

Exploratory study of small business in Russia with a special focus on intellectual resources

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Abstract

This study focuses on Russian small business and attempts to find out the patterns in the use of intellectual resources, as well as to explore what types of intellectual resources contribute the most to small business performance. We position this paper as exploratory study, while searching the research question attractive to international academic society. The preliminary results, obtained in the sample of 129 small businesses from Perm krai, showed that there are four different intangible based strategies of small business in Russia. Moreover, we found out that employee attitudes and values as well as cooperation capital have direct influence on company performance.

Keywords: small business, Russia, intellectual resources, performance

1. Introduction

Intellectual resources have significant impact on company performance, in particular, for small businesses (SB), which suffer from restrictions in financial resources in comparison with large companies (Molodchik et al., 2016). Drawing on literature review we can state, that during last twenty years' scholars discovered the phenomenon of intangibles for small businesses and accumulated solid empirical knowledge about its impact on company performance (St-Pierre and Audet, 2011, Agostini et al., 2017). Empirical evidence provided by Sanchez-Gutierrez et al., (2016), Molodchik and Jardon, (2017) reveals positive and significant impact of intellectual resources on small business performance measured by financial indicators, growth, innovativeness and business success. Using modern econometric techniques scholars investigated different aspects of employment of intellectual resources. Some of them payed attention to particular type of resources, for example, human resources. Several studies explored interaction effects assuming intellectual resources as moderators or mediators by creation competitive advantages. Practical implications obtained from such studies allow at making policy improvements with regard to employment of intangibles in small businesses. It is considered to be one of the major contribution of empirical studies. At the same time, the frequently raised question concerns applicability of empirical findings in different contexts.

Consequently, one can observe another pool of academic studies addresses the question, whether or not specific context (i.e. institutional, geographical and etc.) influences the interplay of intellectual resources by creation of competitive advantages and impact on company performance. The comparative studies such as Tovstiga and Tulugurova, (2009); Shakina et al., (2017) confirm that the context determines significant difference in the employment of intellectual resources and their contribution to the company performance. Following the studies by Jardon and Martos, (2012), Shirokova et al., (2013) Andreeva and Garanina, (2016), Shakina et al., (2017) we suppose that transition economies demand special attention by investigating the sources of performance heterogeneity.

This study focuses on Russian small business and attempts to find out the patterns in the use of intellectual resources, as well as to explore what types of intellectual resources contribute the most to small business performance.

The evidence of crucial role of intellectual resources for Russian entrepreneurs was stated in the literature review made by Ojala and Isomäki, (2011a). A systematic review of 48 refereed empirical articles on entrepreneurship and small businesses in Russia allowed to claim that non-material resources helps to overcome the financial and institutional obstacles and contribute to business development. Recent studies by Shirokova et al., (2013), Molodchik and Jardon, (2017) confirm that intangibles drive the success of small businesses in Russian economy. Moreover, the importance of small business for Russian economy is stated in the official governmental strategy (2030) (Government of Russian Federation, 2016). However, there is still a lack of practical recommendations for governmental initiatives strongly oriented to small businesses, in particular, specific policies with regard to intangibles. Therefore, we launched this study with the aim to find out the configuration of intellectual resources which allows Russian small businesses to outperform rivals.

This particular paper we treat as exploratory study, while we are in the process of discovering and justification of research question that can be interesting for international academic society.

The rest of the paper is organized as follows. Next section presents general issues about SB in Russia, further we introduce recent empirical studies with the focus to impact of intellectual resources on SB performance. Data description, measures and econometric methods are presented after literature review. Results and conclusions finalize the paper.

2. General issues about SB in Russian Federation

Law FZ - 209 (2007) of Russian Federation specifies the requirements for enterprises regarding ownership structure, workforce and volume of revenue. SME's stake held by one or several legal entities, which are not small or medium businesses, should not exceed 25%. The number of employees should not exceed 15 for micro-, 100 – for small and 250 – for medium enterprises; annual turnover should not exceed 120 mln rubles for micro-, 800 mln rubles – for small and 2000 mln rubles – for medium enterprises. These criteria significantly differ from those used in Europe (see Table 1).

