

# YOUTH ENTREPRENEURSHIP IN EASTERN PARTNERSHIP COUNTRIES:

## ANALYSIS OF PROBLEMS AND SOLUTIONS

---

**The Monograph**

VIKTORIIA HROSUL  
ILMARS KREITUSS

# **YOUTH ENTREPRENEURSHIP IN EASTERN PARTNERSHIP COUNTRIES:**

## **ANALYSIS OF PROBLEMS AND SOLUTIONS**

**The Monograph**

**Scientific editors**

**VIKTORIIA HROSUL**

Professor, Doctor of Economics

**ILMARS KREITUSS**

Professor, Doctor of Chemistry

Riga – Kharkiv – Yerevan – Chisinau – Gomel – Batumi

2020

DOI: 10.32025/RIS18039



Youth entrepreneurship in Eastern Partnership countries: analysis of problems and solutions: monograph / V. Hrosul, I. Kreituss et. – Riga: RISEBA, 2020 – 139 p.

**Scientific Editors:**

Viktoriia Hrosul, Dr. oec., Prof.  
Ilmars Kreituss, Dr. Chem., Prof.

**Reviewers:**

Tatjana Vasiljeva, Dr. oec., Prof. (Latvia)  
Nataliia Valinkevich, Dr. oec., Assoc. Prof. (Ukraine)

The text of this monograph was approved at the RISEBA Scientific Committee meeting on 13 February 2019, No. 2019/1.

RISEBA University of Applied Sciences  
Meza Street 3, Riga,  
LV-1048, Latvia  
[www.riseba.lv](http://www.riseba.lv)

**Authors:**

Tymur Askerov, Mg. oec.  
Inna Baikova, Dr. oec., Sen Lect.  
Tatiana Bucos, Dr. oec., Assoc. Prof.  
Rafael Ciloci, Dr. oec., Assoc. Prof.  
Cornelia Crucerescu, Dr. oec., Assoc. Prof.  
Diana Galoyan, Dr. oec., Assoc. Prof.  
Hrosul Victoria, Dr. oec., Prof.  
Larisa Kaznachevskaya, Dr. oec., Se. Lect.  
Victoria Kuzmenka, Dr. oec., Assoc. Prof.  
Nataliia Savytska, Dr. oec., Prof.  
Zoya Tadevosyan, Dr. oec., Prof.  
Iryna Trusevich, Dr. oec., Assoc. Prof.  
Rina Turcan, Dr. oec., Assoc. Prof.  
Natallia Yatsevich, Dr. oec., Assoc. Prof.  
Nina Yesinova, Dr. oec., Assoc. Prof.  
Olena Zhehus, Dr. oec., Prof.  
Serhii Zubkov, Dr. oec., Assoc. Prof.

© RISEBA University of Applied Sciences, 2020

© Viktoriia Hrosul, ILMARS Kreituss Scientific Edition, 2020

ISBN 978-9984-705-46-0, DOI: 10.32025/RIS18039

# Content

---

The specific of the development of Youth Entrepreneurship in Republic of Moldova. <i>Rafael Ciloci</i> .....	5
Monitoring of the development of youth entrepreneurship in the Republic of Belarus. <i>Victoria Kuzmenka, Iryna Trusevich, Inna Baikov</i> .....	19
Changes in Moldovan entrepreneurship to achieve sustainable development. <i>Cornelia Crucurescu</i> .....	35
Entrepreneurial Intentions of Youth: Theoretical and Empirical Approaches. <i>Tatiana Bucos</i> .....	46
Entrepreneurship development in Belarus: status, legislation and youth aspects. <i>Iryna Trusevich, Natallia Yatsevich, Larisa Kaznachevskaya</i> .....	57
The small businesses enterprises' results in the development of the Republic of Moldova economy. <i>Rina Turcan</i> .....	75
Features of youth labor market of Armenia. <i>Diana Galoyan, Zoya Tadevosyan</i> .....	87
University formation of entrepreneurial competencies among youth. <i>Nataliia Savytska, Olena Zhehus</i> .....	98
Quality assessment of the youth entrepreneurship strategic adaptation program in the retail. <i>Viktoriia Hrosul, Serhii Zubkov, Tymur Askerov, Nina Yesinova</i> .....	117
Authors .....	135

# The specific of the development of Youth Entrepreneurship in Republic of Moldova

---

Rafael Ciloci

## ABSTRACT

**Purpose.** The aim of this paper is it to define the specifics of the development of Youth Entrepreneurship in the R. of Moldova and to find some solutions for it.

