



Human Capital
Multidisciplinary
Research Centre



NATIONAL RESEARCH
UNIVERSITY



RANEPA
THE RUSSIAN PRESIDENTIAL ACADEMY
OF NATIONAL ECONOMY
AND PUBLIC ADMINISTRATION



MGIMO
UNIVERSITY



IEA RAS
RUSSIAN
ACADEMY
OF SCIENCES

Entrepreneurial Activity in Industries and Russian Regions During the COVID-Crisis



Vasily Abashkin,

Senior Research Fellow of the Centre 'Russian Cluster Observatory' ISSEK HSE

Recourses:

- Абашкин В. Л., Тюрчев К. С., Куценко Е. С. (2021) Эффекты пандемии для отраслей и регионов // Экспресс-информация. Наука. Технологии. Инновации. <https://issek.hse.ru/news/488641866.html>
- Куценко Е. С. (2021) Когда началось снижение предпринимательской активности в России // Финансовая газета. <https://fingazeta.ru/analytics/reviews/472969>

Moscow, 2021

The Research Approach



- The data source – «SPARK-Interfax»
- The number of new, closed and active organizations in 2015–2020 гг. merging into 75 divisions (two-digit numerical code) OKVED

Excluding the divisions of OKVED: 05, 06, 12, 19, 39, 51, 65, 84, 92, 94, 97, 98, 99

$$\text{Entrepreneurial Activity Index (EAI)} = \frac{\text{New} - \text{Closed}}{\text{Active}}$$

- Change of EAI 2020 comparing to 2019

Facts 2020



- 533K ceased operations (which correspond to 18% of current number of organizations)
- 225K were set up (which correspond to 8% of current number of organizations)
- The majority of closed organizations are in five industries:
 - Wholesale (-100.5 K)
 - Retail (-29.6 K)
 - Construction of buildings (-22.4 K)
 - Specialized construction activities (-15.1 K)
 - Real estate activities (-13.1 K)
- There are two industries with increased number of organizations:
 - Mining of metal ores (+0.3 K)
 - Social work activities without accommodation(+0.25 K)

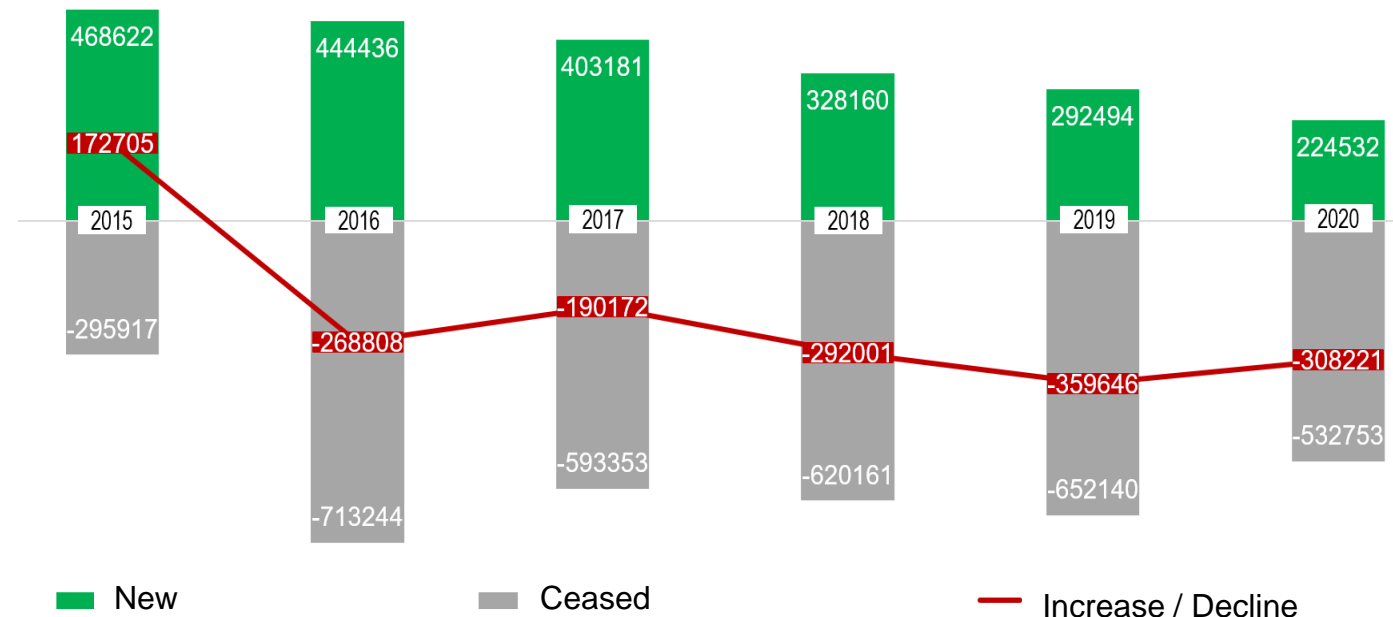
Is it COVID-crisis influence?