Table 1. Criterial for SMEs identification

	Number of employees		Turnover	
	Russia	Europe	Russia	Europe
Microenterprises	≤15	≤9	≤ € 1.7 mln	≤ € 2 mln
Small enterprises	16-100	10-49	≤ € 11.4 mln	≤ € 10 mln
Medium enterprises	101-250	50-249	≤ € 28.6 mln	≤ € 50 mln

Based on the recent data, there are more than 5.5 mln SMEs in Russia (Rcsme, 2017). It is nearly twice as higher than in 2010. Micro-enterprises accounted for 85% in 2010 and 90% – in 2016 in SME structure. The smallest proportion has been constituted by the medium-sized enterprises – from 1.5% in 2010 to 0.8% in 2016. Most SME's engage in trade (Federal State Statistics Service, 2017): 30% for micro as well as small and medium enterprises. The SMEs involved in construction represent 12% (for all three types of enterprises).

Moving on to considering the importance of the small business sector in Russia, SMEs provide employment opportunities for more than 18 mln people (Government of Russian Federation, 2016), making 22,5% of total employment in Russia in 2016 (Federal State Statistics Service, 2017). However, the same figures in developed countries are around 50%. The SME's share in GDP is 21.2% (Opora Russia, 2017) which is significantly below the corresponding numbers of even emerging economies (Vesti Finance, 2015).

In 2016 the Strategy of SMEs development in Russian Federation until 2030 have been published (Government of Russian Federation, 2016). It aims to ensure the development of small and medium sized businesses as their role in the stabilization of the industry structure, innovation development, and social stability was confirmed. Under the Strategy, among other things, the government has set a two-fold increase in the share of SMEs in gross domestic product from 20% to 40% by 2030 – with an annual growth of not less than 1%. For this purpose, a number of federal and regional programs have been launched. These include Russian Export Center, SME Corporation, SME Bank – as a part of the project 'small business and support for individual business initiatives'; private educational centers; programs of occupational retraining and others.

3. Intellectual resources as an enhancer of SB performance: evidence from empirical studies

An intellectual capital-based view (ICV) has established a solid grounding to assume that adequate employment of IC ensures a higher performance for SBs (Molodchik and Jardon, 2017; Arshad and Ab Malik, 2015; Bontis et al., 2000). However, compared to the developed countries, Russian companies depend mostly on physical assets (Andreeva and Garanina, 2016, p. 398) and face the gap in the IC endowment. At the same time, their awareness is expected to rise, which may lead to increased intellectual capital usage (Molodchik and Jardon, 2017, p. 6). This motivates us to explore to what extent IC allows Russian SBs to ensure a better performance.

There are various approaches to consider IC. For instance, Brooking (1996) classified IC as a combination of four elements: market assets, human centered assets, infrastructure and IP

assets. Edvinsson (2002) proposed two-component structure, where human capital and structural capital are two main dimensions, while relational capital is just a part of structural capital. The most common approach to treating intellectual capital is three-component model proposed by Stewart (1997), who defined human capital lying in employees, structural capital lying in company's knowledge and relational capital lying in interaction with external environment.

Regardless of the approach of treating intellectual capital, researchers in the field emphasize the particular importance of intellectual capital to the success of business. For instance, SMEs from New Zealand perceived intellectual capital as an important value driver for their businesses (Steenkamp and Kashyap, 2010). Such results are common also for developing countries where intellectual capital is treated as an enhancer of success of an innovative entrepreneurial project (Ugalde-Binda et al., 2014) or as an asset which has a huge potential of ensuring company's growth (Bontis et al., 2000). In the context of developing countries some papers emphasize the significance of particular components of intellectual capital: relational capital is of particular importance for new business start-ups (Hormiga et al., 2011), human capital is the primary component of intellectual capital, which forms structural capital and relational capital (Jardon, 2016), structural capital enforces corporate performance (Bontis et al., 2000).

