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## Factors Influencing Chinese Migrants' Entrepreneurial Activity in Russia: A Case Study of Sverdlovsk Region

J. J. Lu , L. S. RuzhanskayaUral Federal University, Ekaterinburg, Russia;  [lujiain@yandex.ru](mailto:lujiain@yandex.ru)**ABSTRACT**

**Relevance:** The need to find new sources of growth and structural development in old industrial regions has led to the growing interest in entrepreneurship and the requirements for fostering small and medium-sized businesses. Given the priorities of the Russian migration policy and the substantial number of migrants from China, it becomes evident that this demographic group holds significant importance for the country's regional development.

**Research Objective:** This study aims to identify the motivations and constraints of Chinese migrants involved in business activities in Sverdlovsk region. The research relied on questionnaires and supplemented them with in-depth interviews. The authors investigated 35 migrant companies across various industries and sizes, representing over 5% of all entrepreneurs in the region from 2016 to 2022. Between January and December 2022, six in-depth interviews were conducted with Chinese entrepreneurs who had been working in Sverdlovsk for 1 to 15 years. The study also uses data from the Ministry of Internal Affairs of the Russian Federation and the Unified Register of Small and Medium-Sized Businesses, which encompassed 638 entrepreneurs and 721 companies owned by Chinese migrants operating in the region from 2016 to 2022.

**Results:** Chinese migrants are driven to engage in business activities in the Sverdlovsk region due to its expansive regional market, growth opportunities, and potential for high profits. However, they face barriers such as cross-cultural communication challenges, limited government support, and regulatory burdens.

**Conclusion:** To support migrant entrepreneurs, regional state regulators should simplify documentation processes, offer legal services or advice, include foreign entrepreneurs in government support policies, and establish effective communication channels. These actions will create a conducive environment for entrepreneurship and business development in the region.

**KEYWORDS**

Chinese migrants, entrepreneurship, business in Russia, small and medium-sized enterprises, old industrial regions, Sverdlovsk region

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## Факторы предпринимательской активности китайских мигрантов в России: кейс Свердловской области

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**Актуальность.** Необходимость поиска новых источников роста и структурного развития старопромышленных регионов привлекает внимание к предпринимательскому сектору и условиям развития малого и среднего бизнеса. С учетом приоритетов российской миграционной политики и значительного числа мигрантов из КНР естественным образом встает вопрос о значимости этой силы для развития региона.

**Цель исследования.** Выявить мотивы и ограничения ведения предпринимательской деятельности китайскими мигрантами в крупном, промышленно развитом регионе России – Свердловской области.

**Данные и методы.** Исследование опирается на опрос предпринимателей-мигрантов в Свердловской области, проведенный с помощью анкетирования и дополненный глубинными интервью. Информационной базой явилась собранная статистика по предпринимательским фирмам мигрантов из Китая, работавших в Свердловской области с 2016-2022 годов, а так-

**КЛЮЧЕВЫЕ СЛОВА**

китайские мигранты, предпринимательская деятельность, ведение бизнеса в России, малые и средние предприятия, старопромышленные регионы, Свердловская область

же данные Министерства внутренних дел Российской Федерации и Единого реестра субъектов малого и среднего предпринимательства.

**Результаты.** Проведенный анализ позволил обнаружить, что ёмкий региональный рынок, а также большие возможности для роста бизнеса и получение высокой прибыли являются основными мотивами для ведения бизнеса в таком регионе России, как Свердловская область. Основными барьерами для предпринимательской деятельности являются кросс-культурные коммуникации, трудности в получении государственной поддержки и большой объем регулятивных мер.

**Выводы.** Рекомендации для региональных органов государственного регулирования заключаются в предоставлении упрощенной документации, юридических услуг или консультаций; включения иностранных предпринимателей в сферу действия политики государственной поддержки; налаживание взаимодействия с предпринимателями-мигрантами.

#### ДЛЯ ЦИТИРОВАНИЯ

Lu, J. J., & Ruzhanskaya, L.S. (2023). Factors Influencing Chinese Migrants' Entrepreneurial Activity in Russia: A Case Study of Sverdlovsk Region. *R-Economy*, 9(2), 187–206. doi: 10.15826/recon.2023.9.2.012

## 影响中国移民在俄罗斯创业活动的因素：以斯维尔德洛夫斯克州为例

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### 摘要

**现实性：**老工业地区寻找新的增长点和结构性发展，引起了人们对创业部门和中小企业发展条件的关注。考虑到俄罗斯移民政策的优先事项以及来自中国的大量移民，自然会产生这样的问题：这股力量对该地区发展的重要性是怎样的。

**研究目标：**文章旨在确定中国移民在俄罗斯大型工业化地区——斯维尔德洛夫斯克州经商的动机和局限性。

**数据与方法：**该研究基于对斯维尔德洛夫斯克州移民企业家的调查，采用问卷调查的方式，并辅以深度访谈。文章收集了斯维尔德洛夫斯克州2016-2022年中国移民创业公司的统计数据，并基于俄罗斯联邦内务部和中小企业统一登记处的数据。

**研究结果：**分析发现，广阔的区域市场、巨大的业务增长机会和高利润是在俄罗斯斯维尔德洛夫斯克州开展业务的主要动机。创业活动的主要障碍是跨文化交流、难以获得国家支持和大量的监管措施。

**结论：**建议地方政府监管机构提供简化文件、法律服务或咨询帮助；将外商创业纳入国家扶持政策范围；并与移民企业家建立互动。

### 关键词

中国移民、创业、在俄罗斯做生意、中小型企业、老工业地区、斯维尔德洛夫斯克州

### 供引用

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## Introduction

The development of entrepreneurship creates favorable conditions for economic revival and leads to the creation of additional jobs. Entrepreneurship plays a crucial role in maintaining economic stability during times of crisis, such as self-employment, as it is not subject to sanctions. The role of small and medium enterprises (SMEs) in the Russian economy continues to lag behind the global average, particularly when compared to certain developed countries. While SMEs typically contribute to around two-thirds of employment in both emerging and developed nations, in Russia, this figure stands at approximately 20% to 25%. In terms of GDP, SMEs account for about 35% in developing countries and 50% in developed countries. Nevertheless, in Russia, the proportion of SMEs in the country's GDP remained relatively constant at around 20% throughout 2021<sup>1</sup>.

The significance of studying entrepreneurship, particularly migrant entrepreneurship, is driven by the global trend of seeking new sources of sustainable development in the “new normal” of the post-industrial world. The creative economy stands out as one of the key drivers of development, showing resilience even in the face of global crises and the COVID-19 pandemic.

From January 2021 to December 2021, there were 152,270 Chinese individuals with migration registration data in Russia. Among these Chinese migrants who were temporarily residing in the Russian Federation, approximately 70.29% came for business or work. However, there are no available data on the number of permanently residing Chinese individuals engaged in business activities in Russia.

In terms of temporary residence, the number of Chinese migrants who arrived in Russia for business or work was 104,674 in 2021, which marks a significant increase from the 33,582 recorded in 2020 due to the pandemic. In 2019, the

<sup>1</sup> The data from Rosstat. Retrieved from: [Росстат — Институциональные преобразования в экономике \(rosstat.gov.ru\)](https://rosstat.gov.ru).

number was 140,084, and in 2018, it was 123,385.<sup>2</sup> As a result, it can be estimated that a sizeable portion of the workforce, more than 100,000 Chinese citizens, go to Russia each year to conduct business or to find employment.

The attraction of ambitious foreign migrants can potentially enhance the business environment in the Russian Federation. However, there is a scarcity of academic research focused on this aspect, and there is a lack of systematic analytical materials when it comes to entrepreneurial development, particularly in international comparisons made by the Global Entrepreneurship Monitor (GEM) study<sup>3</sup>. Therefore, it is important to investigate the factors influencing Chinese migrants' entrepreneurial activity in Russia.

This study aims to identify the motivations and constraints faced by Chinese entrepreneurs in Sverdlovsk Region, a large industrialized region of Russia. The objective was to gain insights into whether SMEs founded by Chinese migrants could play a significant role in the region's development.

This paper focuses on the following goals:

- Analyze the specificities of entrepreneurial development in Russia and Sverdlovsk Region in comparison to the global data on entrepreneurship and the data on entrepreneurship in China;
- Identify and explore the factors that contribute to Chinese migrants' motivations to start businesses in new environments;
- Describe the differences in the business environments of the two countries (Russia and China) and their influence on the structural characteristics of Chinese entrepreneurship in Russian regions;
- Analyze the results of surveys conducted among Chinese entrepreneurs in Sverdlovsk region and identify the key characteristics of this group;
- Identify the positive and negative factors influencing Chinese migrants' entrepreneurial activities, using a questionnaire supplemented with in-depth interviews;
- Develop recommendations for regional and federal policymakers for creating favorable con-

ditions to attract migrants willing to engage in entrepreneurial activity in knowledge-intensive production and service sectors.