An economic decline since 2016



- The number of new organizations has been decreasing within last 5 years
- There're half less new org opened in 2020 comparing to 2015
- The greatest number of organizations ceased was in 2016 and 2019
- Experienced companies leave the market (even after 8 years)

Change of the organizations` number in Russia: 2015–2020, in units



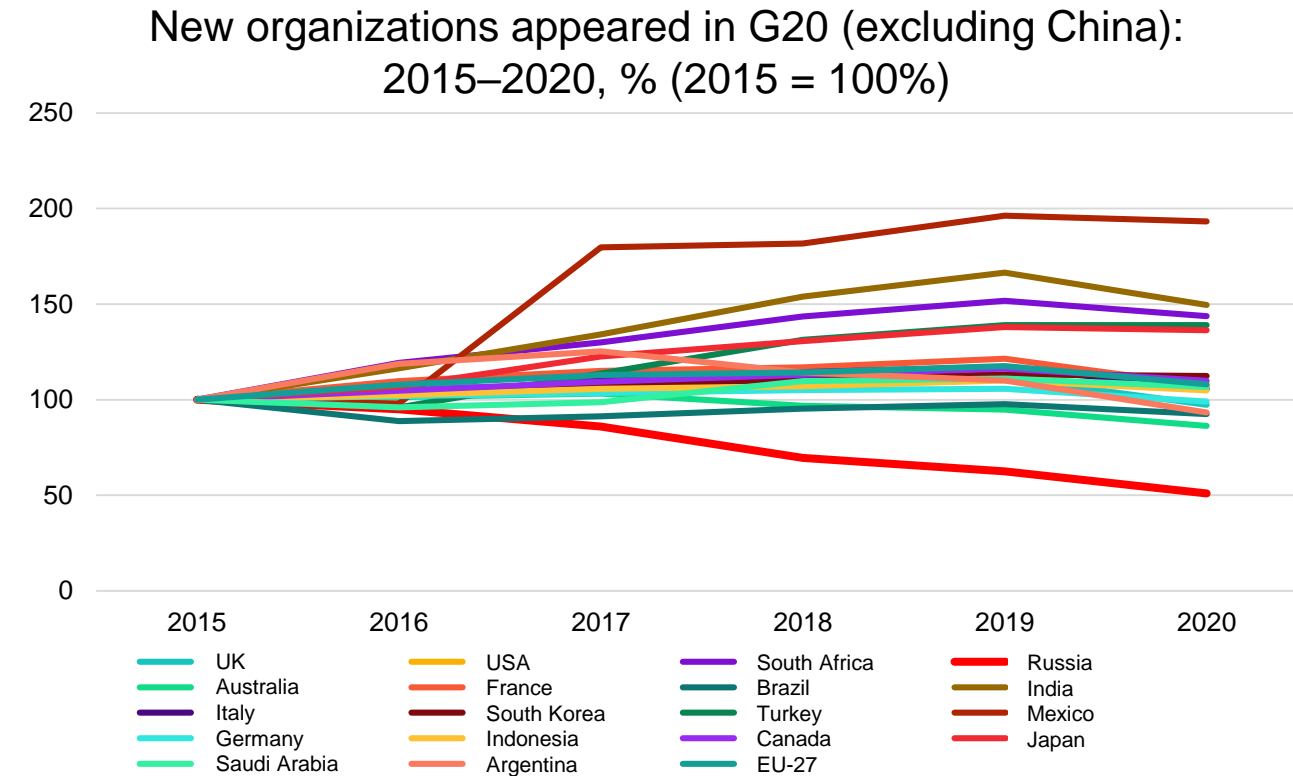
Source: ISSEK HSE based on «SPARK-Interfax» data

The COVID pandemic facilitated economic recession which started in Russia a few years ago, but wasn't crucial reason for it

Russia is the only country in G20 with the most negative dynamic in the new organizations` construction



- The countries with similar economic development 2020 to 2015:
 - Mexico (+93%)
 - India (+50%)
 - South Africa (+44%)
 - Turkey (+39%)



Source: ISSEK HSE based on Euromonitor International data

The reason of decrease. Internal? Do sanctions matter?

