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Article



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ON THE NEED FOR SUSTAINABLE DEVELOPMENT OF ENTREPRENEURSHIP IN RUSSIA: FEATURES, TRENDS, AND PATTERNS

Abstract: In this article, the authors examined the structure of a public-private partnership mechanism for modernizing the economies of Russian regions using research on labor market development trends in the regions, including the sustainability of entrepreneurship in Russia. Specifically, they explored the characteristics, trends, patterns, and new forms of innovative management within the labor market system. The authors also examined current and controversial issues of economic restructuring, explored ways to improve its efficiency, and formulated key guidelines for long-term economic policy.

Key words: transformation, development model, economic restructuring, efficiency, economic policy, innovation management, small and medium-sized businesses.

Language: English

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Introduction

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Entrepreneurship is a fundamental element of

the market economic system and, accordingly, a key factor in the development of this type of economy. Almost all functions of entrepreneurship can be roughly divided into two traditional groups—

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economic and social—which are often not only interconnected but also inseparable. Indeed, the development of entrepreneurship is reflected not only in tax revenues and employment, but also in the stimulation of innovation, the flexibility of technological solutions, the improvement of management expertise, and the promotion of competition, which ultimately improves the quality of products (goods, services, and labor).

In the traditional understanding of entrepreneurship, the initial stage of its development in Russia can be considered the late 1980s - early 1990s (1987-1991), however, its characteristic features have been observed throughout the country's history. Initially, entrepreneurship was embodied in industrial and craft activities; subsequently, its participants (artisans, merchants, moneylenders, etc.) united, and trade exchange as a key part of economic life gradually assumed an international scale. Beginning in the 17th century, as a result of various reforms, industry experienced rapid development, the number of enterprises steadily increased, and by 1917, entrepreneurial activity encompassed agriculture. In the initial Soviet period, the basis of entrepreneurship - private property - was eliminated; however, the New Economic Policy re-established a system of business relations and connections. Subsequently, in accordance with the adopted political and economic doctrine, entrepreneurship was effectively eradicated at the official level, moving into the shadow economy. Reforms of the 1980s. led to the creation of cooperatives and the desire of the population to engage in commercial activities, while the reforms of the 1990s, through privatization policies, galvanized private enterprise in the manufacturing sector. Since the 2000s, entrepreneurship has served as a strategic guideline for national development, stimulated through a comprehensive system of reforms, although their results have had varying degrees of success. Furthermore, it is important to consider the external and even global conditions within which modern enterprises have had to operate, including the financial and economic crisis of 2008-2009, the worsening geopolitical situation since 2014, and the COVID-19 pandemic.

Main part

Entrepreneurship in Russia has truly long been an integral part of economic life. Its development is a key goal at the federal and regional levels, and various organizations and institutions have been created to support it. The level of national prosperity and the country's international competitiveness depend on entrepreneurial development trends.

Despite the obvious practical significance and global trend for studying entrepreneurship at the regional level, identifying specific ecosystems, this area has not received the attention it deserves in Russian research. This is undoubtedly a serious

omission, as quite often, due to conditions characteristic of specific regions (convergent in content), the level of entrepreneurial activity, especially among small and medium-sized enterprises (SMEs), can remain consistently high over extremely long periods of time. This fact demonstrates the fundamental importance of identifying regional entrepreneurship trends as a general background for enterprises operating in a particular region and focused on sustainable development (i.e., beyond the influence of specific external and internal environmental factors). In this regard, for the assessment and analysis of current entrepreneurship trends, we propose an algorithm consisting of six sequential stages. The first stage involves assessing the vitality coefficient of enterprises by Russian regions and types of economic activity. The coefficient is calculated, similar to demographic analysis, using Formula 1, taking into account the age of enterprises according to official statistics: one-, two-, three-, four-, and five-year-olds. It is also advisable to calculate the overall vitality coefficient, taking into account the total number of births and deaths of enterprises.

$$CVy = \frac{AEy}{DEy} \quad (1)$$

where CVy – the viability coefficient of enterprises operating for a certain number of years/the entire population of enterprises;

AE – the number of active enterprises in this group/the number of enterprises born;

DE – the number of deceased enterprises in a given group/the total number of deceased enterprises.

Since the vitality coefficient is assessed for groups of enterprises based on their age, identifying trends in entrepreneurial development requires also assessing the stability of regions and types of activities based on this coefficient. For this purpose, we will use A.T. Yusupova's formula, which proposed an approach to assessing the stability of regional, industry, and enterprise leadership based on various criteria. The formula for calculating the stability of regions/types of economic activity based on the vitality coefficient of enterprises is as follows:

$$SL = \left(1 - \frac{La - Lmin}{Lmax - Lmin}\right) * 100\% \quad (2)$$

where SL is the degree of stability of positions according to the enterprise viability coefficient;

La – the actual number of regions/types of economic activity that are leaders/average/outside in terms of the vitality coefficient of enterprises of all age groups;

Lmin is the minimum possible number of regions/types of economic activity that can be leaders/average/outside in terms of the vitality coefficient of enterprises of all age groups;

Lmax is the maximum possible number of

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regions/types of economic activity in a situation where in each age group different regions/types of economic activity are in the same positions (places).

Similarly, the temporal stability of regions/types of economic activity can be assessed based on their vitality coefficient. In other words, it is possible to determine how much the vitality coefficient of leaders, mid-performers, and outsiders fluctuates within age groups of enterprises. In the second stage, the sample for assessment and analysis shifts to the SME level. The importance of this sector for the country's social and economic development cannot be overstated. Thanks to the mobility and flexibility of management policies and organizational mechanisms, SMEs can quickly respond to market needs, create pockets of economic growth, and contribute to solving employment and unemployment issues. Naturally, these enterprises face challenges in business planning, implementing plans, and introducing technological innovations. Therefore, stimulating the activities of small and medium-sized enterprises is a priority for both developed and developing countries, although the criteria for classifying a business into this sector differ significantly. The positive correlation between the number of SMEs and well-being, economic growth, and the emergence of a new development model has been repeatedly confirmed by various studies. It is not surprising that their share is often very significant. Using similar criteria for identifying the SME sector, its share exceeds 70.0% in Latvia, 66.9% in Italy, 60.8% in Denmark, 54.4% in Germany, 52.9% in Poland, and 44.0% in the United States. In Russia, this figure is at 20-21%, significantly lower than in European countries and the United States. Moreover, small businesses contribute to the formation of the middle class as a socially-income stratum of the population. Evidence of the understanding of the fundamental role of SMEs in the country's socio-economic development is the developed Strategy for the Development of SMEs in the Russian Federation through 2035. Like all similar documents, it contains specific target indicators and measures to ensure their achievement. A study conducted by a group of scientists from the RANEPa under the President of the Russian Federation and the Russian Foreign Trade Academy of the Ministry of Economic Development of Russia assessed the degree of their implementation, which amounted to 82%, a very good result compared to the results of other strategies. However, it is clear that the measures taken are not sufficient to create a favourable climate and bring SMEs to a level of development that would fully facilitate the implementation of priority areas of socio-economic policy, as is happening in other countries.

According to the World Bank's 2024 Doing Business Index, Russia ranks 28th out of 190 countries. In comparison, in the rankings from five years ago, the ease of doing business ranked Russia

only 51st. The ranking methodology includes an assessment across ten areas, namely:

- connection to networks;
- property registration;
- business registration;
- taxation international trade;
- protection of minority shareholders;
- ensuring the execution of contracts;
- obtaining construction permits;
- resolution of insolvency;
- lending.

Between 2018 and 2024, Russia improved its ranking in half of the areas assessed, with the exception of property registration, minority shareholder protection, insolvency resolution, taxation, and contract enforcement. While the negative change in ranking for the first area was fairly similar to the subsequent two, the final rankings differed significantly. For example, in the property registration ranking, Russia dropped from 8th to 12th place, in minority shareholder protection from 66th to 72nd place, and insolvency resolution from 51st to 57th place. Taxation conditions also saw a significant drop, eleven places down (to 58th place). Contract enforcement saw the greatest decline, from 5th to 21st place. Against this backdrop, Russia has made the greatest progress in the area of dealing with construction permits, ranking 26th compared to 119th in 2018. Furthermore, despite three years of stability in the international trade ranking, Russia's current position of 99th is 71 spots higher than in 2018. Russia has advanced 22 spots in terms of getting electricity (to 7th place), and 17 spots to 25th place in terms of getting loans. Following mixed performance in the business registration ranking, Russia now ranks 40th, up from 41st in 2018. Overall, our country is represented in only one area in the top 10, a situation that is similar for the top 20.

Even before the COVID-19 pandemic, which to varying degrees, although not always negatively, impacted SMEs worldwide, conclusions were drawn about the need for improved support for this sector in the Russian Federation. Specifically, this concerns the problems with lending for business development, especially in remote regions. Moreover, the need to address institutional issues was clearly evident during the previous economic crisis. Similarly, it is essential to consider regional specifics when developing support measures at the federal level, essentially creating conditions within which SMEs can develop sustainably. Regarding specific methods for assessing regional SME development trends, the most interesting are the works of E.S. Lovkova, S.P. Zemtsov, V.A. Barinova, and Yu.V. Tsareva. For example, E.S. Lovkova The study of small entrepreneurship in Russian regions is based on an integrated index that includes such indicators as the number of small businesses in absolute terms and per

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capita, average headcount, turnover, and the volume of investment in fixed assets. Zemtsov S.P. and Baburin V.L. propose an algorithm for calculating the index of specialization of the entrepreneurial ecosystem, using the share of employment generated by SMEs by type of economic activity. Zemtsov S.P., but in collaboration with Barinova V.A. and Tsareva Yu.V., define entrepreneurial activity as the main indicator of regional small business development. The indicator is calculated based on the number of enterprises relative to the economically active population, which is consistent with the statistical concept. In our opinion, the standard list of indicators can be expanded by calculating coefficients reflecting the availability of SMEs and the intensity of their work. These coefficients are based on standard absolute indicators of small and medium-sized businesses, namely their number and turnover, as well as such general regional indicators as population and the area of the territory in which the enterprises operate. As noted previously, in some cases, the number of SMEs per 10,000 people is calculated without taking into account the spatial characteristics of the territory. Simultaneous consideration of these factors is necessary due not only to differences in the numbers of actual and potential consumers of SME products and/or employees, but also, obviously, to the size of the territories over which both the population and the enterprises themselves are dispersed. Therefore, it is proposed to calculate the SME density ratio using a formula similar to that used to calculate the Engel coefficient:

$$PRe = \frac{Eg}{\sqrt{H \cdot S}} (3)$$

where PRe is the SME provision coefficient; Eg is the number of SMEs;

H – population (10,000 people); S – area (1000 km²).

