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### **VICTIMIZATION FACTORS OF THE SMALL BUSINESS ENTREPRENEURS**

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*The bribe-takers must tremble,  
If they have stolen as much  
As only they need.  
When they have taken enough to share with the  
others  
They have nothing to fear...*

*Criminal aphorism*

The author of this article devoted 10 years to studies of problems in small business. Being a lecturer he is investigating the matter of these problems. It is possible to say the initial sociological data is objective; the results are representational, because the businessmen trust his colleague and give the objective information.

The forming of market relations lay down principally new demands to the business class. In Russia the experience of creation of new market relations has shown that the birth of a new class in the economy is rather a difficult process and it cannot depend only on the conditions.

There are many obstacles to the development of every business: small, medium and big. The analysis has shown it depends not only on the business laws, but also the range of factors not dependant on the businessmen.

In Siberia the small business sphere does not governs on the labour market, but it plays the great role in slowing down the unemployment nowadays. At the moment the industrials suppose the small business development to be

paid a special, but not enough and not goal-oriented attention. That can explain the minority of the enterprise owners and the small business employees.

There are lots of reasons of such slow development in the small business in Siberia. Small business is very attackable now; it has serious problems, everyday difficulties, various obstacles and executive barriers. The favourable conditions for the small business have just begun to be created but the problems are being solved very slowly.

This research was organized in 5 Siberian Regions in the period from 2000 till 2004. The sample was formed by 500 small business enterprises; 100 respondents in 5 districts of the Region. The method of the research was an enquiry, questionnaire in writing (intramural, extramural and postal), and verbal interviewing (at business meetings, phone interview). The study purpose is to find out victimization factors of the small business entrepreneurs in the concrete Region of Russia.

91% businessmen (455 respondents) consider bureaucracy and bribery to be the weightiest factor of destabilization in the sphere of small business.

The main factor of victimization is classified by periodicity as the following:

1. Normative acts, which can be differently and unlawfully interpreted;
2. Corrupt practice at the top echelons of power;
3. Illegal revisal of control organizations;
4. Bureaucracy and red-tapery while execution of documents;
5. Assign authorization of enterprises by the overhead organizations;
6. Tax inspection by an anonymous call;
7. Front organizations of the criminals or police;
8. Financial risks;
9. Price discrimination;
10. Kickbacks;
11. Racket;
12. Wrapped financial insolvency of prospective clients;
13. Official hiding of necessary information about suppliers and demanders;

14. Letters of the regional administration about voluntary welfare work and compulsive pay increase for the employees;

15. Low employee qualification;

16. Selling of information by the employees to business rivals;

17. Unfair competitive practices;

18. Heavy costs for brass check;

19. Electronic spying;

20. Employment for getting information and so on.

Among the organizations, where entrepreneurs had to pay off rather often, are:

1. Government executive bodies;

2. Tax administration;

3. Police;

4. State Inspectorate For Traffic Security;

5. Customs;

6. Prosecutor's office;

7. Courts of law and Arbitration court;

8. Authorization system;

9. Justice;

10. Russian agency responsible for registration of property;

11. Center of Standardization ;

12. Lending agencies;

13. Consumers Union;

14. Fire Department;

15. Various business centers.

The annual President's Letter to the Federal assembly dated 1997 said: "The crime in the economy, corruption and abuse of power are going hand in hand." This statement is greatly typical for today. It is necessary to mark that the jobbery has been happening since the daytime of private industry, and, as our respondents suppose, such events become more and more usual.

In 2002 the Social Fund called "Information technologies for Democracy" (INDEM) in association with an American company «Transparency International» declared the results of the survey organized in 40 Regions of Russia. The purpose of the survey was to find out the real situation of corruption in the country and the attitude of the population to this fact. As the survey showed, among the Siberian Regions the leader in the group of the middle bribery is the Kemerovo region. This middle bribe given by the entrepreneurs to the officials was 142 thousand rubles. The Kuzbass placed

itself on record by the annual sum of the bribe. It is 18 085 bln rubles that are 4 bln more than the revenue side of the Regional Budget. These results were being widely discussed at one of the seminars of "The Regional Club for Journalism" in Moscow. The spokesman was Professor Mark Levin.