Considering the papers which emphasize simultaneously small businesses and developing countries (see Table 2), we can conclude that the empirical results depend on the economic context the research was conducted on, thus the findings regarding different components of intellectual capital differ among these studies. The only issue they all coincide in is structural capital and its positive effect on business performance.

Table 2. Transition economies and SMEs

Paper	Sample	Methods	Results		
			HC	SC	RC
Bontis et al., 2000	Malaysia	Partial least squares	+	+	+
Jardon and Martos, 2012	113 wood manufacturing SMEs in a region of Argentina	Partial least squares	+	+	0
Ugalde-Binda et al., 2014	9 micro firms, 17 small and 5 medium-sized firms from Costa-Rica	Principal component analysis, correlation analysis	0	+	0
Ullah et al., 2016	150 respondents from Pakistani SMEs in Islamabad and Rawalpindi	Multiple regression analysis	0	+	0

In the case of Russian economic environment, a few researches on intellectual capital have been done, even less papers consider intellectual capital in small businesses. According to the review of papers in the field (see Table 3), the conclusions regarding human capital for Russia do not correspond with papers made on data of other countries. This inconsistency may be a result of sample employed, proxies used or business environment study was conducted on (Andreeva and Garanina, 2016). The last reason supposed to be the most important, thus particular attention must be paid to deeper appreciation of the contexts in which research is conducted.

Table 3. Intellectual capital and Russian enterprises

Paper	Sample	Methods	Results		
			HC	SC	RC
Tovstiga and Tulugurova, 2007	20 small and medium-sized innovative enterprises	Exploratory factor analysis, regression analysis, confirmatory factor analysis	+	+	0
Garanina, 2011	43 Russian issuing companies	Regression analysis	+	+	0
Andreeva and Garanina, 2016	240 Russian manufacturing companies	Factor and regression analyses	+	+	0
Molodchik and Jardon, 2017	1,400 Russian manufacturing SMEs	Principal component analysis and ordinal logistic regression	+	+	+

Previous researches predominantly reveal the indirect influence of human capital on company's performance. This notion, for example, receives support from the data of Malaysian companies (Bontis et al., 2000, Arshad and Ab Malik, 2015) based on which the studies have identified the mediating effect of labor productivity and relational capital for the 'human capital–performance' link. The absence of IC direct influence on company's success was also confirmed by Jardon and Martos (2012) and Jardon and Gonzales (2013), who defined structural capital as a mediator. Thus, it is worth analyzing interrelations between components of IC while analyzing their influence on company's performance.

4. Database description

This paper focuses on the SME sector of Perm Krai, a part of the second largest federal district – Volga Federal District. The SME sector in Perm Krai is represented by more than 100 thousand small- and medium-sized companies (Rcsme, 2017). The half of the SMEs are classified as individual entrepreneurs (52%); the other half – as legal entities (48%). The SME structure in Perm Krai represents the pattern similar to the national framework with 94.23% represented by micro-enterprises, 5.44% – by small enterprises and 0.53% – by medium enterprises.

In addition to the federal incentives for strengthening the position of small and medium enterprises, the regional development programs have been designed. For example, 'Technology park' – a joint project of Russian and local funds of venture investments, aimed at introducing innovative ideas. The park houses among others the showing up start-ups in the region. Despite the innovation emphasis, the taxation aspect is also considered, as demonstrated by the priority development area in a town of Chusovoy. The companies residing in Chusovoy receive tax privileges and face reduced tariffs on insurance payments.

Among other development directions, the focus that corresponds to the SME sector the most is enhancement of entrepreneurial spirit. At this point, Perm Krai is included in 'Young Entrepreneur' program with free events held to support youth entrepreneurship, such as training and counseling.