Entrepreneurial activity a great number of industries in 2020 increased comparing to 2019



- Entrepreneurial activity decreased in 34 industries though 41 industries have demonstrated resistance to COVID-crisis

Top-10 industries with a negative Entrepreneurial Activity Index in 2020 to 2019

Divisions OKVED	Economic activity	New organizations in 2020, in units	Ceased organizations in 2020, in units	EAI change in 2020 to 2019
81	Services to buildings and landscape activities	3374	6328	-7.8
77	Rental and leasing activities	1579	2968	-4.6
79	Travel agency, tour operator and other reservation service and related activities	1225	5881	-2.9
43	Specialized construction activities	20620	35787	-2.8
96	Other personal service activities	1701	5129	-2.7
56	Food and beverage service activities	5004	10929	-2.6
95	Repair of computers and personal and household goods	784	2974	-2.3
55	Accommodation	943	1934	-2.3
42	Civil engineering	3080	3441	-2.2
73	Advertising and market research	5003	12279	-2.0

Top-10 industries with a positive Entrepreneurial Activity Index in 2020 to 2019

Divisions OKVED	Economic activity	New organizations in 2020, in units	Ceased organizations in 2020, in units	EAI change in 2020 to 2019
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	160	172	6.7
64	Financial service activities, except insurance and pension funding	2360	5226	3.7
15	Manufacture of leather and related products	83	205	2.7
46	Wholesale trade, except of motor vehicles and motorcycles	52739	153197	2.4
52	Warehousing and support activities for transportation	3981	13319	2.0
91	Libraries, archives, museums and other cultural activities	133	604	1.8
50	Water transport	133	365	1.8
30	Manufacture of other transport equipment	152	358	1.5
58	Publishing activities	292	1986	1.4
08	Other mining and quarrying	599	783	1.4

Source: ISSEK HSE based on «SPARK-Interfax» data

COVID-crisis didn't influence the reduction of companies in most industries

Most regions have demonstrated resistance to COVID-crisis



- Entrepreneurial Activity Index reduced in 37 entities of Russian Federation in 2020 to 2019 r. Though the rate of organizations slowed in 48 regions
- The strongest decline was in Moscow, St. Petersburg, Moscow Region, Samara Region and Sverdlovsk Region – 56% of all ceased companies in Russia
- Absolute growth in number of organizations was only in Republic of Buryatia and Chukotka Autonomous Region

The highest and the lowest results of Entrepreneurial Activity Index in Russian 2020 to 2019

Position	Entities of Russian Federation	New organizations in 2020, in units	Ceased organizations in 2020, in units	EAI change in 2020 to 2019
1	Murmansk Region	476	1139	10.4
2	Altai Republic	247	362	8.9
3	Orel Region	682	973	8.2
4	Krasnodar Region	6465	13575	8.1
5	Jewish Autonomous Region	87	244	7.9
6	Republic of Kalmykia	154	233	7.7
7	Mari El Republic	425	962	7.0
8	Republic of Buryatia	2357	1470	6.6
9	Vologda Region	3141	4511	5.8
10	Republic of Khakassia	399	652	5.7
...				
76	Republic of Dagestan	1327	2811	-5.1
77	Republic of North Ossetia – Alania	511	839	-5.4
78	Smolensk Region	2050	4136	-6.1
79	Leningrad Region	2182	3554	-6.3
80	Tula Region	1407	5353	-6.9
81	Republic of Adygea	247	726	-7.0
82	Chechen Republic	686	1458	-9.1
83	Karachay-Cherkess Republic	436	995	-9.4
84	Kabardino-Balkarian Republic	529	1834	-9.7
85	Republic of Ingushetia	422	685	-11.4

Source: ISSEK HSE based on «SPARK-Interfax» data

Regions with different well-being results and economic development were damaged from COVID-crisis

Questions for discussion



1. The greatest impact of COVID pandemic: is it in the past or in the future?
2. What are the differences between set of industries influenced by COVID pandemic in Russia and other countries?
3. New lockdowns. Is there enough support to specific industries and its extension. For how long?
4. What lessons we receive from COVID pandemic? And how could we used in the future?



Human Capital
Multidisciplinary
Research Centre