On the instructions of Kemerovo governor A. Tuleev the administration of the city have reviewed the influence of executive barriers on the terms of small and middle business development in Kuzbass. They have found the following fact: the entrepreneurs pay from 2500 till 52000 rubles for the time of waiting for drawing up the documents while registration of enterprises, receipt of a license and other documents which are necessary for the entrance to the market. This period takes from 114 till 301 days. The sum of unplanned payment depends on the activity of a first-time entrepreneur, the place of business running and other factors.

The particular results of this sociological review were compared with the results of the INDEM survey. So, more than 60% of Russian people consider corruption to be the problem that endangers the safety of the country. In the Siberia Region this rate is 57% among the entrepreneurs. 70 per cent of the respondents think that Russia can be classed among the corrupted countries. 79 % of the Siberian entrepreneurs answered this question in the affirmative.

The further attempt was purposed in order to find out which of the government department is a leader at the market. The INDEM survey lightens the following statistics through Russia: executive branch of the government -98,7 %; legislative body 0,17; judicial authority – 0,86%.

In the Siberia Region the survey has the following results in rank order: the executive body (96,3%), the judicial body (63,8%), the fourth estate or mass media (58,6%) and the legislative body (0%). So called fourth estate (mass media) was written in a form according to the answers of the respondents, and was not mentioned in the INDEM survey.

The respondents said about the judicial body: "Our questions are trivial, only big and middle businessmen can give bribes to the

deputies”, “We can not do the same because there is lots of money there on the top, and there is no such sums in the small business.” All respondents think it is possible to give bribes to a deputy but it makes no sense.

In this research the author basically used the classification of bribes as one of corruption forms, worked out by an American Professor V.M. Reisman, because it is widely used in the world (in the USA, Egypt, the Republic Cuba, China, Kenya, Pakistan, Venezuela, Nigeria and others). This classification is used for studying bribery among the officials. The author tried to study this fact using the concrete method.

The respondents were suggested to answer the question: “If you ever gave a bribe to an official, what was the purpose?” And then the variants of answer were given:

- A. Business bribe;
- B. Dilatory bribe;
- C. Bribery of officials.

The analyses of the answers showed that the lowest percentage among the bribery is a bribery of officials (6,98%). The entrepreneurs refer this situation to the fact that there is no possibility to bribe everyone who can influence your business. They spend money only on “an inside man” in the Tax administration. Business bribe (50,62%) and dilatory one (57,32%) are the main kinds in the field of the small business. The difference between them is only 6,7%. But they are impermanent and occasional and that is why they are used more often.

After 5 year research of this problem in the region it may be concluded that the corruption is first of all under the influence of political events.

Example 1: Our regular research was organized in the formation period of authority and administration of the Altai Region governor Mr. Evdokimov. He was a popular representative, and the entrepreneurs had great expectations about the political house-cleaning in the regional official bodies. These hopes influenced statistics: the executive body – 70%, the legislative power – 0%; the judicial authority – 12%, otherwise, the fourth estate is still on the same position -32%.

Example 2: The tragic death of the governor of the Krasnoyarsk Region, Mr. Lebed also greatly influenced on the results of the survey.

The entrepreneurs were afraid of a complete outrage and supposed the executive body to be very corrupted (100%), the rating value of corruption in the judicial body increased from 17% up to 21%, and in mass media – to 36%.

As the INDEM sociologists have concluded that it is necessary to mark the small businessmen are going with the authority and corruption more strictly. In Siberia the Kuzbass businessmen had the lowest level of confidence to the Federal Government. Among 40 responded Regions the Kemerovo Region is on the 30<sup>th</sup> position, The Novosibirsk Region - the 28<sup>th</sup> position, The Tomsk Region – the 25<sup>th</sup>. The Altai Region is on the 17<sup>th</sup> position in this rate, the Krasnoyarsk Region – the 15<sup>th</sup> position.