Required data was gained through a survey with owners and managers of SME operating in Perm Krai in three main industries: Construction & Real Estate, Services and Trade during the period from October 2016 to February 2018. The sampling draws on the chain-referral

('snowball') method proposed by Goodman (1961), due to persisting difficulties with data collection and the lack of information on Russian SMEs. Since the subjects in question belong to one professional group, it can be assumed that the answers will be sufficiently complete, since the 'snowball' will increase at the expense of acquaintances encouraged by the first respondents (Churikov, 2007). Despite the fact that this method of data collection does not guarantee representative sample it is still widely employed as it reduces sample error almost to 0% (Shirokova et al., 2015).

The original dataset included 150 observations, then they were limited to the 126 in order to comply with basic requirements of small sized businesses in Russia: less than 100 employees and less than 800 mln rubles in annual revenues (FZ - 209, 2007).

Much of companies in sample represent the service sector (53%). The age of the most interminable functioning company is 27 years (founded in 1990), but the establishment of as little as 15% companies coincides with the 1990s. The most widely represented year of foundation is 2015, which is the foundation year for 12% of the companies in question. By the criteria of the number of employees and the revenue, the most common is the category of small enterprises, which employ no more than 5 employees (37%); have an annual income of up to 5 million rubles (55%) (see Table 4).

Table 4. Company distribution according to the number of employees and sales.

Category	Observations	Proportion (%)
Number of Employees		
≤ 5	46	36.51
5–10	26	20.63
11–50	35	27.78
51–100	19	15.08
Total	126	100
Sales		
≤ 5 mln rub	69	54.76
5–50 mln rub	39	30.95
51–120 mln rub	18	14.29
121–800 mln rub	0	0
Total	126	100

Looking in dynamics, the companies in consideration show the positive trend towards profits – in half of the enterprises they have increased significantly over the past year (see Table 5).

Table 5. Sample distribution regarding sales change and net profit change

Variable	Mean	Std. deviation
Sales	4.1	1.2
Net profit	4.2	1.19

5. Measures

To measure the constructs related to the intellectual capital, the study used a questionnaire with a Likert scale according to (Jardon and Martos, 2012) and based on scales referred to in the literature (Tsan and Chang, 2005). It questioned owner-managers if they agree or disagree with the affirmation of the item (see Table 5.1) for their companies, ranging from 1 (totally disagree) to 5 (totally agree).

Table 5.1. The questionnaire: IC constructs

Human capital	
HC1	Central office inspires employees to solve complex problems, which aims to obtain outstanding results
HC2	Managers delegate authority and decision-making
HC3	The central office represents an example of a successful entrepreneur and professional
HC4	Employees are perceived as assets
HC5	Employees have great communication opportunities
HC6	Employees are concerned with the improvement of professional skills
HC7	Employees have a chance to innovate
HC8	The company has values, attitude, and demeanor, shared by all employees, which in turn improves the overall organizational climate
HC9	Employees are concerned with problems of pollution and other environmental issues
HC10	Employees are trained enough to complete assignments
HC11	Employees have a variety of skills to complete tasks
Structural capital	
SC1	There is a continuous search for market information on the supply, technologies, food chains associated with the company's activities
SC2	The company has a system that allow monitoring markets systematically
SC3	There are indicators and tools to measure the level of satisfaction/communication channels
SC4	Features of competitors are known
SC5	The company aims at improvement of products and processes
SC6	All divisions are concerned about the quality of products and services
SC7	Your enterprise is continually seeking new technologies to implement
SC8	Information support provides the necessary information for making managerial decisions
SC9	The interdepartmental communication facilitates the workn
SC10	The organizational system helps to improve employees' work
SC11	The company is committed to preventing pollution and improving the environment
SC12	Continuous improvement of technology used by the company helps to create additional value
SC13	There is a common culture how to transfer experience to new employees
SC14	There is a higher degree of trust between people in the company
Relational capital	
RC1	The company uses networking to improve its performance
RC2	The company cooperates with research institutions (universities, research centers, etc.) to improve performance
RC3	Customers are satisfied with the company's operations
RC4	Customers participate in the creation of new products and processes
RC5	The company usually cooperates with its customers to improve its products/services
RC6	Suppliers are involved in theproductionn of new products and processes
RC7	The company typically makes arrangements with suppliers to develop products/ services
RC8	The company usually enters agreements with competitors to promote products/services