When assessing entrepreneurship development trends, simply ranking regions by SME density ratio is not informative enough. Characterizing and grouping regions by a combination of factors is of much greater practical interest. These factors include the number of SMEs, their change over time, and the density ratio itself.

By graphically representing the first and second characteristics on a coordinate system, several quadrants and, accordingly, groups of regions with specific SME development trends can be identified. An additional characteristic feature for comparing regions within a single group is the provision coefficient, namely:

the first quadrant on the coordinate system and, accordingly, the first group of regions corresponds to the absolute leaders, which are characterized by an above-average number of SMEs with positive dynamics of change;

The second quadrant is formed by catch-up regions – despite the number of enterprises being below average, their growth is observed.

The third and fourth quadrants suggest negative dynamics in the number of enterprises, and therefore it is logical for a more accurate interpretation to divide each of them into two parts, taking into account its average value.

As a result, Quadrant III includes regions with below-average numbers of enterprises and negative growth rates. Quadrant III-A contains regions with a weaker-than-average decline, while Quadrant III-B contains regions with a stronger decline. In the first case, regions can be characterized as moderately lagging, while in the second, they are rapidly lagging.

Quadrant IV is made up of regions with above-average numbers of enterprises, but with negative growth rates. Similar to the previous quadrant, divided into two parts, Quadrant IV-A contains regions with a low probability of losing their leadership, while Quadrant IV-B contains regions with a high probability of losing their leadership. For each region, a visual representation of the supply ratio is also necessary for comparison and correlation between its level and the region's membership in a particular group.

At the third stage of the study, the emphasis shifts from the number of SMEs and the degree of their provision to the turnover and the level of employment. Regions are ranked by the share of SMEs in the total turnover and employment, grouped relative to average values and compared with the type of economy. For this purpose, we propose to use the results of testing the original methodology of Doctor of Economics N.E. Buletova, according to which the typology of economic systems is carried out by establishing intersectoral proportions at two levels of structural analysis. The authors distinguish nine types of economic systems: agrarian (the share of the agricultural sector is greater than the industrial one and the share of production of goods is greater than the production of services); agrarian-service (the share of the agricultural sector is greater than the industrial one, the share of production of services is greater than the production of goods); industrial (the share of the industrial sector is greater than the agricultural one, the share of production of goods is greater than the production of services); underdeveloped service-industrial (the range of the excess of the share of the industrial sector over the agricultural one is from 1 to 20, the share of production of services over the production of goods is from 1 to 2). Developed industrial (the share of the industrial sector exceeding the agricultural sector by 10 to 20, the share of service production exceeding the production of goods by 1 to 2); Service-industrial (the share of the industrial sector exceeding the agricultural sector by 1 to 40, the share of service production exceeding the production of goods by 2 to 4); Industrial-service (the share of the

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industrial sector exceeding the agricultural sector by 20 to 40, the share of service production exceeding the production of goods by 1 to 4); The most developed service-industrial type (the share of the industrial sector exceeding the agricultural sector by 1 to 60, the share of service production exceeding the production of goods by 4 to 6); The most developed industrial-service (the share of the industrial sector exceeding the agricultural sector by 40 to 60, the share of service production exceeding the production of goods by 1 to 6). The use of this typology in constructing a matrix reflecting the share of SMEs in turnover and employment will allow us to establish characteristic trends in their development, namely the degree of significance depending on the structural features of the economic systems within which they operate.

The fourth stage is dedicated to identifying leaders, mid-level performers, and underperformers based on indicators such as the availability ratio, share of employment, and intensity ratio. The latter is expressed as total turnover per SME. To identify regions with stable entrepreneurship development trends, the corresponding ratio is calculated using the algorithm presented above. The logic behind calculating this ratio and selecting indicators can be presented as follows (for leadership stability): the existing number of SMEs meets regional needs, provides employment, and maintains a high level of activity. A possible distortion of the actual picture due to the use of the intensity ratio (a high value can be achieved due to a small number of SMEs) is corrected by simultaneously considering the availability ratio. We present the results of the conducted study of entrepreneurial development trends in Russia in accordance with the stages of the proposed algorithm. At the end of 2024, enterprises in the Republic of Dagestan had the highest viability ratio among one-year-old enterprises: for every one that has ceased operations, there were almost 92 active enterprises. In the Chechen Republic, the vitality coefficient reached 79.6, and in the Zabaykalsky Krai, 70.06. The lowest ratio was recorded in the Leningrad Region—less than four active enterprises per one defunct one—as well as in the Perm Krai (5.77) and Moscow (6.15). The average vitality coefficient for these regions is 22.07. It should be noted that the same indicator was significantly higher in previous years. Thus, in 2023, it was 24.07, i.e., 9.0% higher than the current one. In 2022, its level reached 36.72, which is 50.2% higher than the previous one and 66.4% higher than the last one under consideration. In 2021, there were more than 43 active enterprises per defunct one-year-old enterprise, meaning that the vitality coefficient has halved over the past four years. The top three companies showed constant fluctuations, with the highest rate for the entire period observed in 2024 among enterprises in the Republic of Adygea – 248 active enterprises per one deceased. The lowest rate for the same period, as expected, was observed in

2023. The viability rate for two-year-old enterprises is significantly lower. In 2024, the maximum was 15.7 active enterprises per one deceased (Murmansk Oblast). In 2019-2018, with the Jewish Autonomous Oblast and Sakhalin Oblast leading the way, the rate was at 18.0-18.1. A year earlier, the ratio was almost twice as high – 34.05 (Sevastopol). It is interesting that the minimum values of the coefficient in 2017-2018, amounting to 3.59 (Perm Krai) and 3.21 (Republic of Kalmykia), were quite comparable with the same indicator for one-year-old enterprises in 2024. Over the entire four-year period, the lowest ratio of active to inactive enterprises was recorded in 2023 in the Chelyabinsk Region (2.08). In 2024, the lowest value was observed in Moscow, at 2.21. It is logical that the average value for this type of enterprise across all the regions under consideration was also lowest in 2023, at 6.11. During the crisis year, this indicator increased by more than 14.0% to 6.97. However, compared to 2020, the ratio of active to inactive enterprises has decreased almost twofold. It is noteworthy that the gap between the leading positions (top 3, 2024), in contrast to the sample of one-year-old enterprises, is insignificant. Similar trends are observed for the viability ratio of three-year-old enterprises, with very comparable average and maximum values. In 2024, there were 6.35 active enterprises for every one that died, which is 29.1% more than the previous year, but 42.3% lower than the 2020 figure (the highest average for the period). Incidentally, as in the previous sample, the lowest average viability factor was recorded in 2023. Moreover, while in 2024 the maximum ratio of active to dead two-year-old enterprises was observed in the Altai Republic at 14.63, the previous year's maximum was significantly higher, at 20.08, in the Republic of Adygea. Taking into account the ranking of average values, it is expected that over the entire five-year period, the viability factor was highest in 2020, amounting to 28.94 for enterprises in the Kabardino-Balkarian Republic. Overall, the coefficient values for the top three (2024) are quite similar. The average viability factor for four-year-old enterprises during the period under review was characterized by variable dynamics: the highest value, 7.71, was recorded in 2021, followed by a 24.6% decline to 5.81, which is also the lowest average value for the period, followed by a 5.7% increase to 6.14. Accordingly, the maximum ratio of active to inactive enterprises for the entire period was observed in 2022 at 19.59 (in Sevastopol). In 2024, the maximum ratio of active enterprises to inactive enterprises was 11.89 (in the Irkutsk Region). A year earlier, the maximum ratio was recorded in the Republic of Dagestan at 15.32; that is, in contrast to the average values for the past two years, the maximum has decreased. The minimum value of the coefficient, on the contrary, repeated the average trend, amounting to 2.90 by the end of 2024 (Tula Oblast) versus 2.15 in 2023 (Perm Krai). As in

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the previous two samples, the leaders are competitive with each other (2024). A completely analogous trend and very similar values of average indicators were observed for five-year-old enterprises. The highest average value of the coefficient was recorded at 7.51 in 2022, a decrease of 18.4% to 6.13 led to the lowest level for the period under review, with an increase to 6.77 in 2024. The maximum ratio was observed in 2021 in the city of Sevastopol has 53 active enterprises per one deceased enterprise. The 2022 peak, which was also in the same region, was only 30.33 active enterprises. The negative trend continued in 2023, when the maximum ratio was 14.31 (52.8% lower than the previous maximum) for enterprises in the Republic of Crimea. In 2024, the maximum ratio for one deceased enterprise was 15 active ones in the Altai Republic; however, the ratios for the top three are quite comparable. It is worth noting that the minimum ratios over the entire period were quite close, ranging from 2.94 in 2020 to 3.50 in 2024, ignoring the divergent dynamics.

An assessment of the vitality coefficient based on new and deceased enterprises showed that while the former outperformed seven regions in 2020, this trend was only seen in three in 2023-2024, and only one in 2025. In 2024, these included the city of Sevastopol with a coefficient of 3.03, the highest for the entire period; the Republic of Crimea with 1.70; Belgorod Oblast with 1.54; the Republic of Tyva with 1.21; Pskov Oblast with 1.19; the Republic of Mordovia with 1.07; and, minimally meeting the requirements, Lipetsk Oblast with 1.0. In 2021, the city of Sevastopol, with only 1.37 new births per deceased enterprise, and the Republic of Crimea, with a similar ratio of 1.07, remained in the top three. Enterprises from the Chechen Republic also made it into the top three, with a ratio of 1.11. The following year, the highest ratio was in the Leningrad Region at 1.29, followed by the Chechen Republic, which increased to 1.27, and the Republic of Buryatia, with 1.03. In 2024, the Republic of Tyva topped the rankings, with an excess of new enterprises over new ones recorded for the first time since 2020, at 1.65. Minimum values in recent years have been around 0.15-0.20 (Murmansk and Pskov Regions). In line with the dynamics of the maximum indicators, it is expected that the average values will consistently decrease – from 0.68 in 2020 to 0.49 in 2024. It should be noted that in 2024, despite the crisis, the average value decreased by a smaller amount than in 2023 – 4.2% versus 8.1%. An assessment of leadership by the vitality coefficient across enterprise age groups indicates that the same regions with a high degree of stability occupy leading positions in all groups. It is worth noting that the assessment was conducted based on the twenty-five leaders in each group, as this is the most optimal breakdown in accordance with the total number of regions studied. Thus, if in 2021 the degree of leadership stability was 75%, then by 2023 it

increased to 85%. Based on the results of 2023, the leaders in enterprise viability across all age groups were represented by a number of similar regions that ensured stability at 80%. However, when comparing leadership in each specific group by year, none of them achieved a high level of leadership. Furthermore, only the group of five-year-old enterprises showed low leadership stability (32%) in the 2024-2023 comparison.

