and barriers to entrepreneurship in Russia?

## CRISIS IMPACT AND ADAPTATION

12. How are Chinese entrepreneurs impacted by the epidemic and the current sanctions challenge?
13. Could the crisis bring opportunities for Chinese migrant companies?

## FORECASTS OF FUTURE PROSPECTS

14. Do you think it will be profitable to do business in Russia in the future? What sectors still have a huge market space?

## SUGGESTION

15. Please provide policymakers with a few suggestions on how to enhance and better take advantage of the role of migrant Chinese entrepreneurs.
16. Could you please provide some tips for aspiring or established Chinese entrepreneurs on how to succeed in Russia?

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РОССИЙСКАЯ ФЕДЕРАЦИЯ



**RU2024625154**

ФЕДЕРАЛЬНАЯ СЛУЖБА  
ПО ИНТЕЛЛЕКТУАЛЬНОЙ СОБСТВЕННОСТИ  
**ГОСУДАРСТВЕННАЯ РЕГИСТРАЦИЯ БАЗЫ ДАННЫХ, ОХРАНЯЕМОЙ  
АВТОРСКИМИ ПРАВАМИ**

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Название базы данных:  
**Предпринимательская активность китайских мигрантов в Свердловской области**

**Реферат:**  
База данных содержит информацию о предпринимательской деятельности китайских мигрантов в Свердловской области с 2016 по 2022 годы, в том числе ФИО предпринимателя, ИНН, ОГРН, сведения о дате регистрации в едином реестре субъектов МСП, дате прекращения деятельности, способе прекращения, ОКВЭД, гендерной принадлежности предпринимателей, факте получения государственной финансовой поддержки от Федеральной Налоговой Службы. База данных может быть использована для изучения особенностей предпринимательства китайских мигрантов в России, рассчитана на использование научным сообществом, а также органами государственного регулирования, отвечающими за политику в области предпринимательства. Тип ЭВМ: ПК. ОС: Windows 10 и выше.

Вид и версия системы управления базой данных: Excel

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