The questionnaire uses qualitative data to evaluate the company's performance as quantitative indicators depend on a particular accounting information system conditioned by legal and tax considerations that may distort the reality of the business (García-Morales et al., 2012). Questions to evaluate performance are about the degree of the company's growth in the last two years in each item (see Table 5.2) on a scale from 1 (had decreased considerably) to 5 (had increased considerably) regarding its competitors. The rest of questions were about the importance for the company to compete of each item (see Table 5.1) in a scale ranging from 1 (not important as a competitive advantage) to 5 important as a competitive advantage).

Table 5.2. The questionnaire: performance indicators

Performance	
PM1	Sales
PM2	Cash flow
PM3	Net income
PM4	Cost-effectiveness
PM5	Solvency
PM6	Number of employees
PM7	Training in new technologies
PM8	Productivity
PM9	Equipment modernization
PM10	Abilities to innovate
PM11	Employment of new technologies

6. Econometric methods

We use the principal components technique to evaluate the different constructs. The variables with communalities less than 0.4 were analyzed to be eliminated as they do not contain shared information with the rest of the items. Having reduced the information, it is possible to understand the information's meaning better. To do so, we select the factors, using the Kaiser method, the scree plot and those that explain at least 50% of the total variance (Hair et al., 2006).

No information is lost, because we make use of a rotation process, adjusting the original items to the different axes. In this study, we estimated the Cronbach's alpha coefficient, through which it was determined the internal consistency of the questionnaire. When this coefficient is higher than 0.6 the construct is right (Nunnally and Bernstein, 1994). This was possible through the set of items used for each component, trying to measure a single construct, to establish the reliability of the measuring instrument and data collection. The calculation of the Cronbach's alpha coefficient is a method based on the analysis of the average correlations among items related to one theme, from a single administration of a questionnaire.

To classify the companies, the research uses a means technique of classification. This technique tries to joint similar companies in groups that are dissimilar among them (Hair et al., 2006).

To see the effect among construct, we make use of the linear regression techniques that allow us to evaluate and compare the direct impact of each independent variable on the dependent variable. To detect the main effects of a variable, we use the stepwise strategy to analyze the relation. This strategy is based on selecting the primary factor, and then – the primary factor

among the rest that affects the residuals of the previous regression, and the process continues until no factors transform the previous residual (Jennrich, 1977).

7. Results

Intellectual capital in Russian small businesses

We analyze the relationship among the different items to measure the human capital, for which Cronbach's alpha is 0.862.

Table 7.1. Component loadings for human capital constructs

Variable	Component 1	Component 2	Unexplained
HC1	0.5899	-0.198	0.2981
HC3	0.3273	0.2456	0.4107
HC4	0.4595	0.0052	0.4452
HC6	0.4277	0.053	0.4646
HC8	0.3814	0.1446	0.4488
HC10	0.0093	0.6357	0.1938
HC11	-0.0723	0.6875	0.1794

We select two components explaining the 65.13% of the variance. The analysis deletes HC2, HC5, HC7 and HC9, as the explanation is lower than 50%. The first component has relation to the values and attitudes of the human resources. The second is referred to the knowledge and skills, completing the standard model of Knowledge, skill, and attitudes (KSA) suggested by (Lado and Wilson, 1994).

Similarly, we study the items composing structural capital with Cronbach's alpha 0.865.