**Methodology.** The research was conducted by using an analysis of academic literature, analysis of statistical data and examination of survey about perception of business environment by young people.

**Findings.** The main finding or research is that Youth Entrepreneurship is important by creating long-term development perspectives for national economies, as result of a stronger drive for innovation, the better use of new IT technology.

**Research Implications.** Based on the research results, it was established the specific changes in the development of entrepreneurship in the R. of Moldova and particularly for Youth Entrepreneurship. It was described challenges and limitations for development of Youth Entrepreneurship and underlined some solutions.

**Practical Implications.** The defined concepts and ideas could be used for entrepreneurial training, for governmental institutions could be used some recommendations for development of entrepreneurship and more specific Youth Entrepreneurship.

**Originality/Value.** The value of research is to provide insights about development of Youth Entrepreneurship in the R. of Moldova which are important in order to define some solutions for governmental institutions.

**Paper type.** Research paper

**Keywords:** Entrepreneurship, youth entrepreneurship, entrepreneurship support methods, survey.

## **INTRODUCTION**

Developing entrepreneurship and especially Youth Entrepreneurship is a critical issue for the development of any national economy. Particularly this is important for transition countries such as Moldova, where entrepreneurial culture is not traditional. Thus, we can consider that the people formed during the Soviet period have a modest entrepreneurial spirit, determined by the specific education, in which obedience and execution skills and abilities were demanded. Critical thinking, non conformism, assuming certain risks - important ingredients for an entrepreneur were not stimulated. At the enterprises of that period, the planning function was not necessary, and administrative plans were elaborated by the superior institutions. There were no incentives for innovation, radical change and new approaches, even more these attitudes were discouraged.

Thus, for all post-communist countries, we can see a modest initial level of entrepreneurial development caused not only by legislative, regulatory, economical conditions, but also human factor, due to insufficient skills developed to become an entrepreneur.

Indeed, examining the number of SMEs per one thousand inhabitants, as an indicator that would characterize the level of development of entrepreneurship for these countries, was considerably smaller than for Western countries. This indicator is further increasing, also due to the change in the education paradigm. Therefore, we can see that the development of entrepreneurship is caused, on the one hand, by the external factors of the regulatory framework, the level of economic and social development specific to a country, and on the other hand the national culture, the entrepreneurial education which is a dynamic process, but still with a rather high inertia. In this context, we can see that the country's population can be segmented by age, so young people have much more abilities and skills to organize and manage their own business. It should also be emphasized that young people, although have less knowledge and are less experienced, are more prone to risk and innovation. This is especially important, if we are connected with information technology where the dynamics of change is overwhelming.

In the first part of the article was included a theoretical overview of entrepreneurship and a more specific vision of Youth Entrepreneurship. In the second part were analyzed methods of entrepreneurship support - educational and institutional, specifics of entrepreneurial culture in the R. of Moldova. In the third part - the results of the research was examined including the perception of the business environment by the young people, and the conclusions and recommendations were underline about how to develop Youth Entrepreneurship in the Republic of Moldova and the specific impediments.

## **THEORETICAL BACKGROUND**

Entrepreneurship is a complex, multilateral notion characterized by a multitude of definitions. Schumpeter (1912) had a significant contribution to the study of the entrepreneurship and at the early stage of his theory had a different approach to others, where the entrepreneur was described as the organizer and manager of production or trade. He presents the following entrepreneurship definition: "The function of

entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way by the opening of a new source of supply of materials or a new outlet for products, by organizing an industry and so on. "His characteristic task - theoretically as well as historically - consists precisely in breaking old and creating new traditions.