### Theoretical framework

Chakravarty et al. (2021) argue that the international business environment is undergoing a significant shift towards digitalization and increased uncertainty. Zahra (2021) emphasizes the transformative impact of the Covid-19 pandemic on the global business landscape. Eroglu and Piçak (2011) explore the relationship between entrepreneurship and national culture, with a focus on entrepreneurial behavior aligned with cultural values.

Regarding migrant entrepreneurship, Sinkovics and Reuber (2021) have classified the factors that attract and compel migrant entrepreneurs. Fokeev et al. (2022) highlight the fact that highly skilled employees are primarily motivated by more appealing opportunities for career growth and professional development in new job positions. Bernardino et al. (2021) examined the entrepreneurial inclination of Portuguese immigrants, finding a correlation between entrepreneurial propensity and factors such as gender, age, parental work history, professional education, and personal work experience. Williams and Krasniqi (2018) demonstrate the positive influence of migration experience on entrepreneurial development.

A separate group of studies explore migrant entrepreneurial activity in specific national contexts. The above-cited study by Bernardino et al. (2021) focus on the case of Portugal. Zhang (2013) analyzed Chinese migration in Europe, arguing that Chinese migrant entrepreneurs are important for European countries as a source of capital, knowledge, market information, and business opportunities. Their contributions to job creation, innovation, and economic growth in host countries are significant. Collins (2003) found that immigrant entrepreneurship in Australia, particularly in the small business sector, is notably higher than the global average. Factors such as settlement policies and tax policies indirectly impact the pace of immigrant entrepreneurial development. Ceccagno (2003) explored the activities of Chinese migrants in Italy, observing that among non-EU immigrants, Chinese immigrants engage in a range of tasks, from simple manufacturing to managing entire production processes. Massey and Parrado (1998) analyzed international migration in Mexico, noting that migrant-owned businesses in Mexico tend to be small retail ventures with limited job creation potential, reflecting the overall oppor-

<sup>2</sup> The data from the Ministry of Internal Affairs of the Russian Federation. Retrieved from: [Статистические сведения по миграционной ситуации \(xn--b1aew.xn--p1ai\)](#). The 2018–2020 statistics only include Chinese migrants who arrived in Russia for the first time, excluding repeat visitors.

<sup>3</sup> The Global Entrepreneurship Monitor (GEM) is the world's largest and leading entrepreneurial survey. The GEM project annually assesses the level of entrepreneurial activity at the global and national levels. The 2020 GEM report is National Report | Russia 2020/2021. Retrieved from: [otchet\\_2021-red-2\\_send.pdf \(spbu.ru\)](#).

tunities available in the country. Basu (1998) investigated Asian small businesses in Britain, focusing on businesses originating from India, Pakistan, and Bangladesh. The study argued that banks and government agencies should play a role in encouraging the establishment of more of these small businesses in the UK. Surak (2013) conducted a comprehensive study on the migration industry in East Asia, highlighting labor recruitment, money lending, transportation, remittance, documentation, and communication services as crucial elements facilitating migrant entrepreneurship.

Numerous researchers have delved into the topic of migration entrepreneurial activity in Russia. Rudenko (2021) suggests that implementing a point rating system for potential labor migrants prior to permit issuance, coupled with digitalization, can contribute to the sustainable development of Russian companies. Peshkova (2018) highlights the absence of a unified and reliable statistical database and explores the entrepreneurial endeavors of Kyrgyz migrants. She argues that the connections among relatives and compatriots play a vital role in organizing and developing businesses among Kyrgyz migrants. Berger et al. (2017) emphasize the importance of effective communication with Russian counterparts for businesses aiming to succeed in Russia. They underscore the significance of building relationships with local partners. Britvina et al. (2019) focus on studying the barriers that hinder the successful development of entrepreneurial activities among migrants from Central Asia in Russia. Their research sheds light on the challenges faced by these migrants and identifies potential obstacles to their entrepreneurial endeavors.

Gretzinger et al. (2021) conducted an interview with a Danish business manager and identified significant institutional obstacles that present challenges for conducting business in Moscow, Russia. These obstacles are perceived as formidable and have the potential to impede the success of businesses operating in the region. Yu (2021) explores the reasons and experiences of Chinese migrants in Russia. In the late 1980s and early 1990s, a group of Chinese entrepreneurs recognized the considerable demand for highly profitable light industrial products in Russia. They entered Russia with a profit-oriented mindset.

Wang (2021)<sup>4</sup> presents an analysis of the entrepreneurial history of migrants from China in

<sup>4</sup> Wang Wei's report from China's Overseas Chinese Affairs Study. Retrieved from: <https://www.crg-cgc.com/articleDetail?parentName=%E4%BF%84%E7%B-D%97%E6%96%AF&id=75589682>.

the 20th century. The failure of Chinese migrant entrepreneurs in Russia can be attributed not only to institutional factors such as visas and work permits but also to economic challenges arising from the unstable exchange rate. Additionally, the ever-changing regional policies, the multitude of inspection requirements, crackdowns on grey customs clearance, and the mandatory use of electronic tags further contribute to their difficulties.

Russian researchers exhibit a greater interest in studying the “Chinese market” as a set of entrepreneurs of Chinese origin engaged predominantly in trade in post-Soviet Russia. This “market” provides Chinese businessmen with a stable platform for specialized division of labor, cooperation in sourcing, transportation, customs clearance, and distribution. Many Chinese merchants primarily sell their light-industrial goods within this market, which also attracts Vietnamese and Central Asian traders. Avdashkin (2020) argues that the “Chinese” market has evolved into a forum for understanding the shared perceptions of the “East.” Dyatlov (2020) identifies the “Chinese market” as a combination of open-air wholesale and retail markets, coupled with widespread cross-border labor mobility, both of which are integral components of the post-socialist world. Grigorichev & Pinigina (2014) conclude that ethnic indicators within the “Chinese market” are rapidly evolving, transitioning from merely identifying an “ethnic” market to representing a distinct way of life.

In Russian academic and governmental discussions on migration policy and economic development, there is a notable deficiency in adequately addressing the functioning and regulation of entrepreneurship among Chinese migrants. The topic requires further attention and analysis to better inform policies and support the economic integration of this migrant population.

## Methods and Data

The research methodology employs a combination of various methods to collect and analyze both quantitative and qualitative data. The survey, conducted through questionnaires, enabled us to uncover underlying motives and challenges associated with entrepreneurial activity that may not be immediately apparent. The development of the questionnaire for entrepreneurs was based on the pilot phase of field studies, which included six in-depth interviews with Chinese entrepreneurs who have been operating in Sverdlovsk for 1 to 15 years.

Our questionnaires were given to 35 companies, which represent more than 5% of all the entrepreneurs operating in the region from 2016 to 2022. According to the questionnaire of these people, they are engaged in the following industries: clothing, leather handbags, electronics, supermarkets, catering, wholesale of daily necessities, toys, lamps and lanterns, agricultural planting, international freight, mobile phone sales, culture and education, housing leasing, non-ferrous metal trade, cosmetics, foodstuff, and the glass industry. Between 10 and 250 people work for companies of different sizes. As for the gender makeup of the sample, 60% of respondents are male and 40% female. The gender makeup of the survey is the same as the gender makeup of Chinese migrant entrepreneurs in Sverdlovsk Region.

The resulting database of entrepreneurial firms operating in Sverdlovsk Region covers the period of 2016-2022. To collect data, the following additional sources were used:

- Data on Chinese migrants from the Ministry of Internal Affairs of the Russian Federation 2016 – 2021;

- Data on Chinese migrants' SMEs in Sverdlovsk Region from the website of the Unified Register of Small and Medium-Sized Enterprises for the period from 1 August 2016 to 1 February 2022;

- Data from the Unified State Register of Legal Entities/Individual Entrepreneurs (USRLE/USRIP). The authors collected data on 638 entrepreneurs and 721 companies. All entrepreneurs and their companies are registered as Chinese migrants. To search through the Register, we used the "Hundred Family Surnames"<sup>5</sup>;

- Taxpayer numbers in the Unified State Register of Legal Entities/Individual Entrepreneurs to ascertain the nationality of Chinese entrepreneurs.

In addition, desk research was conducted to gather data from official statistical sources to outline the characteristics of Chinese migrants' entrepreneurial activity in a particular region and the country as a whole.

The research encompasses three distinct stages. In the first stage, we analyze the development of entrepreneurial activity in Russia, with a specific focus on Sverdlovsk region. This analysis aims to determine the conditions that Chinese migrants encounter when establishing businesses in a new region compared to home conditions and experiences elsewhere in the world.

<sup>5</sup> The Hundred Family Surnames is a classic Chinese text containing common Chinese surnames.

The second stage focuses on the characteristics of Chinese immigrants and their experiences within the Russian entrepreneurial environment.