Table 7.2. Component loadings for structural capital constructs

Variable	Component 1	Component 2	Component 3	Unexplained
SC2	0.4477	-0.2128	0.242	0.3858
SC3	0.4424	0.0545	-0.1446	0.425
SC4	0.4025	0.1214	-0.3549	0.4201
SC5	0.0586	0.4293	0.1932	0.4506
SC6	0.0697	0.5991	-0.0456	0.2349
SC7	0.2936	0.2619	-0.2066	0.4399
SC8	0.4962	-0.1168	0.1173	0.3226
SC9	0.131	-0.1277	0.5636	0.4167
SC10	0.1872	0.2356	0.1816	0.4596
SC11	0.0827	0.2007	0.5394	0.3839
SC13	0.1958	0.1755	0.2388	0.4832
SC14	0.0613	0.4106	-0.0154	0.4972

In this case, we selected three components after the deletion of the items SC1 and SC12, because less than 50% explains them. The first component indicates information system for generating value in the company. The second component refers to the organizational system and the third – to the culture. In this sense, structural capital in Russian small businesses is oriented to the information system, organizational system, and the cultural particularities.

The relational capital is composed of two components, after the deletion of the RC₁, RC₂, and RC₃, for which Cronbach's alpha is 0.759.

Table 7.3. Component loadings for relational capital constructs

Variable	Component 1	Component 2	Unexplained
RC ₄	0.6572	-0.0482	0.2879
RC ₅	0.6864	-0.0312	0.2073
RC ₆	-0.1716	0.7179	0.2555
RC ₇	0.2198	0.4978	0.3473
RC ₈	0.1385	0.4832	0.4815

The first component indicates the relationship with the customer, and following the tradition, we call it customer capital (Delgado-Verde et al., 2011). The second component is related to the cooperation with suppliers and competitors, and we call it, cooperation capital.

Deriving intangible based groups or cluster analysis

According to the previous variables of intellectual capital, we analyze the possible classification of Russian small businesses to decide the composition of intellectual capital. We do a K-means analysis obtaining four groups after different proofs. The first group has the 28% of the companies, and it is oriented to the use of intellectual capital, showing a positive mean in all the components. The second group includes the 31% of the companies, and it is oriented to the relational capital. It has positive the items of relational capital and negative the rest. The third group is geared to the human capital and includes the 22% of the data. It consists of the items of human capital with positive sign and the information system, the other elements of structural capital – near to 0, and the components of relational capital with the negative sign. The fourth group is not oriented to the intellectual capital, showing negative values for all the variables. The group includes 18% of the companies, and it is the small one. In this sense, we can say that Russian small businesses are introducing the intellectual capital, and the strategies of introduction are split into two directions, toward human capital or the relational capital.

Table 7.4 K-means analysis output

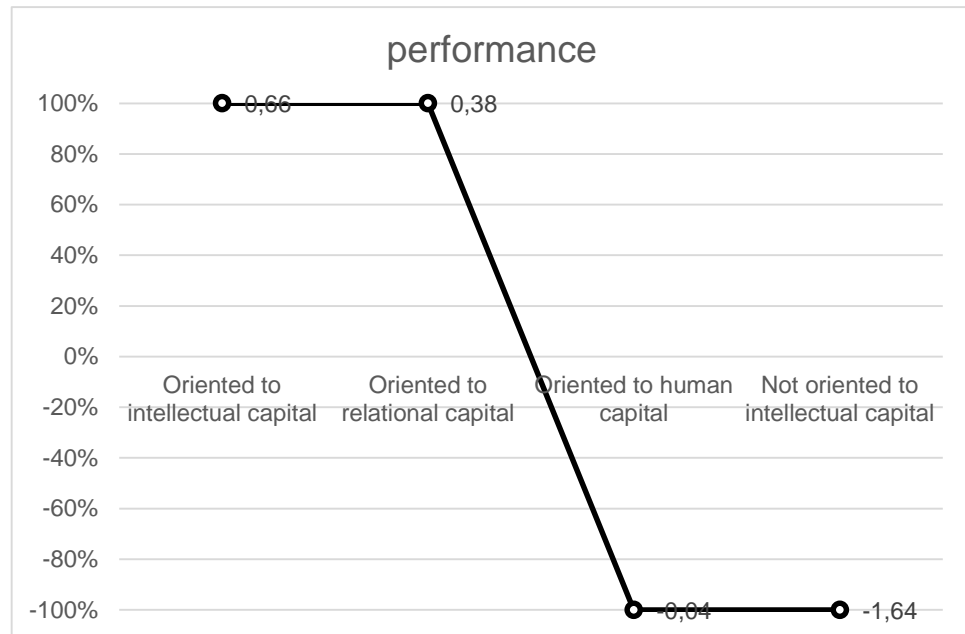
Component	Oriented to IC	Oriented to relational capital	Oriented to human capital	Not oriented to IC
Employee attitudes and values (Emp_att_val)	1.308	-0.49	0.626	-1.977
Knowledge and skills	1.172	-0.693	0.521	-1.317
Information system	1.52	-0.569	0.511	-2.033
Organizational system	1.44	-0.185	0.135	-2.105
Culture	0.9996	0.0221	-0.6	-0.846
Customer capital	0.793	0.467	-0.51	-1.328
Cooperation	1.021	0.558	-1.177	-1.051