Thus his vision combines the notion of entrepreneurship and innovation, which ensures revolutionary changes, changes the economy from the circular flow to the dynamic development of the economy, thanks to the "creative destruction". This approach has proven to be sustainable over time and widely accepted.

The second entrepreneurship theory [14] is primarily a less "individualistic". Schumpeter says explicitly, that the entrepreneur does not have to be one person (which is a radical departure from his former recognition entrepreneur as an outstanding individualist). Schumpeter even states that the country itself, or its agenda, can act as an entrepreneur. Schumpeter's Entrepreneurship theory was the result of his direct personal observation of American economic life. In Schumpeter's vision (1942), innovation is the engine of economic change, and innovation is a process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, in creating a new one "

Another approach (Hayek, 1989) refers to the fact that entrepreneurship is not a type of activity but a behavioral trait, which is the search for economic opportunities. Thus for entrepreneurs (Mc Connel and Brue, 1992), entrepreneurial talent is a great skill, characterized by initiative, courage and the ability to make decisions, innovation and the desire to develop new products, use new technologies and new forms and methods organization and management, and the ability to risk with caution. Therefore (Stevenson and Gumpert, 1985), entrepreneurial activity is to capitalize on an opportunity, to make rapid changes, to adopt multilateral decisions, to use the capacities of others, to direct human relations and to stimulate people to create new values.

Another approach were developed Canadian researcher Fillion (1997) who examines the entrepreneurial process in the following activities: identifying economic opportunities, determining the vision and decision making for the development of the initiative, implementing the activity, starting with purchasing the resources for business, promoting the business and organizing sells. Therefore, it is a similar activity in many respects with the managerial one.

The specificity of entrepreneurship among young people is examined by scientists such as Williamson H. (1987), Macdonald R. and Coffield F. (1991), which examines several of their characteristic features such as risk assumption, organizational culture, and the drive for innovation.

Thus, we can consider that entrepreneurship is an important driver for the development of national economies, creates premises for the development of innovation and ensures the maintenance of social stability. The entrepreneurship development contributes significantly to middle class formation, which is particularly important for emerging

countries characterized by major disparities in income and living standards, decrease of unemployment, which can be made easier through development of SMEs and start-ups.

Youth Entrepreneurship is important for strategic development of the economy, creating long-term development opportunities, a stronger drive for innovation, more efficient use of new IT tools characterized by exceptional dynamics. At the moment, the inertia of human thought can be an impediment to capitalize the new technological opportunities that arise and then, due to the greater flexibility of young people, the easier acceptance of new ideas, challenges, the promotion of an organizational culture favorable to the innovative spirit, it becomes possible to overcome this barrier.

Development of Youth Entrepreneurship requires a set of measures such as: access to resources, education and general conditions such as sustainable economic development and favorable economical regulations.

## **ENTREPRENEURSHIP SUPPORT METHODS**

The development of entrepreneurship is a fundamental factor for the economic development of the country. Thus, entrepreneurship is a catalyst for economic growth, ensures the creation of new jobs, contributes to the formation of the middle class and thus solves problems with social character. Entrepreneurship is an extremely important ingredient for innovation and decisive in enhancing competitiveness at enterprise and national level. At the present, the technological and technical changes are characterized by an unprecedented dynamic, it is imperative to develop the spirit of entrepreneurship, to form a critical mass of entrepreneurs able to achieve change and capitalize on new emerging opportunities.

In this context, the development of entrepreneurship can be sustained in two ways:

1. Education - what can be examined through broader prism of innovative entrepreneurial values and approaches, as well as providing training that would provide knowledge and would form managerial abilities.
2. Support entrepreneurship through different instruments at state level as well as through other interested stakeholders - NGOs, Development Partners etc.

The development of entrepreneurial spirit and values can be plenary developed under conditions of a democratic society in which diversity of ideas, critical thinking and non-conformism are accepted and even promoted. These are the important ingredients for the emergence of innovative citizens. At the same time, authoritarian societies, with institutions that prioritize oppressive, prohibitive models, limit the development of entrepreneurial spirit. This ambiance does not create chance for the emergence of a critical mass of people with a spirit compatible with entrepreneurial activity. R. of Moldova is still a transition country, from a society with an authoritative past to a democratic society, so there are still many "roots" that are impediments to the development of entrepreneurship, especially for the elderly.