In the last stage, this paper explores both the positive and negative factors that influence Chinese migrant entrepreneurial activities, shedding light on the various aspects that impact their ventures. Based on the results of the analysis, recommendations have been developed for Chinese migrant entrepreneurs to adapt their activities to Russian conditions, as well as for policy makers to support migrant entrepreneurship.

## Results

### *Entrepreneurship in Russia and its position in the world*

The Global Entrepreneurship Monitor (GEM) is a renowned survey that holds the distinction of being the world's largest and leading assessment of entrepreneurial activity. Each year, the GEM project evaluates the extent of entrepreneurial engagement both globally and at the national level. In the 2020 study, Russia was positioned as the 39th country out of 44 participating nations in the ranking known as the National Entrepreneurship Context Index (NECI).<sup>6</sup>

Based on a 2019 study conducted by Sberbank, the extent of entrepreneurial activity in Russia was found to be lower than the global average. The study revealed that there were 27.6 functioning SMEs per 1,000 employable individuals in Russia. In comparison, the global median stood at 32.18, with China reporting around 45, Europe at 57, and the United States at approximately 90.<sup>7</sup>

The Russian Union of Industrialists and Entrepreneurs (RUIE) presented a report on the business environment in 2020.<sup>8</sup> The RUIE Business Environment Index displayed a lackluster performance in 2019, aligning more with economic stagnation rather than growth (values above 50 points indicate growth). However, the situation took a significant turn for the worse in 2020. By the end of March, the composite index had experienced a substantial decline, plummeting to 34.6. Even though there was a slight improvement in May, it wasn't until July that the index finally surpassed the 40-point threshold. The Covid-19 pandemic disrupted glob-

<sup>6</sup> The data from GEM, National Report | Russia 2020/2021. Retrieved from: [otchet\\_2021-red-2\\_send.pdf\(spbu.ru\)](https://otchet_2021-red-2_send.pdf(spbu.ru)).

<sup>7</sup> The data from SberData. Retrieved from: [Презентация PowerPoint\(sberbank.com\)](https://презентацияPowerPoint(sberbank.com)).

<sup>8</sup> Report of the Russian Union of Industrialists and Entrepreneurs. Retrieved from: [доклад\\_2020\\_октябрь.pdf\(rspp.ru\)](https://доклад_2020_октябрь.pdf(rspp.ru)).

al supply chains, resulting in reduced availability of raw materials and increased prices. The domestic workforce faced understaffing issues, leading to the closure of some businesses, while the government's policies during the period of communicable diseases increased the administrative burden on companies. According to the RUIE, 34.8% of respondents expressed concerns about excessive control and supervisory pressure on businesses<sup>9</sup>.

The COVID-19 pandemic has had a devastating impact on SMEs, resulting in significant losses and the closure of numerous businesses. Since 2014, Opora Russii has been assessing the business sentiment of micro, small, and medium-sized enterprises in Russia. The "OPORA RSBI Index" interprets a value above 50 points as an increase in business activity, while a value below 50 points indicates a decrease in business activity. This index is derived from a survey of SME executives. The scores demonstrate that the business climate for Russian SMEs has experienced fluctuations since 2014. Throughout 2020, except for January, the index remained below 50; however, there was a clear upward trend. Since February 2021, the index consistently exceeded 50, indicating a relatively stable level of business activity.<sup>10</sup>

Based on our analysis, it becomes evident that Russia's level of entrepreneurship development is relatively low, particularly when compared to some developed nations. The contribution of SMEs to Russia's GDP has remained relatively constant at approximately 20% from the years 2017 to 2021<sup>11</sup>, indicating that these companies do not play a significant role in the national economy. Furthermore, the pandemic has posed a severe crisis for the survival and growth of enterprises, while the impact of sanctions is expected to further harm SMEs.

Russia places considerable importance on the advancement of SMEs, as reflected in the numerous SME development strategies devised by both central and local governments (Zemtsov & Baburin, 2019).

According to the statistics of the Unified Register of Small and Medium-Sized Businesses<sup>12</sup>, as

of March 10, 2022, there were 5,955,869 businesses in Russia. These include 199,505 businesses in Sverdlovsk Region, which makes up 3.35% of the country's territory. And the region ranks fifth in terms of the number of businesses, after Moscow, Moscow region, St. Petersburg, and Krasnodar region. According to SberData<sup>13</sup>, Sverdlovsk Region took the 6<sup>th</sup> place in the country in the rating of activity by the number of SMEs with the number of active companies 34.6 per 1,000 people.

### *Characteristics of Chinese entrepreneurship in the national economy and beyond*

In 2018, Chinese Vice Premier Liu He highlighted the significant role of SMEs in China, revealing that they contribute to over 50% of the tax revenue, more than 60% of the GDP, over 70% of technological innovation, more than 80% of urban labor employment, and constitute over 90% of all enterprises in China. These figures emphasize the substantial impact and pervasive presence of SMEs in various aspects of China's economic landscape.<sup>14</sup>

The "Report on the Innovation Behavior of Entrepreneurial Small, Medium and Micro Enterprises in China" by Guanghua School of Management, Peking University, China<sup>15</sup>, presents the results of their questionnaire survey, in particular the industry distribution of entrepreneurship (see Fig.1).

According to a survey conducted by Peking University, a significant portion of Chinese entrepreneurship is comprised of high-tech enterprises. In contrast, the prevailing environment for small SMEs in Russia, including Sverdlovsk Region, tends to attract migrants who are not engaged in technology-intensive or knowledge-intensive businesses. Consequently, Chinese migrant business owners in Russia may not fully realize their potential within these sectors.

In comparison to traditional industries, the influx of high-tech enterprises entering Russia remains relatively limited. Extensive interviews and research on China's international relations have shed light on several reasons for this phenomenon. Firstly, Chinese migrants have had a presence in Russia for only 30 years, which is relatively

<sup>9</sup> Report of the Russian Union of Industrialists and Entrepreneurs. Retrieved from: [доклад 2020 октябрь.pdf \(rspp.ru\)](https://rspp.ru/doklad-2020-oktyabr.pdf).

<sup>10</sup> Opora Russia. Retrieved from: <https://opora.ru/projects/indeks-opory-rsbi/>. Opora RSBI Index is based on data from a survey of SME executives and is an indicator of the economic situation, which is updated every quarter.

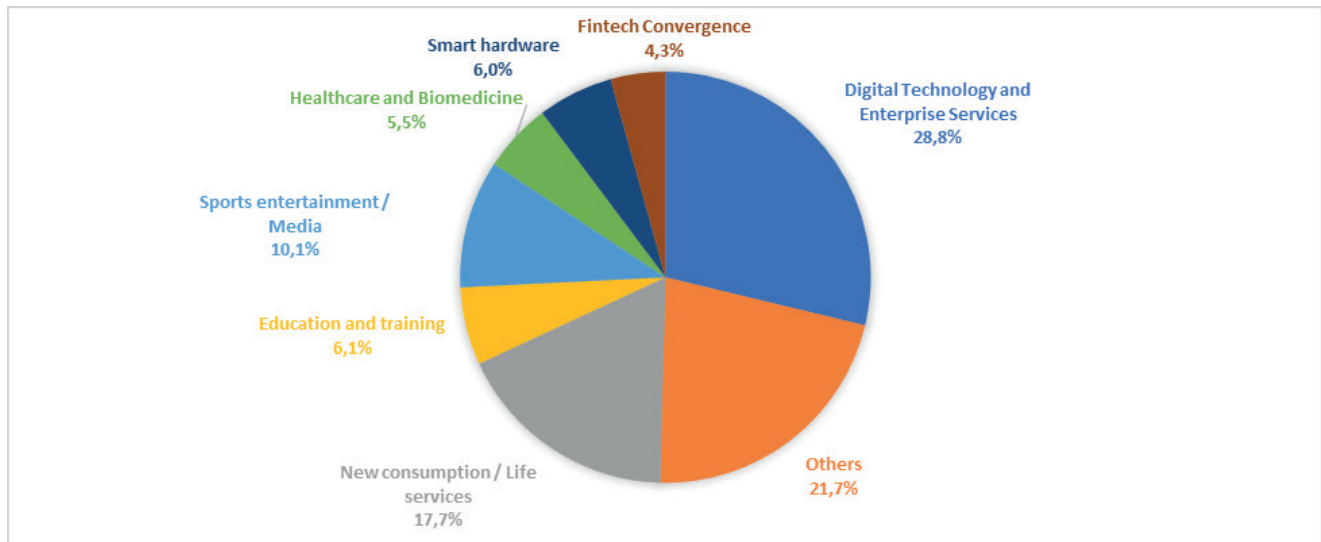
<sup>11</sup> The data from Rosstat, Росстат. Retrieved from: [MSP\\_v\\_VVP\\_s\\_2017.xlsx \(live.com\)](https://rosstat.gov.ru/msp_v_vvp_s_2017.xlsx)

<sup>12</sup> The data from the Unified Register of Small and Medium-Sized Businesses. Retrieved from: [Единый реестр субъектов малого и среднего предпринимательства \(nalog.ru\)](https://ereg.nalog.ru/)

<sup>13</sup> SberData. Retrieved from: [Презентация PowerPoint \(sberbank.com\)](https://sberbank.com/презентация-powerpoint).