The comparison between these groups indicates significant differences.

8. Relations with performance

The performance behavior in the groups is clearly different suggesting that intellectual capital could have an impact on the performance of Russian companies. Consequently, it is interesting to analyze what elements of intellectual capital are more important.

Figure 1. Performance patterns



A method to measure the importance of the impact is the stepwise regression. We apply this method to this case and obtain that attitudes and cooperation are the main variables affecting the performance.

Table 8.1.

$p = 0.0000 < 0.05$ adding Emp_att_val				Number of obs = 128	
$p = 0.0022 < 0.05$ adding Cooperation				F(2, 126) = 14.21	
Source	SS	df	MS	Prob > F	= 0.0000
Model	154.52	2	77.26	R-squared	= 0.1841
Residual	684.93	126	5.436	Adj R-squared	= 0.1711
Total	839.44	128	6.56	Root MSE	= 2.3315
Perf	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Emp_att_val	.573	.129	4.45	0.000	.318 .828
Cooperation	.38	.161	2.37	0.019	.063 .698

The impact of attitudes is more significant suggesting that this variable is more important.

To test if the other indicators of intellectual capital have an indirect effect, we analyze the impact of these variables on the attitudes and cooperation.

The attitudes are conditioned by the information system, the knowledge, and skills, the culture and the organizational system, i.e., the structural and the rest of the human capital condition the attitudes.

Table 8.2.

$p = 0.0000 < 0.05$ adding Information system	Number of obs =	128			
$p = 0.0000 < 0.05$ adding Knowledge and skills	F(4, 124) =	31.19			
$p = 0.0012 < 0.05$ adding Culture	Prob > F =	0.0000			
$p = 0.0387 < 0.05$ adding Organizational system	R-squared =	0.5015			
Source	SS	df	MS	Adj R-squared =	0.4855
Model	166.892	2	41.72	Root MSE =	1.1565
Residual	165.862	126	1.338		
Total	332.754	128	2.6		
Emp_att_val	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Information system	.273	.075	3.63	0.000	.124 .422
Knowledge and skills	.316	.316	3.48	0.001	.136 .496
Culture	.26	.088	2.97	0.004	.086 .433
Organizational system	.187	.089	2.09	0.039	.0099 .363