If we examine the Moldovan society through the view of Hofstede's conception, then we can see that according to the cultural dimension **Individualism vs. Collectivism** a shift from collectivism to individualism, especially this is characteristic of new generations, educated in a new liberal, capitalist, post-Soviet system of values and, naturally, with the change of generations the collective and egalitarian values will be changed with individualistic ones.

**Power Distance** has been growing during the transition to a market economy, so it is currently at a fairly high level. There are large inequalities in the distribution of national wealth, an oligarchic system is crystallized, in which party membership, formal and informal links ensure the advancement on the hierarchical scale both political and economical, and personal capabilities are less relevant. For a large part of the population, especially the least educated and poor, there is a state of major dependence on those hierarchically superior, at the same time the young, urban, educated population with a medium and high standard of living has values opposed to higher power distance, which is characterized by dissatisfaction and mass migration abroad, including for this reason.

R. of Moldova as well as other states with Latin origin is characterized by a relatively high level of **Uncertainty Avoidance**, and by a high degree of control of uncertainty, the future is looked upon with anxiety, and the assumption of risks in such conditions is reduced.

If we examine the **Masculinity-Femininity** dimension, we can highlight the reorientation from social values - mutual support within a narrow group, egalitarianism to masculine values - power and money. It has to be emphasized that this predisposition towards masculine values is more characteristic for the young people formed in the new economic and social conditions.

We can outline that there is a tendency to improve the entrepreneurial culture in the Republic of Moldova as a result of the change of generations, although some new phenomena are unfavorable, such as power distance, which had a trend of growth in the last period.

Entrepreneurship education includes educational programs starting with kindergartens, high schools, higher education institutions as well as special courses of entrepreneurship. Besides the formal studies included in the educational institutions, there are various educational programs promoted by different NGOs in Moldova, of which we can highlight:

**JA** (Junior Achievement) [26] is a public association whose mission is to motivate and train the young generation to successfully assert them in the market economy. Since the registration of organization the entrepreneurship training programs have been attended by more than 190,000 students and around 1,800 teachers. Currently, in collaboration with the Ministry of Education of the Republic of Moldova and the "Sturza Familia" Foundation, JA Moldova programs are offered in 130 schools and high schools in the country, where about 8 000 pupils in grades I-XII benefit both from classroom activities and from various extracurricular activities such as Olympics in the economy, school fairs,

summer camps, etc. JA Moldova programs can be implemented in one of the following ways: extracurricular, auxiliary to compulsory courses and optional.

**JCI** (Junior Chamber International) [27] is an organization that gives young people the opportunity to develop their leadership skills, collaborative spirit, social responsibility and entrepreneurial habits that are necessary to produce positive change. JCI aims to: promote economic development in all its forms, promote understanding and co-operation among people, develop awareness and capacity to assume civic and human responsibilities, and organizing training programs to develop leadership skills. In order to achieve these goals, various courses of management, leadership and entrepreneurship are organized.

**Y4I** (Youth Development for Innovation) [33] is an NGO that aims to implement educational projects dedicated to the development and training of the new generation, developing the necessary skills in an integrated manner, in order to contribute to the rise of the economy and the civic spirit in the Republic of Moldova. Thus, educational projects have been realized in various fields such as: entrepreneurship, social, IT, etc.

**CEDA** (Business and Business Support Center) [25] is an NGO that supports education reforms, promotes entrepreneurship, high quality professional education and career education, developing professional skills, individual initiative and entrepreneurship. Thus, some of the organization's objectives relate to the improvement of the national training system and the development of professional and entrepreneurial skills, the promotion of entrepreneurial education through formal and non-formal education.