<sup>14</sup> State Council of The People's Republic of China. Retrieved from: [http://www.gov.cn/guowuyuan/2018-08/20/content\\_5315204.htm](http://www.gov.cn/guowuyuan/2018-08/20/content_5315204.htm) (In Chinese)

<sup>15</sup> The Guanghua School of Management is the business school of Peking University in Beijing, China. The report retrieved from: <https://www.gsm.pku.edu.cn/202061.pdf> (In Chinese)



**Figure 1.** Industry distribution of Chinese entrepreneurship  
 Source: Guanghua School of Management, Peking University, China. Retrieved from: <https://www.gsm.pku.edu.cn/202061.pdf>. (In Chinese)

short in terms of establishing a robust ecosystem for high-tech ventures. Additionally, in 2019, Russia ranked as the 18th most popular destination for migrants from China, indicating that the scale and duration of Chinese migration to Russia may not have reached levels conducive to significant high-tech entrepreneurial activity.<sup>16</sup> The number of Chinese immigrants in Russia is small compared to other countries.

Chinese migrants who arrived in Russia during the early wave are commonly known as traditional or first-generation migrants. They face challenges in their pursuit of a better quality of life. The majority of these migrants are older, have lower levels of education, and have limited proficiency in the Russian language. As a result, many of them find it difficult to adapt to the demands of contemporary digital businesses and face obstacles in the workforce. In Russia, there is a prevalence of traditional migrants over the second-generation migrants and international students. Historically, traditional migrants were attracted to Russia due to its highly profitable market. However, the pandemic and ensuing crisis have made them uncertain about the prospects of traditional sectors, such as simple businesses involving buying and selling goods wholesale or retail. As a result, many migrants have chosen to leave the Russian market. The remaining entrepreneurs in Russia seek to transition into different career trajectories but

are apprehensive about the profitability of other industries. The strict Russian migration policy, coupled with the absence of specific policies encouraging entry into new sectors, poses risks and uncertainties for these individuals.

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. 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.

Migrants are more optimistic when assessing their knowledge, experience and external conditions for starting their own business than non-migrants.<sup>17</sup> Migrant entrepreneurship is not only a

<sup>16</sup> Center for China & Globalization: Annual report on Chinese international migration (2020). Retrieved from: <http://www.ccg.org.cn/archives/61145>. (In Chinese)

<sup>17</sup> Global Entrepreneurship Monitoring: National Report Russia 2012. Retrieved from: [https://dspace.spbu.ru/bitstream/11701/763/1/GEM\\_2012\\_ru.pdf](https://dspace.spbu.ru/bitstream/11701/763/1/GEM_2012_ru.pdf).

challenge but also a valuable avenue for integrating migrants and a significant resource for the social and economic development of a country. It proves to be particularly effective in addressing unemployment issues (Peshkova, 2019).

According to the study titled “Analysis of the Situation of Overseas Chinese in Russia in 2020,” Chinese immigrants 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<sup>18</sup>, 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. According to the same study, in recent years, an increasing number of Chinese migrant entrepreneurs have established factories in Russia, ranging from mask factories to shoe factories and lumber factories. These ventures gradually become localized and make notable contributions to the national GDP.

#### *Characteristics of Chinese migrant entrepreneurs and their entrepreneurial activity in the Russian economic environment*

Migration is widely acknowledged as a prominent aspect of the contemporary social, political, and economic landscape (Kurveta-Kaosaar, Ojamaa, & Sakova, 2019; Sinkovics & Reuber, 2021).

<sup>18</sup> Analysis of the Situation of Overseas Chinese in Russia in 2020. Retrieved from: <https://www.crgcn.com/articleDetail?parentName=%E4%BF%84%E7%B-D%97%E6%96%AF&id=75589682>.

According to the Global Migration Data Analysis Centre<sup>19</sup>, Russia ranks fourth in the world in terms of the number of international migrants. In 2020, the number of international migrants reached 11.6 million but the share of international migrants in Russia as a percentage of the total population by the mid-2020s will be only 8%.

Dynamics of the flow of migrants from China to Russia and Sverdlovsk region

The total number of Chinese migrants in Sverdlovsk region remains unknown. Only the figures for arrivals from China to Sverdlovsk Region and departures from the region to China are available, reflecting the dynamics rather than the total number of Chinese migrants. Analysis of the data from the Ministry of Internal Affairs of the Russian Federation for the period from 2016 to 2021 shows that there was a significant turning point in 2019-2020. In 2016-2019, the number of Chinese migrants entering Russia increased annually, reaching its peak in 2019. Notably, a considerable portion of the registered Chinese migrants during this period came to Russia for business or work purposes. Unfortunately, detailed data based on place of residence are unavailable. According to the data for Sverdlovsk Region, there was a notable increase in the number of Chinese migrants entering Russia in 2019 compared to 2018.<sup>20</sup>

<sup>19</sup> Global Migration Data Analysis Centre. Retrieved from: <https://gmdac.iom.int/>, [https://www.migrationdataportal.org/international-data?i=stock\\_abs\\_&t=2020&cm49=643](https://www.migrationdataportal.org/international-data?i=stock_abs_&t=2020&cm49=643).

<sup>20</sup> Ministry of Internal Affairs of the Russian Federation. Retrieved from: [Отдельные показатели миграционной ситуации в Российской Федерации за январь - декабрь 2021 года с распределением по странам и регионам \(xn--b1aew.xn--p1ai\)](https://xn--b1aew.xn--p1ai)

Table 1

Data on Chinese migrants to Russia and Sverdlovsk Region, 2016 - 2021

Indicator/Year	2016	2017	2018	2019	2020	2021
Chinese migration registration data	1288519	1457385	1807001	2318094	218268	152270
Number of Chinese migrants with residence registration	1285245	1453360	1803263	2314364	214639	148919
Number of Chinese migrant entrepreneurs with residence registration	No data	No data	No data	No data	No data	17417
Number of Chinese labour migrants with residence registration	104045	108513	123385	140084	33582	87257
Arrivals from China to Russia	7939	8237	7067	15306	7270	6465
Departures to China from Russia	8711	7600	7544	8627	11035	2217
Growth in the number of Chinese migrants across Russia	-772	637	-477	6679	-3765	4248
Arrivals from China to Sverdlovsk region	No data	No data	13	1783	1291	445
Departures to China from Sverdlovsk region	No data	No data	36	287	1222	176
Growth in the number of Chinese migrants in Sverdlovsk Region	No data	No data	-23	1496	69	269

Source: based on the data of the Ministry of Internal Affairs of the Russian Federation. Retrieved from <https://xn--b1aew.xn--p1ai/dejatelnost/statistics/migracionnaya/1/>. (Accessed: 10.02.2022).



Table 2

## Status of Chinese migrants' businesses in Sverdlovsk Region, August 1, 2016 – February 1, 2022

Status of SMEs	2016	2017	2018	2019	2020	2021	2022
nascent companies	27	44	121	224	51	178	20
closed companies	4	20	42	45	63	75	33
steadily growing companies	81	118	220	406	405	532	484

Source: based on the data of the Unified Register of Small and Medium-Sized Businesses. Retrieved from <https://ofd.nalog.ru/index.html>. (Accessed: 10.02.2022).

In 2019, the notable increase in migration can be attributed to the restructuring and simplification of Russia's migration policy, as well as the decentralization of migration control to regional authorities. Furthermore, the introduction of a three-year work visa for highly skilled individuals expedited the visa evaluation and extension process. Additionally, the implementation of a streamlined electronic visa for 53 nations, including China, allowed easier access to Kaliningrad Region for a 30-day stay starting from July 1, 2019. The simplified entry requirements through e-visas have played a significant role in facilitating migration to Russia. Moreover, Chinese tourists constituted 42.53% of all foreign visitors in 2019, prompting Russia to develop strategies to attract more Chinese tourists. Chinese enterprises also expanded their presence in Russia, establishing local factories for processing and exporting goods from Russian facilities (Wang, 2020).

However, Chinese migration to Russia experienced a sharp decline in 2020, with only 9.41% of the previous year's level<sup>21</sup>. This represents a substantial decrease of 76.02% compared to the peak year of labor migration in 2019. Although there was a slight increase in migrant workers in 2021, the numbers were still only half of those in 2019. Data specific to Sverdlovsk region indicates that many Chinese migrants chose to stay in the region in 2019. In contrast, Chinese migration across Russia experienced minimal growth and even negative trends in 2020. Furthermore, the number of departures from Sverdlovsk region to China in 2021 did not reach the levels seen in 2019. It is evident that the Covid pandemic has greatly impacted Chinese migrants, hindering their ability to travel, work, study, or conduct business in Russia.