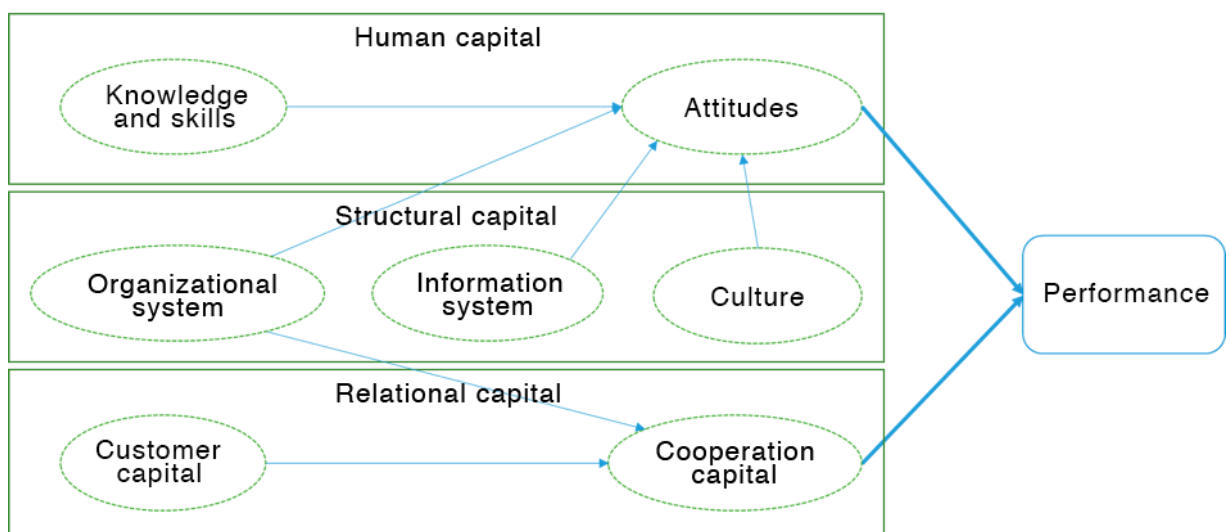
Similarly, the cooperation is conditioned by the customer capital and the organizational system.

Table 8.3.

$p = 0.0000 < 0.05$ adding Customer capital	Number of obs =	128			
$p = 0.0022 < 0.05$ adding Organizational system	F(2, 126) =	18.23			
Source	SS	df	MS	Prob > F =	0.0000
Model	48.095	2	24.045	R-squared =	0.2244
Residual	166.191	126	1.319	Adj R-squared =	0.2121
Total	214.286	128	1.67	Root MSE =	1.1485
Cooperation	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Customer capital	.286	.086	3.33	0.001	.116 .456
Organizational system	.222	.071	3.13	0.002	.0815 .363

In this sense, we can say that the organizational system is a primary factor for the intellectual capital generation. The knowledge and skills increases employee attitudes and values; and the customer capital raises the cooperation.

Figure 2. IC constructs in enhancing performance



Conclusions

The study aimed at finding out groups of small companies that pursue the same intensification strategy with regard to intellectual resources. Based on empirical analysis we revealed that there are four clusters considering intangible driven behavior of small businesses. **First conclusion** concerns **the presence of intangible based strategies in Russian SB** with two polar orientations: to intensify all types of intellectual resources vs generic strategy, which supposes employment of intangibles at lower than the sample average level. The first group consists of 28% of small businesses, while only 18% companies prefer generic strategy. The rest companies intensify a particular type of intellectual resources, in particular, 31% are oriented to the development of relationships with customers and partners; and 22% intensify human capital. Such findings allow to claim that **Russian SB moves towards intellectual capital employment** and tries different options.

Moreover, the analysis of "cluster-performance" link provide a conclusion that "smart" companies outperform "generics". At the same time intensification of a particular type of intellectual resources doesn't guarantee leading position. Our findings reveal that orientation to relational capital is more beneficial in comparison to human capital intensification. **Second conclusion** of this paper concerns **discrepancies in company performance** with regard to intangible based strategy. Therefore, further investigations should be done in this field.

Next focus of this study was devoted to the configuration of IC in Russian SBs. With the help of stepwise regression analysis, we found out that not all types of intellectual resources have direct influence on performance. Consequently, **third conclusion** concerns **interplay of intellectual resources of SBs** in Russian economy. According to our findings organizational system, that includes constant improvement of existing processes, increasing product and service quality, that allows improvement of employees' work and increase the level of trust inside the company, seems to be the origin of intellectual capital endowment of SBs. The organizational system condition employee attitudes and values, as well as cooperation capital, which both have direct influence on SB performance. Such findings have practical implications by developing intellectual capital and determining the factors of primary attention by managerial decision making processes.

The key restriction of the study is the sample. Therefore, all empirical results should be interpreted with a certain dose of caution. Nevertheless, we do hope that new empirical knowledge contributes to the IC concept with regard to specific context of Russia.

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