**ODIMM** (Organization for the Development of Small and Medium Sized Enterprises) [30] is a public, non-profit organization which operates under the coordination of the Ministry of Economy and other central and local authorities, business associations, business support organizations and SMEs. Its mission is to contribute to enhancing the competitiveness of the national economy by supporting the development of the SME sector, with one of the objectives - training and enhancing the culture and entrepreneurial abilities. The Efficient Business Management Program (GEA) is a program for entrepreneurs that includes 12 study modules, aimed at developing the skills to ensure efficient business management and is deployed throughout the Republic of Moldova.

Thus we can find the formation of a network of institutions developed for the purpose of entrepreneurial education.

Another component for the development of entrepreneurship can be achieved by supporting public and self-supporting institutions as a result of the cooperation and association of enterprises, creating business associations, creating clusters, strengthening the business community to promote its interests in relation to government institutions and creating a favorable image, the NGO activities that aim to improve the entrepreneurial climate.

Entrepreneurial support of public institutions can be administrative, economic and institutional (Yakunin, 2010). Administrative support methods are based on the authority of government bodies. The implementation of these methods consists in adopting and updating legislation as well as monitoring their implementation. Administrative methods,

depending on their impact on the business, can be classified into: prohibitive, licensing and punitive. They are executed by issuing or denying any rights (authorizations, licenses, etc.) or as a tool for implementing governmental policy (price regulation, etc.). We need to emphasize that if the adoption of legislation is important through the establishment of clear rules for all actors, however, especially in the case of emerging countries, such as R. of Moldova, there is the risk of excessive, punitive regulations, which could be an impediment to the development of entrepreneurship. Moreover, the implementation of the regulations is often not univocal, with a selective approach being made, creating premises for the appearance of corruption and ensuring unequal conditions of competition.

Economic methods determine the improvement of the business environment through economic, lending, tax, pricing, procurement and public investment mechanisms. For example, financial and lending support for entrepreneurship can be achieved by improving access to affordable loans, grants, credit guarantees, offering a grant component, etc. It is important to note that these methods have a relatively lower applicability to emerging countries due to the lack of sufficient financial resources. At the same time, it is necessary to determine very clearly and correctly the modalities and areas of intervention in order to ensure a maximum effect for the entrepreneurial development and not as a result of group interests.

Institutional support methods aim to improve business activity as a result of consulting, information assistance and business recommendations. These activities can be organized by public institutions and NGOs, thus facilitating the activity of enterprises.

The methods examined can be interdependent, so most economic methods are implemented through appropriate legislation (administrative measures) or economic methods can also be implemented through institutional support such as business incubators, industrial parks etc. Consequently, the establishment of institutions is often provided by the law and requires financial support.

The realization of entrepreneurial development through self-support is limited in R. of Moldova, being also characteristic for other ex-soviet countries, the main cause being the lack of trust in partners, public institutions, so the consolidation process, creating clusters, is one difficult for domestic companies, and additional incentives, including financial, are needed. At the same time, several financial support and counseling tools, including for young people, in the R. of Moldova are used.

Thus **ODIMM** [30] besides the educational objective, aims to create opportunities for launching and developing a business, especially in rural areas, facilitating SME access to financial resources, facilitating SME access to information resources, stimulating public-private dialogue, supporting the development of business infrastructure. In this context, we can highlight the Credit Guarantee Fund (FGC), financed by national budget, which facilitate the crediting of small and medium enterprises by granting guarantees. Thus, for the young manager, the guarantee can be offered for a maximum of 60 months and a credit of maximum 500,000 lei (about 25,000 Euro). The "PARE 1 + 1" remittance program is intended for migrant workers and / or relatives of grade first of them who want to invest in the launching and / or developing of their own business, thus for each leu

invested from transferred resources will be granted one leu in the form of a grant. The objective of the project is to create new jobs, export stimulation, substitution of imports, creation and development of rural businesses, application of modern technologies, know-how transfer and innovation.

**JCI** [27] offers consulting that would help to develop your own business or career, stimulate active participation through community engagement, provide office for interaction with potential clients, partners at local and international level, provide valuable practical experience.

**Y4I** [33] has a strategic objective the establishment of a series of partnerships both at national and international level, the creation of regional consortia to help young people in regions who do not have the same educational opportunities as those in the capital.