The stability of leadership positions in the groups of two- and four-year-old companies in the 2023-2022 comparison was 60%. Therefore, it can be argued that the emerging regional conditions for entrepreneurial activity lead to relatively uniform development results, thereby forming distinct trends. Moreover, the stability of these trends over time is average, especially for one- and five-year-old companies. Indirectly, this may indicate the variable effectiveness of regional entrepreneurship support policies. Also, the 2024 crisis should not be forgotten; in the 2024-2023 comparison, a decrease in leadership stability was recorded compared to 2023-2024 for all groups of companies, with the exception of one-year-old companies. The stability of the positions of mid-tier companies practically followed the trends in changing leadership positions – in 2022, its degree was 68%, then increased to 71%, and then decreased. While the stability of leading positions decreased compared to the previous year, while the final indicator remained at a level higher than in the baseline year, the stability of mid-tier companies fell to the baseline level of 68%. However, this is still a high level. In the 2024-2023 comparison, the stability of regional affiliation in all age groups except the two-year group does not even reach the average level. The lowest levels of stability in terms of the viability coefficient were occupied by the same regions within the group of five-year-old enterprises, with a stability of 24%. A slightly higher indicator is characteristic of the groups of three- and four-year-old enterprises, at 28%. It should be noted that the previous year, the stability of regional affiliation in these positions was higher for enterprises of all the above age groups. The presence of several regions in mid-tier positions in terms of the viability coefficient of three- and five-year-old enterprises in 2023 and 2022 resulted in a stability of 44%. An even higher value was ensured by the distribution by region in the group of four-year-old enterprises – 60%. The degree of stability of regional affiliation of intermediate positions among one-year-old enterprises remained virtually unchanged, although with a negative trend (32% in 2024-2023 versus 36% in 2023-2022). In the group of two-year-old enterprises, the average performers in terms of the viability coefficient were represented by the same regions, with a stability level of 40% in both cases of time comparison. The conducted analysis confirms the previous conclusions about the influence of regional conditions of business activity on its

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performance, while the temporal stability of these results for the average performers is lower than for the leaders. The stability of regions that, according to the viability coefficient of enterprises of all age groups, The percentage of companies occupying outsider positions has increased over the past three years – from 76% in 2021 to 77.5% in 2023 and 83% in 2024. It should be noted that the outsider positions are increasingly held by the same regions, regardless of the age of the enterprises. Moreover, if we compare the outsider regions in each age group of enterprises by year, the degree of stability is much higher than that of the leaders and middle performers (although the level is average). At the same time, in three groups, the stability in the 2024-2023 comparison is lower than in the 2023-2022 comparison: in the one-year group, there was a decrease of 6 percentage points to 57%, in the four-year group – by 13 percentage points to 50%, in the five-year group – by 7 percentage points to 50%. The regional distribution of the worst-performing three-year-old enterprises by viability rate remained stable, at 63%. The same regions largely occupied the lowest positions in this rate in the two-year group (increasing from 53% to 63%). Thus, the pronounced negative trends in entrepreneurial activity, particularly evident when comparing the crisis years of 2024 and 2023, in the same regions indicate the need to improve the conditions for its implementation. However, it should be kept in mind that a low viability rate can also be characteristic of large regions, where the number of enterprises created annually often exceeds the potential market capacity and cannot withstand competition, which logically leads to a high mortality rate. In terms of industry affiliation, among one-year-old enterprises, the highest viability rate over the past two years has been in the healthcare and social services sector: for every one-year-old enterprise that died in 2024, there were 33.2 active ones, although the previous year the ratio was even higher – 44.85. Furthermore, compared to 2021, the vitality coefficient decreased by more than 35.0%. Also in 2024, extractive industry enterprises were among the leaders with a coefficient of 30.71, although they had previously not risen above fourth place in the ranking (29.39 in 2021). Real estate operations enterprises rounded out the top three, as a result of a coefficient increase to 26.83. Overall, over the entire period, the highest average value of the indicator was observed for the leading type of activity in 2024, as well as for the supply of electricity, gas, etc., although the final decrease was 48.6%. The lowest average ratio of active to deceased one-year enterprises was recorded in the financial and insurance activities - 16.49. In 2024, with a coefficient of 14.19, it is in twelfth place. It's worth noting that the lowest number of active businesses per death over the past two years, namely 7.38 in 2023 and 5.88 in 2024, was observed in the construction sector. This sector also recorded the largest reduction in this

indicator, at 83.2%. Interestingly, Manufacturing enterprises fell from first place in 2021 (52.08) to seventh place in 2024 (17.51), a 66.4% reduction in relative terms. In the group of two-year-old enterprises, the highest average vitality coefficient, despite a final reduction of more than 19.0%, was also recorded in the healthcare and social services sector – 17.42 active enterprises per one deceased. Moreover, this type of activity held the lead throughout the entire period under review. Second place is also stable and belongs to enterprises in the supply of electricity, gas, etc. – on average, the ratio was 15.18, and in 2024 it was at 15.34 (a reduction of 13.3% over the period). Mining and quarrying enterprises have ranked third in terms of the vitality coefficient over the past two years, although its dynamics have varied, with the final ratio being 11.72 (a decrease of 12.2%). Enterprises in this type of activity also occupy a similar position in terms of the average value of the coefficient. The smallest number of active enterprises per deceased enterprise, on average, was in wholesale, retail, and other trade – 4.58, and in 2024 it was 2.96 (a decrease of 62.5%). Incidentally, the largest decrease in the coefficient over the period was observed in the provision of other services (by almost 70.0%). As in the previous group, no type of activity recorded a final increase in the ratio of active to deceased enterprises. Two-year-old manufacturing enterprises ranked only sixth in terms of the average vitality coefficient (9.60), with the final decrease amounting to 54.5% (from 15.31 to 6.97).0%). As in the previous group, no activity type recorded a net increase in the ratio of active to inactive enterprises. Two-year-old manufacturing enterprises ranked only sixth in terms of average viability (9.60), with a net decrease of 54.5% (from 15.31 to 6.97).0%). As in the previous group, no activity type recorded a net increase in the ratio of active to inactive enterprises. Two-year-old manufacturing enterprises ranked only sixth in terms of average viability (9.60), with a net decrease of 54.5% (from 15.31 to 6.97).

Among three-year-old enterprises, the highest average ratio of active to inactive enterprises is roughly comparable to the previous group and has a similar industry affiliation. Thus, on average, there were 17.77 active three-year-old enterprises for every inactive enterprise in the healthcare and social services sector. In 2024, the vitality ratio was 15.65, thus decreasing by 22.3% over the period. Second place in terms of the ratio of active to inactive enterprises in 2024 was held by the mineral extraction sector, with a ratio of 9.63%. However, last year, enterprises in this type of activity were only in fifth place, with a ratio of 7.71. In second place by average ratio and in third place by the current value over the past three years, were enterprises in the real estate sector: on average, there were 11.36 active enterprises for every inactive enterprise, and in 2024, this ratio was at 9.58 (a total decrease of 38.3%). The lowest

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average ratio, as in the previous group, was recorded in wholesale, retail, and other trade – 3.74 (compared to 2.89 in 2024). The largest decline in the vitality rate was observed among businesses providing administrative activities and related additional services – by 66.2%. In manufacturing, the overall indicator decreased by 40.5% to 6.44 active businesses per one deceased, with an average value of 8.18 (sixth place).

The leading activity in terms of vitality coefficient among four-year-old enterprises is also healthcare and social services, with absolute stability in this leadership position. However, by the end of the period, the coefficient value decreased by 18.0% to 14.34. On average, for every inactive enterprise in this activity, there were just under 17 active ones. Second place by average ratio is occupied by enterprises in the real estate sector – 10.64, but in 2024, the vitality coefficient for them was 9.38, which corresponded only to fourth place. Second place in this year was occupied by enterprises providing electricity, gas, etc. – 11.16, which is 7.6% higher than the same indicator at the beginning of the period. On average, the vitality coefficient of these enterprises was 9.93, i.e., in third place. In a similar position, but at the end of 2024, with a coefficient of 9.61, were enterprises related to the extraction of minerals. However, the average ratio of active to inactive enterprises was 6.47, which equates to only twelfth place. The largest reduction in the ratio over the period was observed among enterprises engaged in administrative activities and related services – by 47.1% to 4.62. Moreover, unlike the previous groups, an increase was recorded in the viability ratio of enterprises in the following types of activities: provision of electricity, gas, etc. (7.6%), and mining (4.83%). The minimum values, although not the result of the largest reduction, were observed among trade enterprises – on average, there were 3.89 active enterprises for every inactive one. Among three-year-old manufacturing enterprises, the average viability ratio was 7.40 (seventh place), and by 2020 it had decreased by 11.0% to 6.88 (sixth place). The top two positions in the five-year group are consistently held by healthcare and social services enterprises with an average coefficient of 15.94 and enterprises involved in real estate transactions, whose average coefficient was 9.84%. In both cases, the final coefficient decreased – by 26.2% to 13.44 and by 7.8% to 9.70%. In third place by average ratio were enterprises providing electricity, gas, etc. – 8.16 active persons per one deceased. In 2024, this ratio was 8.05, which is 7.8% lower than the 2021 level and corresponds to fourth place. Third place this year was occupied by enterprises engaged in the extraction of minerals, whose vitality coefficient was 9.09 (an increase of 25.8%), while its average value was 7.89, which corresponds to fourth place. The lowest average value was observed in the group of trade enterprises – 4.07 active enterprises per one deceased enterprise.