Sverdlovsk region's remarkable economic development and the potential inherent in its historical industrial background have made it an appealing destination for Chinese migrants. The region

offers attractive prospects with its high incomes, well-established infrastructure, diverse economic structure, and thriving financial sector, all contributing to its significant potential for migrants.

#### Chinese migrants' entrepreneurial activity in Sverdlovsk region

Migrant owners possess valuable human and social capital that can provide SMEs with advantages in terms of internationalization (Morgan, Sui & Baum, 2018). We examined the entrepreneurial activities of Chinese migrants in Sverdlovsk Region by looking at the data from the Unified Register of Small and Medium-Sized Businesses. The data from the Register reveals that during the period from August 1, 2016, to February 1, 2022, a total of 638 Chinese entrepreneurs founded 721 companies in Sverdlovsk Region<sup>22</sup>. Some Chinese migrant entrepreneurs have founded companies twice or more, so the number of companies is much larger than the number of entrepreneurs. 59% of Chinese migrant entrepreneurs are men and 41% of women.

Table 2 clearly illustrates an increasing trend in the number of new businesses from 2016 to 2019, with the highest surge observed in 2019. However, in the following years, particularly 2019-2020, there was a decline in nascent companies, while the survival rate remained stagnant. This decline can be attributed to the negative impact of the Covid pandemic on businesses, dampening the enthusiasm of new ventures. Notably, in 2020 the Russian economy suffered a significant blow from the Covid epidemic, followed by the new sanctions' crisis in 2022. Comparatively, the year of 2021 witnessed a substantial increase in the number of businesses, possibly influenced by the Russian government's relaxation of epidemic restrictions and the emergence of numerous Chinese migrant-owned businesses. This observation

<sup>21</sup> The data from the Ministry of Internal Affairs of the Russian Federation. Retrieved from <https://xn--b1aew.xn--p1ai/dejatelnost/statistics/migracionnaya/1/>

<sup>22</sup> The data from Unified State Register of Legal Entities/ Individual Entrepreneurs. Retrieved from <https://ofd.nalog.ru/index.html>; from Get Information from Business Registers (USRLE/USRIE). Retrieved from <https://egrul.nalog.ru/index.html?&t=1648794258620>.

aligns with the findings in Table 1, establishing a correlation between migrant numbers and their entrepreneurial activities.

To analyze the information on Chinese immigrant business owners in Sverdlovsk, we utilized the search engine on the official website of the Russian Tax Service - Get Information from

Business Registers<sup>23</sup>. It was discovered that out of the 721 companies, 279 have ceased operations (see Table 3). The reasons for business closures are outlined in the table, with institutional problems accounting for over half of the closures.

<sup>23</sup> Get Information from Business Registers (USRLE/USRIE). Retrieved from <https://egrul.nalog.ru/index.html?&t=1648794258620>.

Table 3

#### Reasons for the cessation of operations among Chinese migrant entrepreneurs

Reasons for business closures	Number of migrant SMEs that closed	Share of the SMEs that closed of the total number of migrant SMEs, %
Expiration of the residence permit document in Russia	150	53,76
Self-decision to end the operation	116	41,58
Inactive individual entrepreneur excluded from the USRIP*	10	3,58
Peasant farm enterprises whose registration was revoked by the registering authority	1	0,36
Inactive company excluded from the USRLE*	1	0,36
Legal entity excluded from the USRLE due to the unreliability of information	1	0,36
TOTAL	279	100

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

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

Table 4

#### Sectors of operation for Chinese migrant enterprises in Sverdlovsk Region

Types of economic activity (OKVED)	Share of the total number of migrant SMEs, %
46.49 Wholesale of other household goods	0,6
47.71 Retailing clothing in specialty stores	38
46.42 Clothing and footwear wholesaler	20
47.19 Other retail trade in non-specialized stores	4,9
47.82 Retail in non-stationary stores and textiles, clothing and footwear markets	13
47.99 Other retail outside stores, tents, markets	2,5
95.23 Repair of footwear and leather goods	0,6
68.20 Renting and operating of own or leased real estate	2,1
47.89 Retail in non-stationary stores and other markets	1,8
47.91 Retail by mail or over the Internet	1,5
46.41 Textile wholesaler	0,8
47.72 Retail of shoes and leather goods in specialized stores	2,1
46.49.42 Wholesale games and toys	1,5
85.41 Education for additional children and adults	0,6
47.64 Retail of sports equipment and sporting goods in specialized stores	0,6
47.51 Retailing textiles in specialized stores	0,6
56.10 Restaurant activities and food delivery services	0,6
47.11 Retail mainly food products, including beverages, and tobacco in non-specialized stores	0,6
Other activities, the share of each of which is less than 0.5% of the total number of migrant SMEs	7,6
TOTAL	100

Source: based on the data of the Unified Register of Small and Medium-Sized Businesses, Retrieved from <https://ofd.nalog.ru/index.html>. Get Information From Business Registers (USRLE/USRIE). Retrieved from <https://egrul.nalog.ru/index.html?&t=1648794258620>. (Accessed: 10.02.2022).

As illustrated by Table 4 above, the predominant business activities of Chinese migrant entrepreneurs in Sverdlovsk Region include: retailing clothing in specialty stores (OKVED 47.71), clothing and footwear wholesaling (OKVED 46.42), and retailing in non-stationary stores and textiles, clothing, and footwear markets (OKVED 47.82). Retail and wholesale trade collectively make up a significant proportion, accounting for 92.2% of all economic activity.

Statistics reveal that the average age of Chinese migrant enterprises is 25 months, with over 78.09% of companies being less than three years old. This indicates a relatively short lifespan for Chinese immigrant businesses.

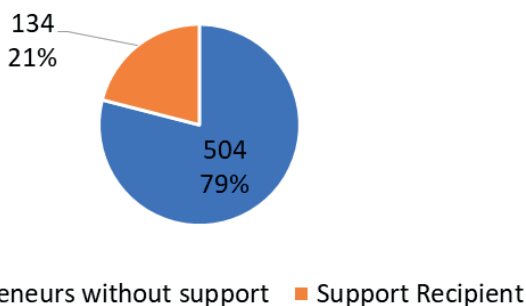
The provided data indicates that only a small proportion of entrepreneurs receive assistance from the tax office, with only one in five reporting such support. However, to obtain a comprehensive understanding of government support, further questionnaires and interviews would be necessary.

*Factors influencing the entrepreneurial activity of Chinese migrants*

After collecting the basic information on

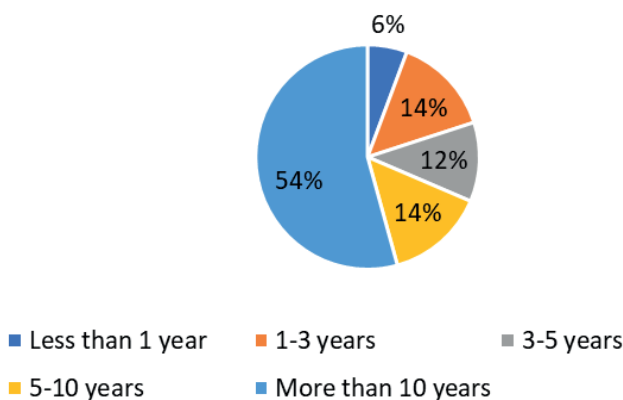
migrant enterprises, the authors selected 35 migrant companies from different industries or sizes to investigate their business activities. These companies accounted for over 5% of all the entrepreneurs operating in the region from 2016 to February 2022. The initial survey was conducted by using a Google questionnaire for 35 entrepreneurs. The questionnaire was devised by using the results of the pilot part of our field study, which consisted of 6 in-depth interviews with Chinese entrepreneurs who have been working in the region for 1 to 15 years.

The survey revealed that the selected companies were involved in diverse sectors such as clothing, leather handbags, electronics, supermarkets, catering, wholesale of daily necessities, toys, lamps and lanterns, agricultural planting, international freight, mobile phone sales, culture and education, housing leasing, non-ferrous metal trade, cosmetics, foodstuff, and the glass industry. 60% of the respondents were male and 40%, female, reflecting the gender distribution among Chinese migrant entrepreneurs in Sverdlovsk Region.