**CEDA** [25] provides diverse support and assistance to entrepreneurs for launching, growing and accelerating micro, small and medium businesses, promotes entrepreneurial spirit and entrepreneurship in society.

In R. of Moldova, other tools for supporting and developing entrepreneurship such as: **Business Incubators, Industrial Parks** and **Free Economic Zones (FEZ)** were created. These institutions have a important institutional impact on the development of entrepreneurship, even though, apparently, FEZs are less favorable to SME development and implicitly to entrepreneurship, as their main objective is to attract anchor investors to ensure regional development, however, thanks to the collaboration opportunities of residents with local SMEs for component delivery, there is a chance for entrepreneurial industrial development.

In the Republic of Moldova there are 10 regional **Business Incubators** [31] that provide support for the development of start-ups and newly-created enterprises. They have been associated with the establishment of the Moldovan Business Incubators Network (RIAM) - a cooperation platform created by its members, in order to promote the role of Business Incubators in economic development and their recognition at national and international level. Thus RIAM contributes to the joint implementation of development projects and programs, facilitates the exchange of experience and good practice, represents in negotiations with the state and other development partners, provide support and advice on problem solving.

In the Republic of Moldova there were also registered 10 **Industrial Parks** [28] that contribute to the development of SMEs, taking into account that the average number of employees of the residents is about 44.

Industrial Parks offer a set of opportunities such as:

- Reducing costs and time needed to launch production activity;
- Purchase the land for construction at the normative price;
- Technical, legal and advisory support in the process of obtaining permits, approvals, and other permissive documents;
- -Financial support for the creation of technical and production infrastructure;
- -Reducing risks related to economical activity.

In the Republic of Moldova there are registered 7 FEZ [29] with several sub-areas, aiming at granting preferential regimes and stimulating the entrepreneurial activity. Free economic areas are created to accelerate socio-economic development for certain regions and the country as a whole by:

- Attracting domestic and foreign investments;
- Implementation of modern technologies;
- Development of export oriented production;
- Application of advanced managerial experience and job creation.

There are some attempts to develop clusters that have been launched in the textile and creative industries, which will give new impulse to the development of small and medium-sized enterprises in the regions, would encourage effective collaboration between business and educational institutions, innovation centers and other stakeholders.

Thus, we can underline the existence of several public institutions as well as NGOs, which constitute a network for development of entrepreneurship, including among young people. However, there are still some impediments to its development, such as: still insufficient financial support for small business, insufficient consultation for SMEs especially in rural areas, stakeholders interested in developing entrepreneurship has a modest degree of collaboration between them. In this context, it is important to initiate coordination actions between institutions, creating clusters, which would make it possible to use resources more efficiently and ensure a greater impact of the implemented measures.

## **RESULTS OF THE RESEARCH**

According to the National Bureau of Statistics of Moldova, in 2018 there were only 1,113,444 young people between the ages of 15 and 34, which represent 31.5% of the total population of the country. The same statistical data show that young people in the age range of 15–19 are only 17% of the total number of young people, while 31% correspond to the age range 30–34 (table 1).

These data show that R. of Moldova had a very low birth rate since the period of the transition, as well as the immigration process, especially among young people, is causing major problems for R. of Moldova's economy. Perspectives are not favorable due to the lack of young labor force and the continued aging of the population.

Table 1.

**Age structure of youth in the Republic of Moldova, 2018**

<b>2018</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>	<b>Total</b>
number of youth	191 464	249 651	325 099	347 230	1 113 444
% of the number of youth	17.2	22.4	29.2	31.2	100
% of the total population	5.4	7	9.2	9.8	31.5

Source: www.statistica.md

The challenges for R. of Moldova are determined, not only by the further declining of the economically active population due to changes in the age structure of the population but also by the diminishing of the basis for the development of entrepreneurship, taking into account that the young people are usually more receptive to the opportunities and assimilation of new technologies. Therefore, there is an obvious need for more active training of young people in entrepreneurial activity, creation of multiple opportunities, efficient use of young talents. In this context, it is necessary to ensure a greater share of the young people involved in the entrepreneurial activity in order to maintain the current level of entrepreneurial development, not to make a certain increase.