The largest reduction in the ratio of active to deceased enterprises was observed in administrative activities and related services – by 33.1% to 5.46. It should be noted that this age group contains a significant number of activities (compared to previous groups) with an increasing vitality coefficient. Thus, in addition to the above-mentioned mining enterprises, the ratio of active to inactive enterprises in agriculture increased by 30.5% to 6.55, by 7.7% to 7.22 in manufacturing, and by 6.9% to 7.04 in water supply, sanitation, and other sectors. The average value of the coefficient for manufacturing enterprises (7.09) brought them to seventh place, although up until 2024 (fifth place) they did not rise above tenth position. In terms of the ratio of born to deceased enterprises, as in the age groups, the leader was the healthcare and social services sector. On average, there were 1.18 active enterprises for every inactive enterprise. However, in 2024, this type of activity, with a vitality coefficient of 0.93, occupied the second position. Mining and quarrying enterprises ranked first with a coefficient of 0.95, having occupied second place in 2022-2023, and eighth place a year earlier. Their average ratio for the period was 0.87 (second place). Educational enterprises ranked third in terms of the average coefficient, with 0.76 births per death. In 2024, their coefficient was 0.59, which also corresponds to third place. Agricultural enterprises consistently ranked last in this ratio, with an average of 0.24 and 0.28 at the end of 2024 (a decrease of 41.6%). The maximum reduction in the vitality coefficient of 56.8% was recorded for enterprises engaged in administrative activities and related services. The only type of activity with an increase in this indicator was the aforementioned mining and quarrying. The average birth-to-death ratio for manufacturing enterprises was 0.53, placing them in twelfth place. At the end of 2020, the vitality coefficient stood at 0.48, 27.1% lower than in 2017 and corresponding to seventh place. It should be noted that previously, manufacturing enterprises ranked tenth in 2023 and twelfth in 2021-2022. The industry composition of the top five by vitality coefficient, regardless of the age groups of enterprises, ensures stability at 85%. This indicator has remained unchanged over the past three years. An assessment for each group over time showed that the industry affiliation of two-, four-, and five-year-old leading enterprises is highly stable (80%), while that of three-year-old enterprises is completely stable. One-year-old enterprises are characterized by average stability over time. While the top five companies in the 2023-2022 comparison were comprised of similar businesses, providing 40% stability, this figure has risen to 60% in 2024-2023. The mid-table positions in terms of enterprise viability across all age groups are occupied by the same types of economic activity, with stability ranging from 70% in 2022 to 80% in 2023 and 2024. A comparison of intermediate positions within age groups by year

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shows that the industry stability of one- and four-year-old companies has increased, although it remains at an average level: 60% in the 2024-2023 comparison, compared to 40% in the 2023-2022 comparison. The opposite situation, although with similar indicator values, is characteristic of five-year-old companies. A decrease in industry stability, from a high level to an average (from 80% to 60%), was observed in the group of two-year-old companies. The stability of the industry affiliation of intermediate positions in the group of three-year-old companies remained unchanged over time – a high level, 80%. The positions of the outsiders in the viability coefficient of companies of all ages, in terms of industry affiliation, are highly stable. The degree of stability exceeds the indicators for leaders and mid-tier companies – 88% in 2022, 94% in 2023, and 93% in 2024. The stability over time of industry outsiders in each age group, as well as for leaders, is at a high level, but with a higher value – on average 86.5%. Interestingly, only in two age groups was a change in the degree of stability observed when comparing outsiders by year. In the group of two-year-old enterprises, industry stability in 2024-2023 was 88%, although in 2023 and 2022, the outsiders in terms of the vitality coefficient were completely the same types of economic activity. In the group of four-year-old enterprises, on the contrary, the stability of industry affiliation in 2023-2022 was 75%, and when comparing 2024-2023, it became absolute. The one- and two-year groups remained unchanged – 88% and 75%, respectively. Thus, it can be argued that industry-specific trends in entrepreneurial

development are clearly defined, the emerging conditions are generally reflected fairly uniformly across all enterprises (specific characteristics, as defined by the current task, are not taken into account), and have a prolonged impact on enterprises depending on their age. As with regional affiliation, it is expected that the positions of mid-tier companies will be less stable, as they effectively serve as an intermediate platform for transitioning to the ranks of leaders or outsiders, which in turn shape the actual trends in entrepreneurial development. A clear result of the conducted SME development assessment are the resulting diagnostic maps, reflecting the number of enterprises, the direction and dynamics of change, and their regional abundance (the size of the sphere on the map depends on the corresponding coefficient). The codes of the All-Russian Classifier of Administrative-Territorial Division of Objects (OKATO) are used to designate regions on the maps – Table 1. In accordance with the specifics of the analysis for optimal grouping, the city of Moscow, the Moscow region, and the city of St. Petersburg, which significantly exceed other regions in terms of the number of enterprises, are excluded from the calculations. In addition, due to the fragmented presentation of data at the level of industrial production, for further correct comparison, the city of Sevastopol, the Republics of Ingushetia and Tyva, the Chechen Republic, the Chukotka Autonomous Okrug and the Jewish Autonomous Region are not included in the calculations.

Table 1. Codes of constituent entities of the Russian Federation

Subject	Code
Republic of Adygea	79
Altai Republic	84
Republic of Bashkortostan	80
Republic of Buryatia	81
Republic of Dagestan	82
Kabardino-Balkarian Republic	83
Republic of Kalmykia	85
Karachay-Cherkess Republic	91
Republic of Karelia	86
Komi Republic	87
Republic of Crimea	35
Republic of Mari El	88
Republic of Mordovia	89
Republic of Sakha (Yakutia)	98
Republic of North Ossetia-Alania	90
Republic of Tatarstan	92
Udmurt Republic	94
Republic of Khakassia	95

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Chuvash Republic	97
Altai Krai	1
Transbaikal Territory	76
Kamchatka Krai	30
Krasnodar Krai	3
Krasnoyarsk Krai	4
Perm Krai	57
Primorsky Krai	5
Stavropol Krai	7
Khabarovsk Krai	8
Amur Oblast	10
Arkhangelsk Oblast	11
Astrakhan region	12
Belgorod Oblast	14
Bryansk Oblast	15
Vladimir Oblast	17
Volgograd Oblast	18
Vologda Oblast	19
Voronezh Oblast	20
Ivanovo Oblast	24
Irkutsk Oblast	25
Kaliningrad Oblast	27
Kaluga Oblast	29
Kemerovo Oblast	32
Kirov Oblast	33
Kostroma Oblast	34
Kurgan Oblast	37
Kursk Oblast	38
Leningrad Oblast	41
Lipetsk Oblast	42
Magadan Oblast	44
Murmansk Oblast	47
Nizhny Novgorod Oblast	22
Novgorod Oblast	49
Novosibirsk Oblast	50
Omsk Oblast	52
Orenburg region	53
Oryol Oblast	54
Penza Oblast	56
Pskov Oblast	58
Rostov Oblast	60
Ryazan Oblast	61
Samara Oblast	36
Saratov Oblast	63
Sakhalin Oblast	64
Sverdlovsk Oblast	65
Smolensk region	66

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Tambov Oblast	68
Tver Oblast	28
Tomsk Oblast	69
Tula Oblast	70
Tyumen Oblast	71
Ulyanovsk Oblast	73
Chelyabinsk Oblast	75
Yaroslavl Oblast	78

Thus, over the past two years, in terms of the number of SMEs as legal entities and taking into account the trends in their change (Figures 1-5), not a single region entered the group of absolute leaders. In other words, none of the regions that were leaders in the number of enterprises observed further growth. Moreover, positive changes were recorded only in such regions as the Leningrad Region, the Republics of Dagestan, North Ossetia-Alania, Buryatia, and the Karachay-Cherkess Republic. These regions can be characterized as catching-up. The average value of the provision coefficient of catching-up regions in 2024

was 37.11; the maximum level is characteristic of the Republic of North Ossetia-Alania (60.9), the minimum – of the Republic of Dagestan (20.3). In 2023, the average provision level was 36.3, with a similar distribution of regions by the maximum and minimum values, despite their somewhat smaller magnitude. It should be noted that in 2023, the Karachay-Cherkess Republic was in quadrant III-A of the diagnostic map, that is, among the lagging regions with negative dynamics in the number of enterprises.

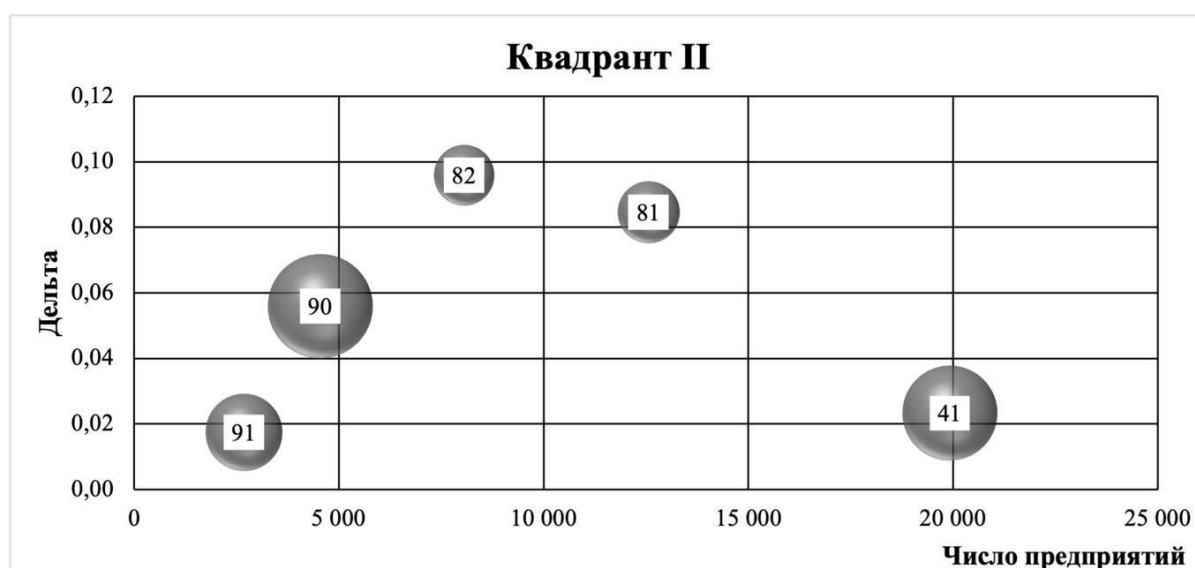


Figure 1. Diagnostic map of SME development in 2024 (legal entities, quadrant II)

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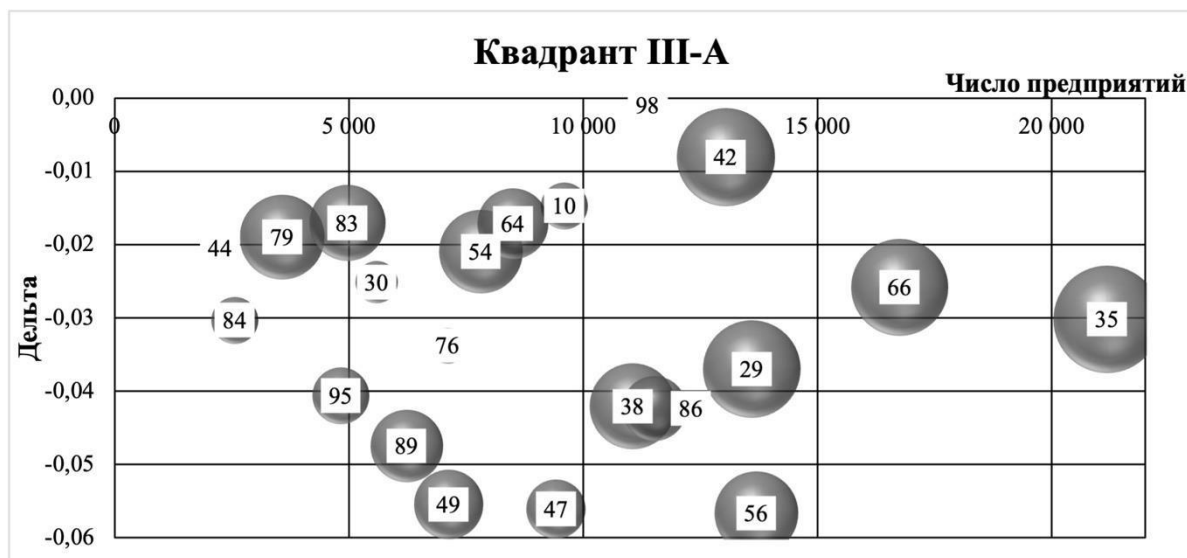