This survey has made an effort to study the confidence and non-confidence to the Regional executive body. The analysis of the primary sociological facts is practically the same according to the INDEM information. The same results were found in the 2 polar positions: “confidence and non-confidence” were conformed by the Altai Region and the Novosibirsk Region.

The research was meant to find out real potential for struggle against corruption in the Siberia Region. The questionnaire included the following question: “Would you take part in the struggle against corruption?” And the answers were given below:

1. Yes, I would;
2. Not yet, I'd better wait what would happen;
3. No, I would not because I do not believe in positive outcome of proceedings.

The results of the All-Russian survey contain the following statistics: 30% of the entrepreneurs would take part in the struggle, 30% - would not do that because they don't believe, 40% of the respondents prefer to wait what would happen after the actions of those who prefer to struggle.

In the Siberia Region only 4% of businessmen (21 respondents) would try to protect their interests by coming into confrontation with the officials. 76% of businessmen do not believe in justness, they are afraid of possible revenge of the officials, random check-outs, which usually lead to numerous financial charges. 20% just hold

hand; they do not want run risk. The conclusion now can be expressed by the words of one of respondents, who said: “The struggle against bureaucracy on the top is the same as the struggle against the windmills”.

The greatest non-confidence was expressed by the entrepreneurs in the Kemerovo and Novosibirsk Regions. The percentage of such businessmen is properly 92 and 89. One of the businessmen expressed his attitude to this situation by an old philosophic wisdom: “Laws are like net: it entangles the weak one, but the strong can tear it.”

There is rather low level of pessimistic mood among the entrepreneurs in the Krasnoyarsk, Altai and Tomsk Regions. The highest percentage of optimists is in the Tomsk Region (47%) and the middle rate is in the Krasnoyarsk Region (31%).

The high corruption and bureaucracy of the officials influences badly on the development of the small business, economics and many other aspects of social life. The idea of “corruption effects” (political, economic and social) was suggested by Professor M. Levin, who summarized the ALL-Russian research. This research studies social effects of corruption. As a matter of principle, it is possible to agree with Professor Levin, and say the following about this fact:

- One of the main negative effects of corruption is the increasing of social problems in the country;
- The formation of a new social class in the business society;
- Corruption leads to the increasing of inequality and support unequal redistribution of funds (money) in favour of the charmed circle of the officials and criminals that make damage to the private enterprises and business;
- The entrepreneurs began to think that they are helplessness, naked to the crime and corruption in the authorities, many businessmen don't believe in rightness.
- The social strain in the society is growing that can lead to unemployment, strikes, salary and social relief non-payment.

Corruption is dangerous for every society, especially for a society that is beginning to build market economy. It influences very negative upon the development of market relations,

undermines authority of the government, stops the realization of their positive decisions, and makes damage to ethics and morals in the society. Corruption is especially dangerous for the small business development, because the most of labour force is occupied in this sphere. New economic relations in our society mean the struggle against bureaucracy with the help of democracy: actual participation of businessmen due to public associations for formalization, taking and executing decisions, and inclusive of public cases.

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#### **THE DEFINITION OF INVESTING LEASING MECHANISM**

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The successful realisation of the market strategy of Russia is closely connected with activation of investment processes, what is explained by the existing scientific-technological and technic delay from the world market leaders in the questions of infrastructure and technology.

The primary task for the solution of the given problem is the question of providing the process of market economy reforming with the large volumes of resources, and first of all-financial resources. It is evident, that, the scarce abilities of russian entrepreneurs concerning the direct financing of capital costs makes the necessity of search of new progressive nontraditional forms of investment activities. As so as traditional (extensive) mechanisms of investment of such scales projects, for example, attracting of loan capacities into the investment project as the direct long term investing credit don't allow to tell about high rates and efficiency of business processes.

The solutions of the tasks, problem by market strategy of Russia, are founded in the using of synergetic effect: from one side; effective business-processes, from another – effective investments. That's why the special