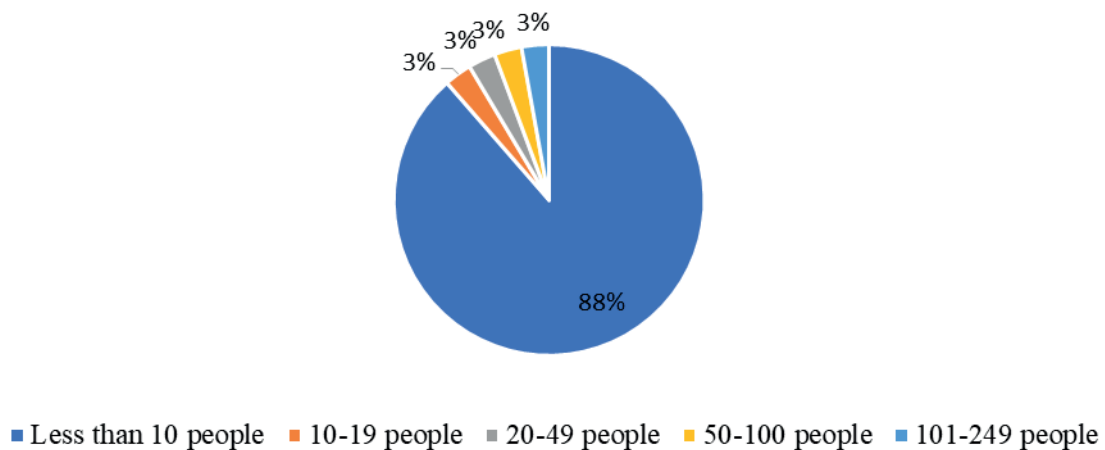
**Figure 2.** Government support in the form of subsidies and grants.

Source: Unified Register of Small and Medium-Sized Businesses. Retrieved from <https://ofd.nalog.ru/index.html>. (Accessed: 10.02.2022).



**Figure 3.** Duration of entrepreneurs' stay in Russia

Source: Based on the survey results and compiled by the authors



**Figure 4.** Number of employees in SMEs  
 Source: Based on the survey results and compiled by the authors

Figure 3 illustrates the age distribution of Chinese immigrant entrepreneurs, showing a diverse range of ages with a concentration between 20 and 65 years. Additionally, the data indicate that the majority of these entrepreneurs have been in Russia for over 10 years.

According to our questionnaire survey, most Chinese migrant enterprises in Russia have less than 10 employees (Figure 4).

Based on Figures 5-7 (see Appendix), the primary motivations for starting a business in Russia include perceiving more opportunities than in China, receiving recommendations or encouragement from friends and fellow villagers, prior business connections with Russians, and the transition of family businesses from parents to their adult children.

The decision to continue doing business in Russia is mainly influenced by the presence of a large market with high demand for products and services, as well as the perception of abundant opportunities and potential for high profits. When choosing industries, entrepreneurs consider the existing market demand and draw on their previous experience in related fields.

Examining Figures 8-10 (see Appendix), it can be concluded that the main barriers to doing business in Russia are extensive inspections and regulatory measures, expensive rent, and challenges in obtaining government assistance. Many respondents did not receive advice on government support and were unaware of such possibilities due to language barriers or lack of initiative. Some perceived insufficient government support and attention towards foreign companies, as well as limitations in the financial budget. Although

those who received government help found it effective, they still felt it was insufficient. Language and legal issues were mentioned as the primary sources of difficulty for Chinese migrant business owners. Almost 46% of respondents believe that doing business in Russia will become more challenging in the future, while 17% hold a contrasting view and think that it would be easier to do business in Russia. Interestingly, entrepreneurs engaged in the cultural, educational, and international freight sectors, who possess strong integration into Russian society, perceive that the new crisis may bring forth fresh opportunities.

Following the completion of the questionnaire, in-depth interviews were conducted to explore specific aspects of the Russian business environment. The following section presents the viewpoints expressed by the respondents:

Comparison of the Russian business environment with China:

In China, many industries face intense competition and market saturation. In contrast, Russia offers a vast market with high demand, and Chinese products are popular among Russian consumers, resulting in lower operating pressures. However, when it comes to subsidies for small and medium-sized enterprises (SMEs), especially foreign ones, Russia provides very limited support, and government assistance is practically non-existent.

One notable challenge in Russia is the frequent occurrence of inspections and the imposition of fines for various reasons. The business processes involve a substantial amount of paperwork that needs to be handled across multiple locations, leading to lengthy processing times. Consequent-

ly, conducting business in Russia requires more patience and adherence to procedures. In China, on the other hand, timeliness and efficiency are considered more crucial.

Advantages enjoyed by Chinese migrant entrepreneurs doing business in Russia:

The Russian market presents several advantages for Chinese migrants looking to start businesses. Firstly, the market is substantial and offers opportunities in sectors where there is a scarcity of certain products. Chinese migrants are known for their hard work, and many Chinese products are in high demand among Russian consumers, which can contribute to business success. Additionally, the process of registering a company in Russia is procedural and standardized, requiring relatively less time. Certain industries have low entry barriers, providing easy access to the market and offering potential for significant profits and growth.

Moreover, Russian education, healthcare, housing, and other services also play a significant role in attracting Chinese migrant entrepreneurs, further enhancing the appeal of doing business in Russia.

Barriers faced by Chinese migrant entrepreneurs doing business in Russia:

During the interviews, participants emphasized several challenges they encounter while doing business in Russia: the complexity of document processing, lack of policy support, high rental costs, language barriers, and legal issues. Additionally, some respondents mentioned that television media reports about Chinese immigrant entrepreneurs are often inaccurate and biased, leading to negative impressions among certain Russians regarding Chinese products.

Business conditions in Sverdlovsk Region:

The general consensus among respondents is that the infrastructure in Sverdlovsk Region is well-developed, adequately meeting the requirements for transportation, workplaces, communications, resources, parking, and other essential business needs. Finding suppliers, employees, lawyers, accountants, banking services, translators, and other necessary support services is easy and cost-effective. The region offers a low cost of living, a high quality of life, and abundant employment opportunities. However, it was also noted that certain areas in Sverdlovsk Region may have safety concerns, with occasional incidents of robbery and violence.

Reasons for discontinuing business in Russia:

Several factors have contributed to the decision of Chinese migrant entrepreneurs to close their businesses in Russia. The Covid-19 pandem-

ic has played a significant role, leading to financial hardships and closures. The economic crisis in 2014 also resulted in income losses for many individuals, prompting them to exit the market. Rising commodity prices, increased transportation costs, and a decline in customer numbers have further contributed to business closures. Additionally, instances of illegal investigations and punishments, as well as the expiration of migration documents, have forced many entrepreneurs to interrupt their business operations multiple times.

Confidence in the future:

Confidence among Chinese migrant entrepreneurs regarding the future in Russia varies. Some individuals hold a pessimistic outlook, anticipating a decrease in residents' income, reduced purchasing power due to inflation, higher transportation and storage costs, stricter customs checks, and increased daily expenses. They also expect more stringent regulations and paperwork for SMEs, along with higher taxes, as the Russian legislation becomes more stringent.

On the other hand, there are optimistic perspectives as well. Entrepreneurs foresee an increase in demand for Chinese goods once the crisis subsides. They also believe that they can tap into markets previously dominated by European companies. Additionally, some entrepreneurs are determined to leverage digital services and hire highly qualified individuals for online promotion.

Based on the results of our survey, we formulated the following recommendations for prospective entrepreneurs in Russia and for the government agencies seeking to support Chinese migrant entrepreneurs.

#### *Recommendations for prospective entrepreneurs*

Russians have reduced their consumption, and the Russian government has implemented stricter regulations on imported goods. As a result, many Chinese migrant entrepreneurs in Russia perceive traditional industries such as wholesale and retail clothing to have limited growth prospects. It is advisable for them to consider switching to other sectors or modernizing their businesses. For instance, entrepreneurs can consider venturing into industries that involve advanced technologies or sectors with potential for technological innovation. By localizing their businesses, adapting to the Russian business environment, and manufacturing or processing products with their own brands, entrepreneurs can effectively tap into the Russian market.

The imposition of sanctions in 2022 has brought significant changes to the business landscape in Russia. While numerous European businesses are leaving the market, this presents an opportunity for companies owned by Chinese migrants. SMEs, including those owned by Chinese migrant entrepreneurs, are not the primary targets of the sanctions, which allows them to carefully monitor the market, assess potential risks and rewards of entering new markets, and expand their businesses when the timing is right.

Doing business in Russia requires patience and a commitment to following procedures. It is vital for migrant entrepreneurs to enlist the services of a lawyer or legal adviser to navigate through unforeseen circumstances. The guidance of experienced locals can greatly facilitate the smooth functioning of their businesses. Given that conducting business in Russia without knowledge of the Russian language is challenging, if not impossible, it is advisable to enroll in a professional Russian language course and integrate into the local community. Those who possess strong Russian language skills will avoid numerous difficulties and unlock greater opportunities.

#### *Recommendations for government regulators to support Chinese migrants*

Respondents expressed the need for simplified documentation processes. Currently, the application procedures for various permits involve multiple offices and require numerous applications. Streamlining the documentation process would alleviate the burden and save time for migrant entrepreneurs.