Figure 2. Diagnostic map of SME development in 2024 (legal entities, quadrant III-A)

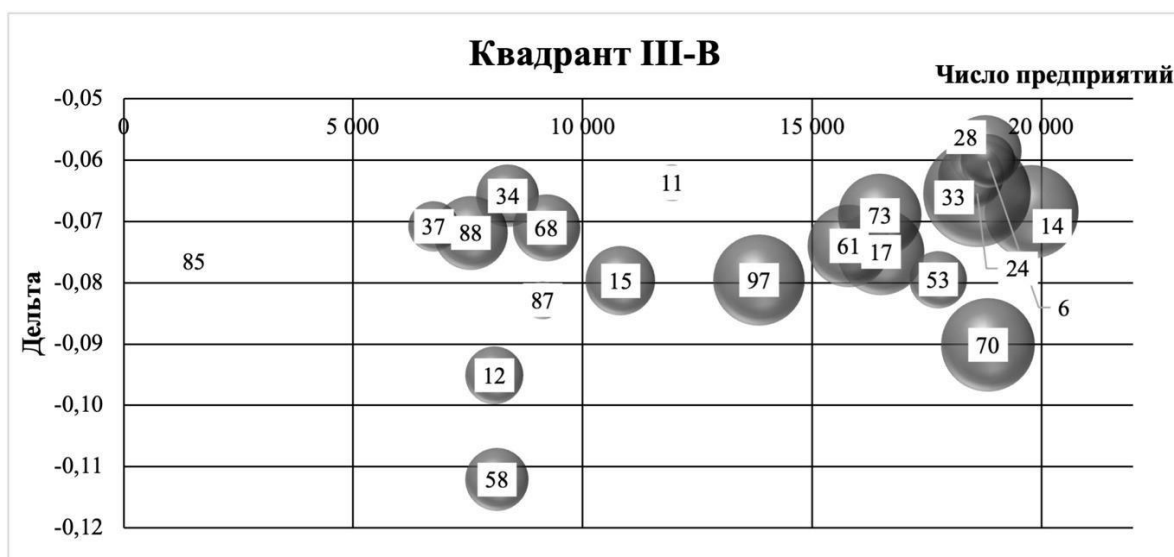


Figure 3. Diagnostic map of SME development in 2024 (legal entities, quadrant III-B)

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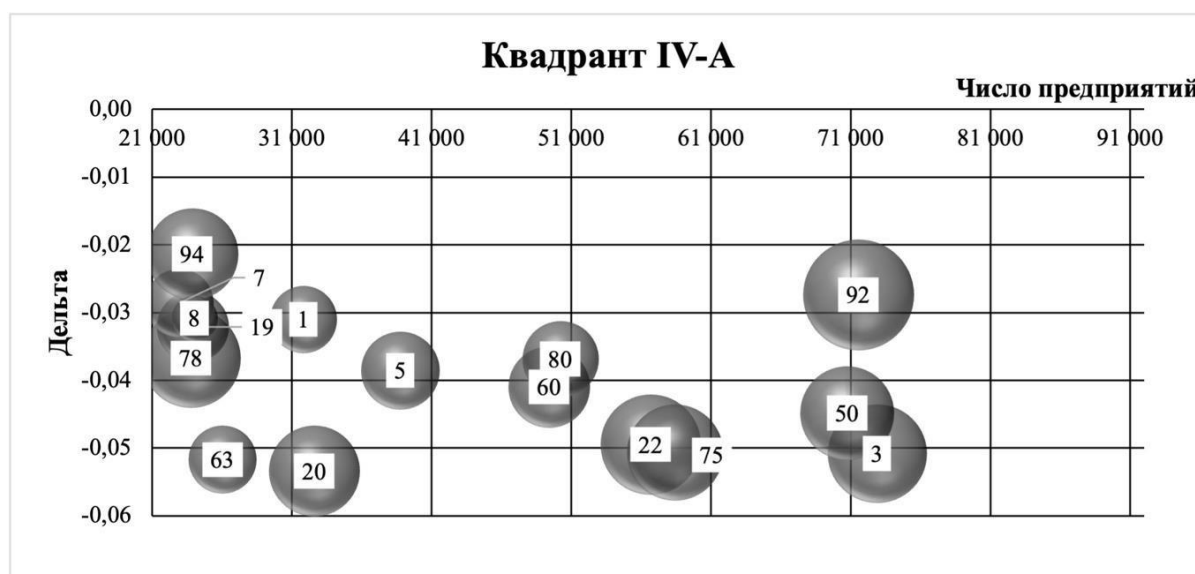


Figure 4. Diagnostic map of SME development in 2024 (legal entities, quadrant IV-A)

For the remaining regions of the overall Quadrant III, movements occurred only between sections in 2023-2024. In 2024, both sections had an equal number of regions, representing the maximum of the overall sample. The Oryol, Murmansk, Novgorod, and Penza regions, the Altai and Khakassia Republics, and the Zabaykalsky Krai improved their positions by moving from Quadrant III-B (severely

lagging) to Quadrant III-A (moderately lagging). The reverse transition and a corresponding deterioration in positions in compliance with the average negative dynamics in the number of SMEs was observed in the Vladimir, Ivanovo, Ryazan, and Tver regions and the Chuvash Republic.

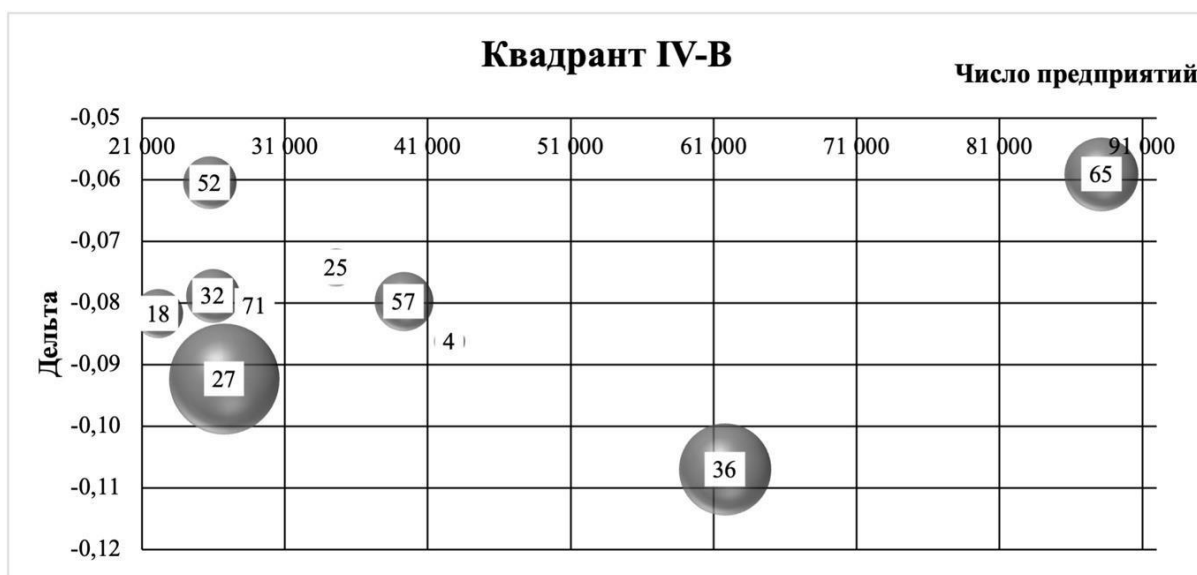


Figure 5. Diagnostic maps for SME development in 2024 (legal entities, quadrant IV-B)

In 2024, the average provision ratio, with equal distribution, was significantly higher in the rapidly lagging regions than in the moderately lagging ones – 56.1 versus 43.1. This fact is explained, among other things, by the difference in the maximum indicators – 127.7 in the Ivanovo region, located in quadrant III-B, and 95.0 in the Republic of Crimea in quadrant III-A. In 2023, fewer regions were in the first section of the

entire third quadrant, including both the Ivanovo region and the Republic of Crimea, which affected the average provision ratio and its ratio to the same indicator in the second section – 59.2 versus 45.7.

The fourth quadrant is represented by leading regions, despite the negative trend in SME numbers. In 2024, most regions were in section A, meaning they had a low probability of losing their leadership, while

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seven regions moved up from the high-probability section: Voronezh, Yaroslavl, Vologda, Nizhny Novgorod, Chelyabinsk, Novosibirsk, and Khabarovsk Krai. Quadrant IV-B was comprised of ten regions in 2024, including Samara, Sverdlovsk, Tyumen, and Irkutsk regions, which moved up from the first section, reflecting a deterioration in their positions. The average population density ratio for regions with a low probability of losing their leadership positions in 2024 was 82.5, with a maximum of 139.1 in the Republic of Tatarstan. In 2023, despite a smaller number of regions in this section, the average SME density level was 80.8, although the maximum value was significantly higher – 167.6 in the Samara Region. Regions with a high probability of losing their leadership in 2024 had an average SME density of 71.9, with the maximum value recorded in the Kaliningrad Region (216.0). In 2023, this same category of regions had an average SME density of 85.5, with a similar regional peak, but a significantly higher value – 238.9. Overall, despite the crisis year, the number of regions that improved their positions exceeded the number of regions experiencing the opposite situation. However, the average rate of decline in SMEs as legal entities, which was used for grouping, remained virtually unchanged – with changes in the hundredths range, decelerating. Logically, the highest level of enterprise density is observed in the regions in the fourth quadrant (Kaliningrad, Samara, and the Republic of Tatarstan), although the Ivanovo Region, a lagging region, ranks fourth. The outsiders are the Zabaikalsky Krai, Magadan Region, and the Sakha Republic (Yakutia), which are classified as moderately lagging. In 2023, the top and bottom positions were occupied by similar regions, but with higher values, with the exception of the Sakha Republic (Yakutia), where the SME density remained unchanged.