In order to examine the business environment and its perception by young people within the Erasmus + Higher Education Institutions for Youth Entrepreneurship project”, a survey was conducted, with 390 people interviewed with a confidence level of 95%. The questions were categorized into 5 groups:

1. Motivation and Awareness
2. Knowledge and Education
3. Support
4. Finance
5. Impediments

To determine the importance of factors affecting the entrepreneurial activity of young people, respondents rated factors on a scale from 0 to 4, having the following values: 0- I can't evaluate, no information ; 1 - a very minor factor; 2 - unimportant factor; 3 - Quite an important factor; 4 - A very important factor.

If we refer to **Motivation and Awareness**, then we find that this is the most important factor with an average value of 3.57, confidence in your own strength is the maximum value of 3.71, how to build your own business 3.57, team building and personal motivation 3,53. The importance of the confidence in your own strength demonstrates that uncertainty avoidance is also at a high level, which can't be considered positive for the development of entrepreneurship. It is therefore necessary to promote the change of the cultural paradigm, which would be permissive for assuming the risk and the right to failure.

**Knowledge and Education** is the second most important factor with an average of 3.28 a high enough rating, so Knowledge / Concepts of Fundraising- 3.44, Knowledge / Concept of Investment - 3.43, Knowledge / concept of Business models -3,4 and

Knowledge / Concept of Basic Business - 3.37. The least relative important, although also at a high level, is given to higher education in entrepreneurship -3.05. The importance of fundraising and investment is caused by the difficulty of attracting financial resources, the fact that commercial banks are less likely to collaborate with SMEs, with young entrepreneurs without experience, whose business involves greater risks. It is therefore necessary to develop an economic ecosystem that would favor the lending of small companies, the development of instruments that would interest the banking and non-banking sectors in such kind of operations.

**Support** factors refer to the inner circle, educational institutions, the state, experienced entrepreneurs, etc. The average score of these factors is 3.21. Respondents noted that the most important from their point of view is Support from their team, which scored an average rating of 3.57, also the important factor of support is consulting of other experienced entrepreneurs - 3.49, experience sharing at events conferences, forums and seminars , business ideas competitions - 3.4, Support from my family and courses, seminars, entrepreneurship training - 3.39. At the same time the less important factor with values below 3 is attested to Support of business incubators were rated 2.95 and Support for the school (university) rated 2.77.

It is considered a very important factor the Support of own team, and indeed it is a necessary element for the initiation and development of the SME. A high score is attested for supporting the family, which demonstrates the need for uncertainty avoidance and the need for moral as well as financial support from relatives. At the same time, the transfer of knowledge and practical skills through mentoring, conferences, seminars, etc. is considered to be relatively important and there is a more modest appreciation of support from the university or school, probably because these institutions, in the opinion of the youth, transfer more theoretical knowledge than develop practical skills, and business incubators are less appreciated because they are less known by them.

The youth appreciates the factors that are included in **Finance** at the level of 3.12 points. The general access to finance has the greatest value - 3.46. Also, other important factor is accessibility of EU funds -3.32, at a relatively high level are the factors: personal savings - 3.23, investment and accessibility of state and regional financing programs - 3.22. It is established that lack of access to financial resources in general, as a considerable impediment to start a business. A relatively high level attests to the accessibility of European funds, a cause being that the EU was generous by granting various grants for entrepreneurial development for R. of Moldova. Crowdfunding is appreciated - 2.97 and venture capital funds - 2.67, it is perceived as a relatively less important instruments, due to the fact that these methods of investment are less widespread in R. of Moldova and less known.