Many migrants highlighted the importance of accessible legal services and advice. First-time businessmen in Russia often face fines and penalties due to a lack of understanding of the local laws. Offering legal support and guidance would help them navigate the legal landscape more effectively and prevent unnecessary penalties.

Political support was also identified as a valuable form of assistance. Migrants believe that having political backing can provide leverage and influence, particularly in addressing procedural issues. Expert guidance and support from government officials can greatly contribute to the success of migrant entrepreneurs.

Creating special programs and incentives for outstanding and ambitious migrant entrepreneurs was suggested. These programs could offer policy support, consulting services, and additional resour-

es to help these entrepreneurs thrive. By focusing on knowledge-intensive services with high added value and export potential, the region can foster technological development and economic growth.

Overall, addressing the requests for simplified documentation, providing legal services, offering political support, and implementing specialized programs can significantly enhance the support system for Chinese migrants and facilitate their entrepreneurial endeavors in the region.

#### **Conclusion**

Our study aligns with the main findings of Gross and Schmitt (2012) regarding the factors influencing the migration decisions of high- and low-skilled professionals. We found that migration motivations differ depending on migrants' skill levels, and restrictive migration policies impact the overall flow of migrants, particularly high-skilled professionals.

For low-skilled workers, the presence of compatriot diasporas in the host country and relative income levels are significant factors. In contrast, financial capability, such as the standard of living and potential returns on knowledge gained, emerges as the key motivation for high-skilled professionals.

Chinese migrants in Sverdlovsk region exhibit a high level of determination to establish businesses in Russia and are willing to assert their demands regarding business conditions. However, the barriers in the region impede high-skilled immigration and prevent migrants with higher education from engaging in technological enterprises in the region's older industrial sector.

Based on our research, we have arrived at the following conclusions:

The Russian business environment exhibits certain deficiencies, particularly when compared to some developed countries. SMEs do not contribute significantly to the national GDP;

Chinese migrant entrepreneurs are more susceptible to external shocks compared to domestic entrepreneurs. Family relationships and social ties play a crucial role in motivating migrant entrepreneurs;

The environment for Chinese migrant entrepreneurs in Russia is diverse, offering both advantages and challenges;

Russia possesses several advantages that attract Chinese migrant entrepreneurs. However, the institutional environment for migrant entrepreneurs provides limited development opportunities, and there are restrictions on government support;

Finally, Chinese entrepreneurs bring affordable light industrial products to Russia and provide employment opportunities for Russians on a short-term or long-term basis.

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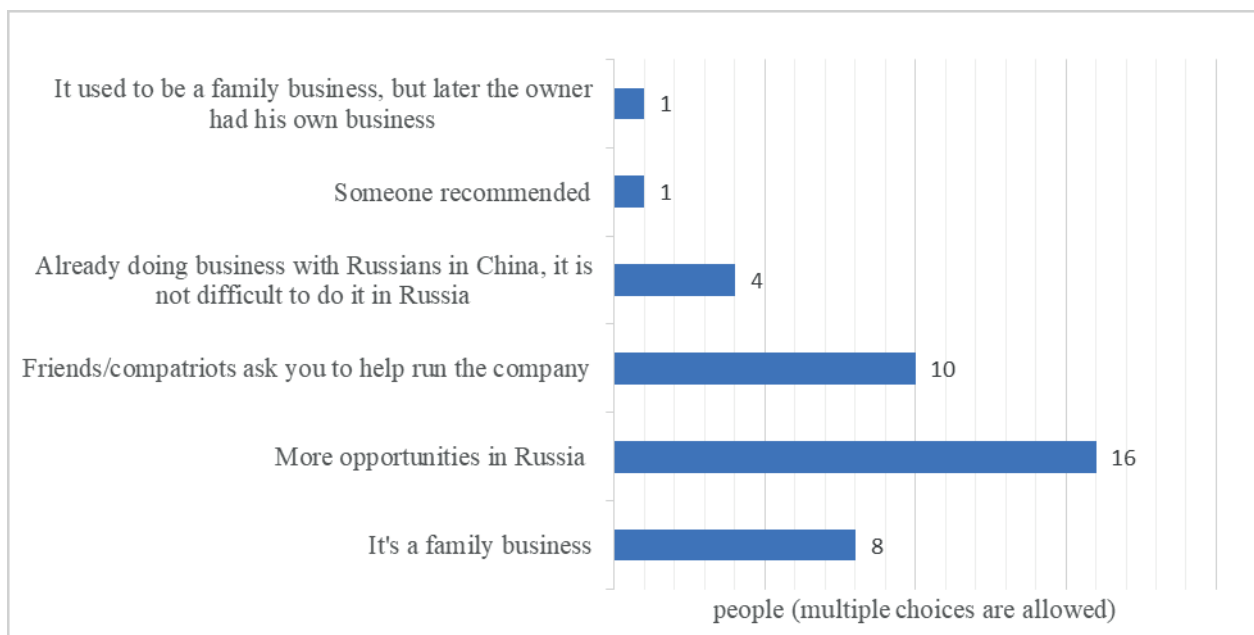
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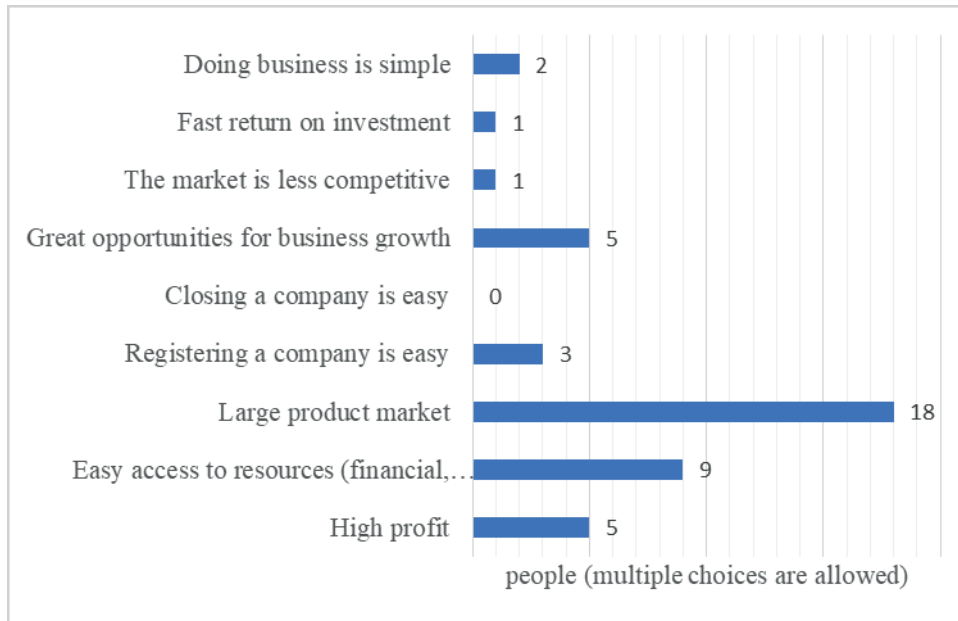
## Appendix



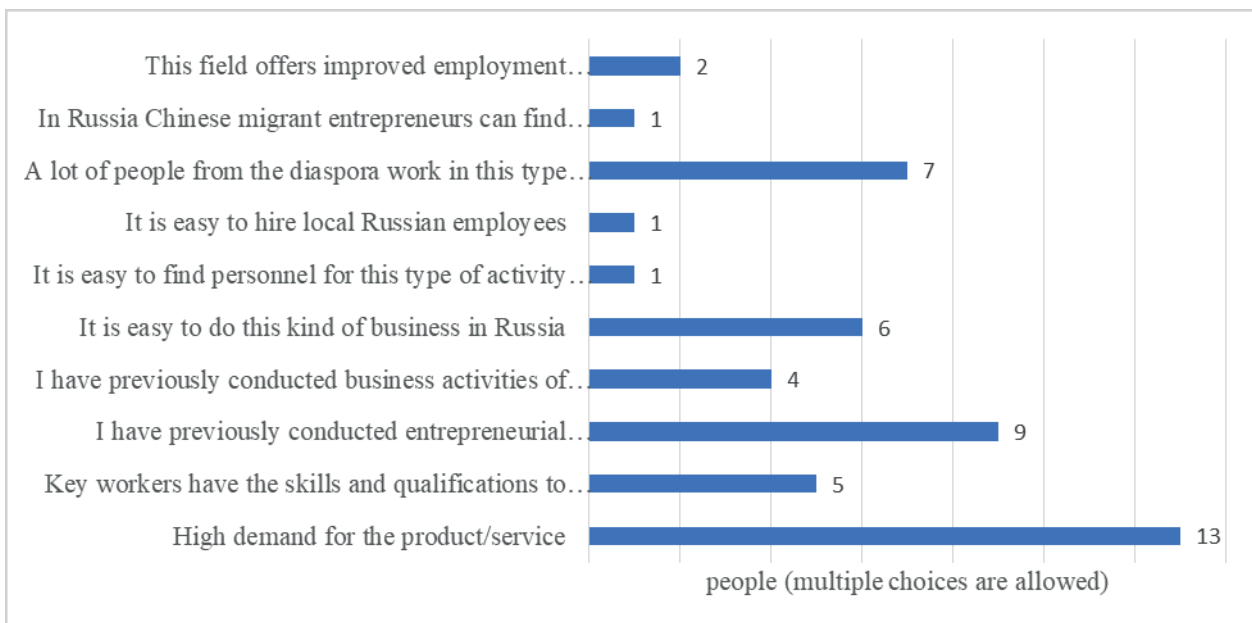
**Figure 5. Reasons to do business in Russia**