If we include the IP in the analysis, the Leningrad Region was the absolute leader in 2024. In 2023, the Tyumen Region was also in this quadrant, but a year later, a below-average decline in enterprise numbers was recorded, placing it in quadrant IV-A on the map—regions with a low probability of losing their leadership. Quadrant II was formed by two regions in both years, but while in 2024 these were the Republic of Adygea and Buryatia, which improved their positions over the year, the Republic of Dagestan and Sakhalin Region, which formed this group in 2023, worsened their positions a year later. Thus, in the first case, the regions moved from being rapidly lagging behind to moderately lagging behind, while in the second case, the regions, instead of catching up, went from being classified as lagging, albeit at a moderate pace. Among the regions in this quadrant, the Republic of Adygea had the highest ratio (271.1), while the Republic of Buryatia had the lowest, at 50.1. Interestingly, quadrants III-A and III-B were formed

by a similar number of regions in the time comparison, making up the majority of the entire sample. Regions such as the Yaroslavl and Magadan Oblasts, the Kabardino-Balkarian and Udmurt Republics, the Trans-Baikal Territory, and the Republics of Mordovia, Altai, and Khakassia moved into the first sector of the third quadrant in 2024. All of these regions improved their positions, remaining in the group of rapidly lagging regions in 2023.

A deterioration in positions due to the rate of decline at a level greater than average was observed in the Vladimir, Ivanovo, Lipetsk, Ryazan, Smolensk, Tver, Tula, Ulyanovsk regions, the Mari El Republic, and Chuvashia. In 2024, the regions in quadrant III-A were characterized by an average enterprise density of approximately 113.3, while the corresponding ratio was 162.6 a year earlier. This decrease can be explained, first and foremost, by the fact that in 2023, Chuvashia Oblast held the highest density ratio in this sector (303.7), but in 2024, it moved to another sector, and Kaluga Oblast now possessed the highest value (237.4). In fact, the average value of the ratio for the rapidly lagging regions actually increased – from 140.2 to 163.5. The Kaliningrad Region recorded the highest value in both years within this group, albeit with a significant decrease (from 460.3 to 437.6). As with the Tyumen Region, the Nizhny Novgorod Region, which had been classified as a region with a high probability of losing its leadership position the previous year, moved into quadrant IV-A. Nine more regions can be characterized similarly in 2024, with three of them—namely, Stavropol Krai, Samara Oblast, and Kemerovo Oblast—having worsened their positions, as their probability of losing their leadership position in 2023 was assessed as low. The average coefficient for leading regions with a low probability of losing their positions decreased significantly—from 228.1 to 207.3, although the number of regions was virtually identical (one region less in 2024). In both cases, the maximum was recorded in the Krasnodar Region, but also with a decrease in the level. For regions in quadrant IV-B, the average enterprise density was 183.7 in 2023, with a peak in Belgorod Oblast (304.4), and decreased slightly in 2024 to 180.3. This year, not only did Belgorod Oblast's density decrease, but its value was also lower than that of Samara Oblast (299.6). It should be noted that the transitions of regions between quadrants III and IV are associated not only with their own rate of negative changes, but also with an increase in the average rate of decline in 2020 compared to 2019, relative to which the grouping was performed. Unlike SMEs, which are legal entities, within the sample including individual entrepreneurs, more regions worsened (rather than improved) their positions during the crisis year. However, in both samples, the overwhelming majority of regions did not change their characteristics.

The Kaliningrad Region is the undisputed leader

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in terms of the ratio of SMEs, including individual entrepreneurs, although it is among the regions most likely to lose its leading position due to the rapid decline in the number of enterprises. Regions with above-average numbers of enterprises occupy the next few spots in the top ten, with their distribution unchanged. The outsiders in terms of number of enterprises also remained unchanged: the Sakha Republic (Yakutia), Magadan, and Tyumen Oblasts. The first two of these regions also rank last in terms of the ratio of SMEs to legal entities, with Tyumen Oblast also near the bottom of this ranking. In most regions (28.6%), SMEs play a minor role in the economy, accounting for a low share of both turnover and employment. These enterprises account for an average of 26.0% of total turnover, providing jobs for only 13.0% of all employees. Almost 26.0% of regions can be characterized positively in terms of the development of small and medium-sized businesses, whose shares in the structures under consideration are high, on average at the level of 47.7% of turnover and 18.2% of employment. Against the background of

ensuring a high degree of employment (19.5%), SMEs do not occupy a high share of the produced turnover (29.3%) in slightly less than 25.0% of regions. The smallest number, namely 20.8% of regions, are characterized by the functioning of SMEs in their territories with a high average share of turnover at the level of 51.1%, but a low degree of employment in them - 10.9%. It should be noted that, unlike the previous stage, the city of Moscow, the Moscow region, St. Petersburg, and Sevastopol are included in the calculations. As shown by the analysis (Table 2), an insignificant degree of significance of small and medium businesses in accordance with the share of turnover and employment is characteristic of regions with an industrial type of economic systems. According to the typology of Buletova N.E. These regions represent territories with underdeveloped economies. A similar situation is observed in a group of regions with a low share of SMEs in total turnover, but with a high level of employment generated by them.

Table 2. Matrix ranking of regions by the share of SMEs-legal entities in turnover and employment, taking into account the types of economic systems

		Share in turnover	
		low	high
Share of employment	low	<i>Industrial type, territories with underdeveloped economy</i> Kursk Oblast, Lipetsk Oblast, Komi Republic, Novgorod Oblast, Astrakhan Oblast, Volgograd Oblast, Republic of Mordovia, Orenburg Oblast, Chelyabinsk Oblast, Republic of Khakassia, Krasnoyarsk Krai, Republic of Sakha (Yakutia), Magadan Oblast, Sakhalin Oblast, Kemerovo Oblast, Tomsk Oblast	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Arkhangelsk Oblast, Republic of Adygea, Republic of Crimea, Kabardino-Balkarian Republic, Stavropol Krai, Amur Oblast
			<i>Agrarian-service type, territories with underdeveloped economies</i> Republic of Kalmykia, Republic of Dagestan, Republic of North Ossetia-Alania, Republic of Altai
		<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Murmansk Oblast, Krasnodar Krai, Kurgan Oblast, Tyumen Oblast, Republic of Buryatia, Kamchatka Krai	<i>Industrial type, territories with underdeveloped economy</i> Mari El Republic, Omsk Oblast
			<i>Agrarian type, the most economically underdeveloped territories</i> Tambov Oblast, Karachay-Cherkess Republic
			<i>Service-industrial type, territories with a highly developed economy</i> Transbaikal Territory
			<i>The most developed service-industrial type, territories with the most intensive and sustainable economic development</i> Sevastopol

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Share of high employment	Industrial type, territories with underdeveloped economy Belgorod Oblast, Kaluga Oblast, Tula Oblast, Vologda Oblast, Leningrad Oblast, Republic of Bashkortostan, Republic of Tatarstan, Udmurt Republic, Perm Krai, Samara Oblast, Irkutsk Oblast,	Weakly developed service-industrial type, territories with a steadily developing economy Bryansk Oblast, Voronezh Oblast, Kostroma Oblast, Ryazan Oblast, Smolensk Oblast, Tver Oblast, Yaroslavl Oblast, Republic of Karelia, Pskov Oblast, Rostov Oblast, Chuvashia Republic, Kirov Oblast, Penza Oblast, Ulyanovsk Oblast, Altai Krai
	Weakly developed service-industrial type, territories with a steadily developing economy Vladimir Oblast, Kaliningrad Oblast, Nizhny Novgorod Oblast, Khabarovsk Krai	Service-industrial type, territories with a highly developed economy Ivanovo Oblast, Novosibirsk Oblast, Primorsky Krai
	Service and industrial type, territories with a highly developed economy Moscow region, Moscow,	Agrarian-service type, territories with underdeveloped economies Oryol Oblast
	Developed industrial type, territories with a steadily developing economy Sverdlovsk Oblast	Industrial type, territories with underdeveloped economy Saratov Oblast
	Industrial and service type, territories with a highly developed economy St. Petersburg	

Moreover, in the first case (low shares in both structures), some regions (less than 30.0%) belong to the underdeveloped service-industrial type, representing territories with a steadily developing economy. In the second case, while regions with an unconditional predominance of industrial-type economic systems, a small proportion are characterized by a service-industrial type. Also represented are isolated regions with a developed industrial type of economic system, service-industrial, and industrial-service types. Although the latter two reflect a high level of economic development, the extremely small number of such regions indicates rather exceptional cases of their inclusion in the group with a low share of SMEs in turnover and a high share in employment. The greatest significance of small and medium-sized businesses is observed, as a rule, in regions with a poorly developed service-industrial type of economic system, which reflects a steadily developing economy. In this same group, three regions represent territories with highly developed service-industrial economies. Regions with underdeveloped economies, unlike the other two groups considered, are represented here only occasionally. It is impossible to identify a dominant type of economic system, characterized by a high share of SMEs in turnover and a low share of employment. The majority of such regions (but with a slight advantage) have an underdeveloped service-

industrial type. Four of the sixteen regions represent an agro-service type, while two more regions represent territories with underdeveloped economies but an industrial type. The same number of regions in this group are characterized by an agrarian type of economic system. Due to the single representation in this group, the service-industrial type of economic system (highly developed economies) and the most developed service-industrial type (the most intensively developed and stable economies) can be ignored. Overall, the following key conclusions can be drawn from the results of the conducted analysis:

- a low share of SMEs in turnover, both against the background of a low and high share in employment, is typical for territories with an underdeveloped industrial economy;
- the greatest role of SMEs is typical for a steadily developing economy of a poorly developed service-industrial type;
- A high share of SMEs in turnover with a low share in employment may be characteristic of regions with different economic systems, but to a greater extent for the underdeveloped service-industrial type.

Including individual entrepreneurs in the analysis, the majority of regions (20.5%) are characterized by a high share of SMEs in both turnover and employment. In the former case, their average share is 56.7%, while in the latter, it is 29.2%. Just over 27.0% of regions are characterized by a low

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share of SMEs in turnover, averaging 35.7%, but a high share of employment – 29.6%. In 23.4% of regions, these enterprises account for an average of 31.6% of the total turnover of all enterprises and create jobs for 22.4% of those employed. In the remaining regions, SMEs, including individual entrepreneurs, generate turnover that allows them to account for an average of 59.9% of the corresponding structure, but the number of employees at these enterprises is approximately 20.6%, which is lower than the national average. Despite the key difference in the results of the SME analysis with and without individual entrepreneurs—namely, the predominance of regions with high economic significance in the former case and low significance in the latter—the characteristic types of economic systems for each of the groups examined remained unchanged (Table 3). Thus, a low share of turnover against a background of low or high job provision is observed in regions with underdeveloped industrial economies. A high degree

of significance is characteristic of territories with a steadily developing economy but an underdeveloped service-industrial type. Without a clear identification of the type of economic system, a situation remains in which a high share of SMEs, including individual entrepreneurs, is observed against a background of low employment. It should be noted that the shift in regions between groups compared to the previous analysis was insignificant and did not affect the final interpretation of the results. Thus, the most favorable trends in SME development in terms of the turnover they generate and the employment they provide at a regional scale are characteristic of territories with a steadily developing economy of an underdeveloped service-industrial type. In other words, in this case, given the predominance of industrial orientation over agricultural orientation, priority still belongs to the development of the service sector compared to the production of goods.

Table 3. Matrix ranking of regions by the share of SMEs, including individual entrepreneurs, in turnover and employment, taking into account the types of economic systems

		Share in turnover	
		low	high
Share of employment	low	<i>Industrial type, territories with underdeveloped economy</i> Kursk Oblast, Chelyabinsk Oblast, Republic of Mordovia, Astrakhan Oblast, Orenburg Oblast, Samara Oblast, Volgograd Oblast, Lipetsk Oblast, Novgorod Oblast, Magadan Oblast, Republic of Sakha (Yakutia), Tomsk Oblast, Krasnoyarsk Krai, Kemerovo Oblast, Komi Republic	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Kabardino-Balkarian Republic, Altai Krai, Stavropol Krai, Arkhangelsk Oblast, Bryansk Oblast, Amur Oblast, Kurgan Oblast
			<i>Agrarian-service type, territories with underdeveloped economies</i> Republic of Dagestan, Republic of North Ossetia-Alania, Republic of Kalmykia, Republic of Altai
		<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Murmansk Oblast, Tyumen Oblast	<i>Industrial type, territories with underdeveloped economy</i> Mari El Republic, Omsk Oblast
			<i>Agrarian type, the most economically underdeveloped territories</i> Tambov Oblast, Karachay-Cherkess Republic
		<i>Service and industrial type, territories with a highly developed economy</i> Moscow	<i>Service-industrial type, territories with a highly developed economy</i> Transbaikal Territory
Share in employment	high	<i>Industrial type, territories with underdeveloped economy</i> Republic of Khakassia, Udmurt Republic, Tula Oblast, Perm Krai, Irkutsk Oblast, Belgorod Oblast, Republic of Bashkortostan, Republic of Tatarstan, Vologda Oblast, Leningrad Oblast, Kaluga Oblast, Sakhalin Oblast	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Republic of Adygea, Kirovskaya region, Republic of Crimea, Kostroma region, Republic of Buryatia, Smolensk region, Penza region, Chuvash Republic, Pskov Oblast, Voronezh Oblast, Tver Oblast, Ulyanovsk Oblast

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	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Khabarovsk Krai, Vladimir Oblast, Kamchatka Krai, Kaliningrad Oblast, Krasnodar Krai, Nizhny Novgorod Oblast	<i>Service-industrial type, territories with a highly developed economy</i> Ivanovo Oblast, Novosibirsk Oblast, Primorsky Krai
	<i>Developed industrial type, territories with a steadily developing economy</i> Sverdlovsk Oblast	<i>Agrarian-service type, territories with underdeveloped economies</i> Oryol Oblast
	<i>Service and industrial type, territories with a highly developed economy</i> Moscow region	<i>Industrial type, territories with underdeveloped economy</i> Saratov Oblast
	<i>Industrial and service type, territories with a highly developed economy</i> St. Petersburg	<i>The most developed service-industrial type, territories with the most intensive and sustainable economic development</i> Sevastopol

The operation of SMEs in regions with industrialized, but underdeveloped, economies does not generate a turnover sufficient to account for the overall turnover of all economic entities. This is, of course, explained by the specific characteristics of these regions with underdeveloped economies, which typically host large industrial enterprises with a specific focus. Consequently, the development of small and medium-sized enterprises in these regions is observed, at best, in those serving the "mainstream" industrial sector, and, naturally, in other (non-industrial) sectors, whose overall turnover is significantly lower. This is further confirmed by the fact that SMEs operating in underdeveloped industrial regions, while accounting for an insignificant share of turnover, can provide significant employment. To further confirm this conclusion, we propose a similar assessment and analysis of the development trends of manufacturing SMEs. Due to limited data, the Republics of Buryatia and Kalmykia, the city of Sevastopol, and the Magadan Region were additionally excluded from the calculations (in addition to the previous analysis). Thus, in the majority of regions (46.6%), SMEs account for an

average of only 14.4% of the total turnover of manufacturing industries, providing employment at the level of 16.4%. In 24.5% of regions, the shares of such enterprises, on the contrary, are high - 31.9% and 27.3%, respectively. Manufacturing SMEs in 17.8% of regions generate a low share of the total turnover (17.3%), but at the same time provide high employment at the level of 23.7%. Only about 11.0% of regions are characterized by the opposite situation, while the share of the enterprises under consideration in turnover is 47.2%, and in the number of employed just over 15.0%. As the analysis showed (Table 4), a low share of SMEs both in turnover and in employment is typical for regions with an industrial type of economic system. This situation is quite logical and can be explained by the presence of large industrial enterprises in such regions, specializing in a specific product range. A low share of SMEs in turnover, but with high employment, is observed in regions with underdeveloped service-industrial economic systems. It is worth noting that this type also ranks second in the previous group, albeit significantly behind.

Table 4. Matrix ranking of regions by the share of SMEs-legal entities in the turnover and employment of manufacturing industries, taking into account the types of economic systems

		Share in turnover	
		low	high
Share of employment	low	<i>Industrial type, territories with underdeveloped economy</i> Omsk region, Kursk region, Orenburg region, Irkutsk region, Republic of Mordovia, Belgorod region, Republic of Tatarstan, Samara region, Tula region, Novgorod region, Chelyabinsk region, Republic of Khakassia, Volgograd region, Perm region,	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Kabardino-Balkarian Republic, Republic of Adygea, Republic of Crimea, Stavropol Krai

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		Republic of Bashkortostan, Kemerovo region, Lipetsk region, Krasnoyarsk region, Vologda region, Komi Republic	<i>Industrial type, territories with underdeveloped economy</i> Astrakhan Oblast, Sakhalin Oblast
		<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Kurgan region, Arkhangelsk region, Bryansk region, Rostov region, Amur region, Ulyanovsk region, Tyumen region, Murmansk Oblast	<i>Agrarian-service type, territories with underdeveloped economies</i> Republic of Dagestan, Republic of North Ossetia-Alania
		<i>Service and industrial type, territories with a highly developed economy</i> Transbaikali Territory, Primorsky Krai, Moscow	
Share of employment	low	<i>Agrarian type, the most economically underdeveloped territories</i> Tambov region, Karachay-Cherkess Republic	
		<i>Developed industrial type, territories with a steadily developing economy</i> Sverdlovsk Oblast	
	high	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Ryazan Oblast, Yaroslavl Oblast, Khabarovsk Krai, Krasnodar Krai, Vladimir Oblast, Republic of Karelia, Kaliningrad Oblast, Nizhny Novgorod Oblast	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Penza Oblast, Kostroma Oblast, Altai Krai, Kirov Oblast, Chuvashia Republic, Kamchatka Krai, Pskov Oblast, Voronezh Oblast, Smolensk Oblast, Tver Oblast
		<i>Industrial type, territories with underdeveloped economy</i> Saratov Oblast, Udmurt Republic, Kaluga Oblast, Leningrad Oblast	<i>Industrial type, territories with underdeveloped economy</i> Republic of Sakha (Yakutia), Tomsk region, Republic of Mari El
		<i>Service and industrial type, territories with a highly developed economy</i> Moscow region	<i>Agrarian-service type, territories with underdeveloped economies</i> Oryol Oblast, Altai Republic
			<i>Service-industrial type, territories with a highly developed economy</i> Ivanovo Oblast, Novosibirsk Oblast
			<i>Industrial and service type, territories with a highly developed economy</i> St. Petersburg

A low share of turnover and high employment in manufacturing SMEs is also characteristic of regions with industrial-type economies, but to a much lesser extent. As a rule, SMEs occupy a significant place in the turnover and employment of the manufacturing industry in regions with underdeveloped service-industrial economies. Consequently, regions with stable economies are characterized by high employment in SMEs, regardless of the turnover they generate across all manufacturing industries. SMEs

also operate within a similar type of economic system, collectively accounting for a significant share of turnover but with insignificant employment. However, the conclusion about the predominance of regions with this type of economy is rather arbitrary due to the small size of this group. Including individual entrepreneurs in the analysis, the majority of regions (45.2%) are still characterized by insignificant shares of SMEs in the total turnover of manufacturing industries and employment in them –

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on average 14.9% and 21.4%. The opposite situation is typical for 30.1% of regions, where SMEs account for approximately 35.1% of total turnover and 34.1% of employment. In 13.7% of regions, the enterprises under consideration are not among the leading ones in terms of turnover (19.7% of the structure), but provide employment at an average level of 29.2%. As with SMEs excluding individual entrepreneurs, the smallest number of regions are characterized by a high share of generated turnover, exceeding an average of 45.0%, but a low degree of provided employment – approximately 19.0%. Some intergroup shifts of regions, compared with the previous analysis, did not affect the final results regarding the types of economic

systems characteristic of certain SME development trends (Table 5).

Thus, the insignificant role of SMEs, including individual entrepreneurs, is characteristic of manufacturing industries in regions with an industrial-type economic system. A high share of employment, regardless of the share of total turnover, is observed in regions with a weakly developed service-industrial type. This type predominates, but against a background of an insignificant number of regions overall, and with even greater variation than in the previous analysis, in the group with a high share of manufacturing turnover and low job provision.

Table 5. Matrix ranking of regions by the share of SMEs, including individual entrepreneurs, in the turnover and employment of manufacturing industries, taking into account the types of economic systems

		Share in turnover	
		low	high
Share of employment	low	<i>Industrial type, territories with underdeveloped economy</i> Saratov region, Omsk region, Kursk region, Orenburg region, Irkutsk region, Republic of Mordovia, Belgorod region, Republic of Tatarstan, Republic of Khakassia, Samara region, Tula region, Novgorod region, Chelyabinsk region, Kaluga Region, Leningrad Region, Perm Krai, Kemerovo Region, Republic of Bashkortostan, Volgograd Region, Lipetsk Region, Krasnoyarsk Krai, Komi Republic	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Kabardino-Balkarian Republic, Republic of Crimea, Kurgan region
			<i>Agrarian-service type, territories with underdeveloped economies</i> Republic of Dagestan, Republic of North Ossetia-Alania
		<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Bryansk Oblast, Arkhangelsk Oblast, Yaroslavl Oblast, Ulyanovsk Oblast, Tyumen Oblast, Murmansk Oblast	<i>Agrarian type, the most economically underdeveloped territories</i> Karachay-Cherkess Republic
		<i>Service and industrial type, territories with a highly developed economy</i> Moscow, Primorsky Krai	
Share of employment	low	<i>Agrarian type, the most economically underdeveloped territories</i> Tambov Oblast	<i>Industrial type, territories with underdeveloped economy</i> Astrakhan region
		<i>Developed industrial type, territories with a steadily developing economy</i> Sverdlovsk Oblast	<i>Service-industrial type, territories with a highly developed economy</i> Transbaikal Territory