Source: Based on the survey results and compiled by the authors

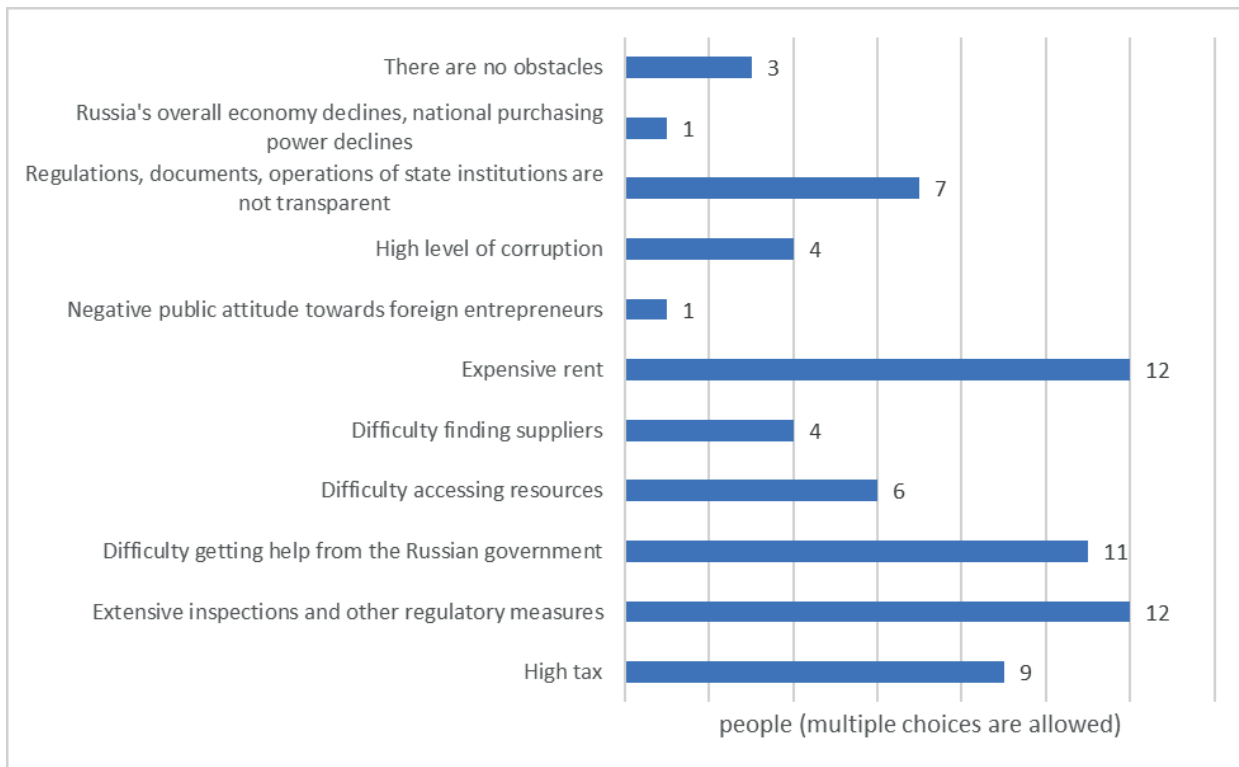




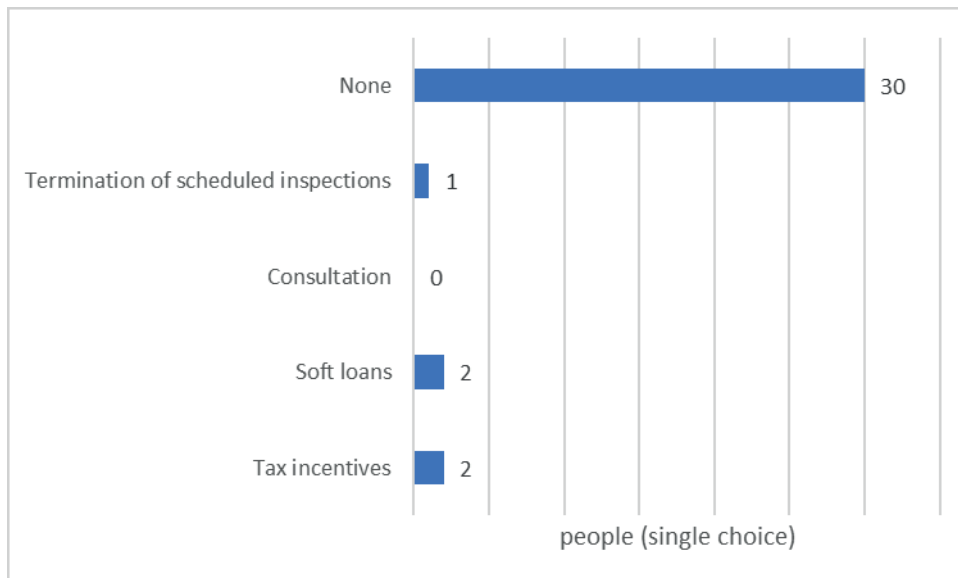
**Figure 6.** Advantages of doing business in Russia  
 Source: Based on the survey results and compiled by the authors



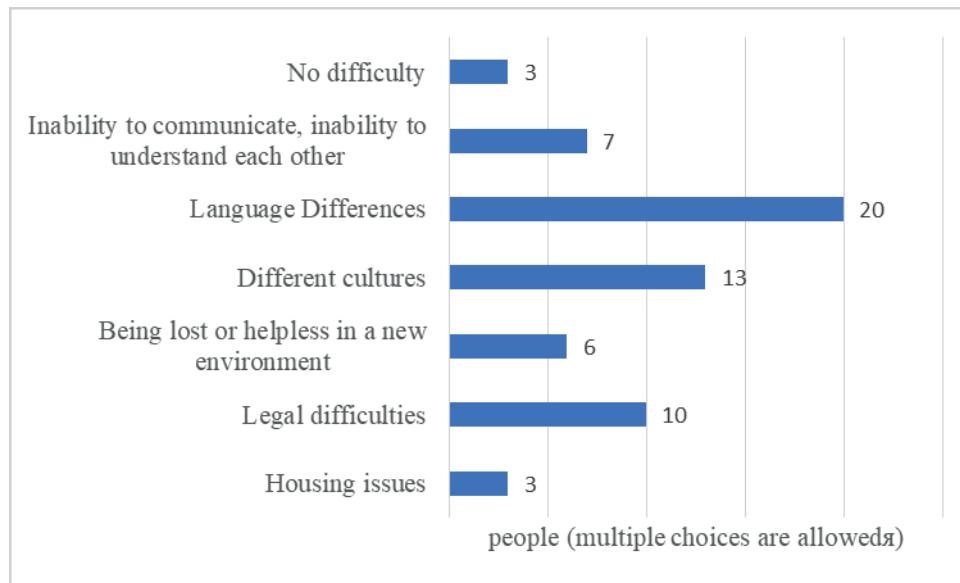
**Figure 7.** Reasons for choosing the industry  
 Source: Based on the survey results and compiled by the authors



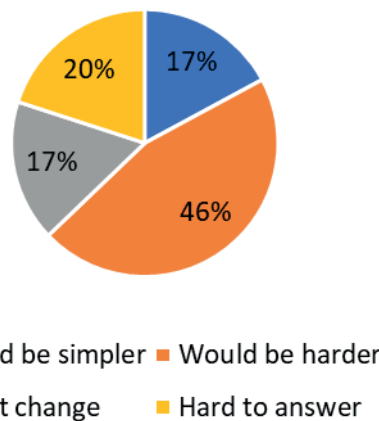
**Figure 8. Barriers to doing business in Russia**  
 Source: Based on the survey results and compiled by the authors



**Figure 9. Government support**  
 Source: Based on the survey results and compiled by the authors



**Figure 10.** Difficulties faced by entrepreneurs in Sverdlovsk Region  
 Source: Based on the survey results and compiled by the authors



**Figure 11.** Future forecasts of respondents regarding doing business in Russia  
 Source: Based on the survey results and compiled by the authors

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