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	high	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Rostov Oblast, Ryazan Oblast, Khabarovsk Krai, Krasnodar Krai, Vladimir Oblast, Republic of Karelia, Kaliningrad Oblast, Nizhny Novgorod Oblast	<i>Weakly developed service-industrial type, territories with a steadily developing economy</i> Republic of Adygea, Penza Oblast, Kostroma Oblast, Stavropol Krai, Kirov Oblast, Altai Krai, Chuvash Republic, Kamchatka Krai, Pskov Oblast, Amur Oblast, Voronezh Oblast, Tver Oblast, Smolensk Oblast
		<i>Industrial type, territories with underdeveloped economy</i> Udmurt Republic	<i>Industrial type, territories with underdeveloped economy</i> Republic of Sakha (Yakutia), Sakhalin region
		<i>Service and industrial type, territories with a highly developed economy</i> Moscow region	<i>Agrarian-service type, territories with underdeveloped economies</i> Oryol Oblast, Altai Republic
			<i>Service-industrial type, territories with a highly developed economy</i> Ivanovo Oblast, Novosibirsk Oblast
			<i>Industrial and service type, territories with a highly developed economy</i> St. Petersburg

Thus, the insignificant role of manufacturing SMEs in regions with an industrial-type economic system is further confirmed by the conclusion about the insignificant role of SMEs in such regions. Moreover, even the weak priority given to the development of the service sector compared to the production of goods allows manufacturing SMEs to ensure high employment and even significant turnover on a regional scale. This is obviously due to the lower concentration of large industrial enterprises in these territories, which determine the specific characteristics of the region. Since manufacturing SMEs were also considered in the previous stage, we propose including this category of enterprises in the current assessment. Thus, the stability of regional affiliation (Figure 6) of leading positions in terms of the provision of legal entities by SMEs, the jobs they create, and the intensity of their activity is at 58%. This degree of stability is not the highest for leading positions among all the types of SMEs considered. Thus, manufacturing SMEs exhibit the greatest stability in their leadership in terms of their regional affiliation – 64% if only legal entities are considered, and 60% if individual entrepreneurs are included. The lowest stability among regional leaders in the analyzed indicators is observed among SMEs, including individual entrepreneurs, at 54%. As with

the results of the previous similar analysis, the lowest degree of stability is recorded among the middle performers. Manufacturing SMEs as legal entities stand out as an exception, with their regional affiliation in terms of employment density, intensity, and share within this category stable at 56%. The same indicator among SMEs as legal entities and manufacturing SMEs, including individual entrepreneurs, is 50%. The lowest degree of stability, both among the middle performers and among all analyzed positions and types of enterprises, is recorded among SMEs, including individual entrepreneurs, at 48%. It is also quite expected that the greatest stability in regional affiliation is observed among the outsiders in terms of employment density, intensity, and share of employment generated by SMEs. These indicators for manufacturing SMEs as legal entities are consistently low within the same regions, at 72%. A slightly lower degree of stability in the regional affiliation of outsiders was also recorded for manufacturing SMEs, but this time taking into account individual entrepreneurs (IE), at 67%. The outsider positions of SMEs in the regional breakdown are 65% stable, and 63% stable if IE are included in the analysis (Figure 6).

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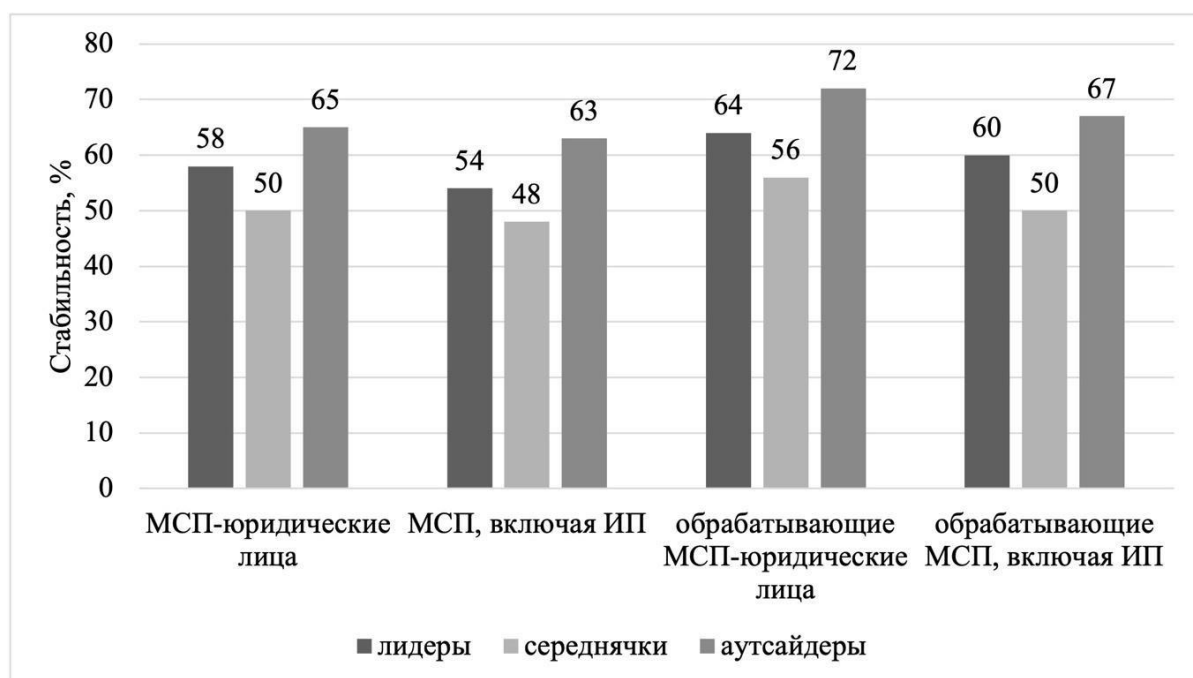


Figure 6. Stability of regional affiliation of leading, intermediate and outsider positions of SMEs in terms of provision, intensity, and share of employment

Consequently, the positions of the middle performers are the most flexible, and comparing the stability of the leaders and the bottom performers, we can conclude that they (the middle performers) have the potential to move into the leading group. This, of course, requires the implementation of a targeted and well-designed regional policy to support small and medium-sized businesses. As noted earlier, the effectiveness of such a policy has been repeatedly proven in both domestic and international practice.

According to the identified SME development trends in terms of SME availability, operational intensity, and employment generated, regional leadership across all three indicators is virtually nonexistent. Typically, leadership is recorded for only two of the above indicators, with an intermediate position for one of them. For those performing average in two indicators, the third indicator is generally at the level of the leaders. There are almost twice as many outsiders across all indicators as there are leaders and average performers, and while lagging positions are characteristic of only two indicators, the third indicator is typically at the average level. Taking into account the individual entrepreneurship (IP), the situation changes somewhat: primarily, among similar positions in availability, employment, and operational intensity, leaders predominate, albeit by a small margin relative to outsiders. The number of truly average performers decreases significantly, but most regions occupy intermediate positions for two indicators and a leading position for one. A significantly larger number of regions also lag behind in two indicators and are intermediate in the remaining indicator. For manufacturing SMEs, the distribution

between the clear leaders, mid-tier performers, and outsiders is becoming more balanced, but with the former group predominating. Regions are largely leaders in two indicators and occupy one intermediate position. Otherwise, the trends are quite similar for all SMEs, including individual entrepreneurs. Unlike all SMEs, both with and without individual entrepreneurs, no differences in the key development trends in the areas under consideration are observed between manufacturing SMEs that are legal entities and SMEs, including individual entrepreneurs.

Conclusion

Summarizing all stages of the study of trends in the development of entrepreneurship, the following conclusions can be drawn, namely:

Firstly, the regional distribution of leading and trailing enterprises based on their viability index is quite clear, regardless of the age of the enterprises, but weakens over time. Consequently, while the current entrepreneurship support policy has a positive impact, the period of its effectiveness is generally quite low and even indicates some fragmentation. The least stable positions are those of the middle class; however, it is from these intermediate positions that the transition to the leading or trailing group occurs, the persistence of which, in turn, depends on further regional entrepreneurship support measures. Similar trends are observed in terms of the industry affiliation of enterprises based on their viability index.

Secondly, SME development trends in terms of the number of enterprises and the dynamics of change have identified the majority of regions where they operate as laggards. If SMEs that are legal entities are

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	GIF (Australia)	= 0.564	ESJI (KZ)	= 8.100	IBI (India)	= 4.260
	JIF	= 1.500	SJIF (Morocco)	= 7.184	OAJI (USA)	= 0.350

included, there is an equal distribution of moderately and rapidly lagging regions, but when individual entrepreneurs are included, the latter group outperforms the former. Regions losing their leadership in SME development trends are clearly fewer than those lagging, and for the most part, these regions have a low probability of losing their leadership. Disregarding actual leadership, which was recorded once in accordance with SME development trends, including individual entrepreneurs, the smallest number of regions can be characterized as catching up. Logically, the highest average level of SME density is characteristic of leading regions, but with a higher probability of losing it (meaning, compared to laggards). For both legal entities and individual entrepreneurs, the average SME density in regions with a low probability of losing their leadership is higher than in regions with a high probability of losing their leadership. However, this same trend among SMEs is not characteristic of lagging regions; that is, the average level of provision is, on the contrary, higher in the rapidly lagging group. Regions that are catching up outperform only moderately lagging regions in this indicator, and only including individual entrepreneurs.

Third, SME development is characterized by the most favorable trends in regions with service-industrial economic systems. In industrial economies,

SMEs do not generate a level of turnover that would allow them to occupy a significant place in the overall turnover of all economic entities. This is primarily due to the presence of large enterprises with specific specializations, especially in industrial regions.

Fourth, according to the identified SME development trends, regardless of the category under consideration, a situation where the existing number of SMEs largely corresponds to the territory's potential, providing high employment levels with a high level of activity intensity, is characteristic of only a small number of regions. As a rule, leadership is observed in only two indicators, with an intermediate position in the remaining one. If regions are average in two analyzed characteristics, then they generally lead in the third. However, if regions are outsiders in any two indicators, then they are generally average in the third.

Thus, the study conducted on the proposed stages allowed us to form a clear understanding of small and medium-sized enterprise development trends at the regional and industry levels. It is against this backdrop of regional and industry trends that specific enterprises operate with varying degrees of success in the context of the economic, social, environmental, and informational determinants of sustainable development and the criteria of reliability, dynamism, and acceptability.

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	ISI (Dubai, UAE)	= 1.582	ПИИЦ (Russia)	= 0.191	PIF (India)	= 1.940
	GIF (Australia)	= 0.564	ESJI (KZ)	= 8.100	IBI (India)	= 4.260
	JIF	= 1.500	SJIF (Morocco)	= 7.184	OAJI (USA)	= 0.350

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