An important component of the research was to examine what **Impediments are to start entrepreneurship**. These are largely derived from previous questions and confirm that Moldovan youth has a lack of funding- 3.31, and it is the biggest impediment, also being characteristic for majority of SMEs and start-ups. At a relatively high level there is a lack of support - 3.13, which develops a high level of uncertainty avoidance, and perceives challenges such as starting a business with anxiety. Thus, if we look at this appreciation

in the case of Latvia, it is just - 2.78. At a relatively high level there is lack of ideas - 3.07 and lack of knowledge - 3.02. At the same time, age is considered a minor impediment - just 2.14, which demonstrates that there are no administrative or other impediments to starting business by young people. Surprising results are attested to the importance of the experience that is quoted at only -2.88. This requires a more in-depth study, as it is in contradiction with previous conclusions that the transfer of practical knowledge and expertise is highly appreciated.

## **CONCLUSIONS AND DISCUSSIONS**

Entrepreneurship is a catalyst for growth, creating new jobs, contributing to middle class formation and thus solving social issues. Youth Entrepreneurship is also important for strategic development of the economy, creating long-term development perspectives, a stronger drive for innovation, the better use of new IT technology where exceptional dynamics are attested.

Entrepreneurship development can be sustained in two ways: education and entrepreneurship support. The development of entrepreneurial spirit and values can be plenary developed in the conditions of a democratic society in which diversity of views, critical thinking and non-conformism are accepted and even promoted. R. of Moldova is still a transition country, from a society with an authoritative past to a democratic society, so there are still many "roots" that are impediments to the development of entrepreneurship, especially for the elderly.

The analysis carried out shows that in R. of Moldova there are both governmental institutions and NGOs sufficient to support the development of entrepreneurship. However, there are some impediments to its development, such as: still insufficient financial support for small business, insufficient consultation for SMEs especially in rural areas, and stakeholders interested in the development of entrepreneurship has a modest degree of collaboration. In this context, it is important to initiate the institutional coordination actions and cluster creation, which would allow for more efficient use of resources and would ensure a greater impact of implemented measures.

In order to examine the business environment and its perception by young people, a survey of opinions was conducted. As a result we notice that uncertainty avoidance is at a high level, which can be considered negative for the development of entrepreneurship. It is therefore necessary to promote the change of the cultural paradigm, which would be permissive for assuming the risk and the right to failure. It is established the importance of the supporting of own team and family and, at the same time, the transfer of knowledge and practical skills through mentoring, conferences, seminars, etc. is considered more important than formal training in schools and universities.

There is evidence of deficiencies in attracting financial resources, and commercial banks are less likely to collaborate with SMEs and young entrepreneurs without experience, whose business involves greater risks. It is therefore necessary to develop an economic ecosystem that would favor the lending of small companies, the development of



instruments that would interest the banking and non-banking sectors such kind of operations.

## REFERENCES

1. Ciloci R., Chislari E., Coban M., Gorobievski S. (2004). Organizarea si gestionarea businessului propriu. Editura Tehnico-info, Chisinau, p.8-9.
2. Crucerescu, C., Ciloci, R., Turcan, R. (2018). The importance of financial support for youth entrepreneurship in the R. of Moldova. Journal of Social Sciences, Chisinau, TUM, №2, p. 81-89
3. Macdonald, R. and Coffield, F. (1991). Risky business? Youth and the enterprise culture, Falmer, London, 308 p.
4. MacDonald, R. (2011). Youth transitions, unemployment and underemployment: Plus ça change, plus c'est la même chose? Journal of Sociology, №47 (4), p. 427-444.
5. Estrin, S., Meyer, K., Bychkova, M. (2006). Entrepreneurship in Transition Economies. The Oxford Handbook of Entrepreneurship, Oxford, Oxford University Press, p. 693-723.
6. Estrin, S. and Mickiewicz, T. (2010). Entrepreneurship in transition economies: The role of institutions and generational change, IZA Discussion Paper.
7. Filliton, L.J. (1997) The Entrepreneurial Craft: Thinking and Acting Like an Entrepreneur, Working Paper, nr. 97-11.
8. Hrosul, V., Dyadyuk, M., Zubkov, S. (2018). ENTREPRENEURIAL ENVIRONMENT IN EASTERN PARTNERSHIP COUNTRIES: STATE AND DEVELOPMENT PROSPECTS, Economic strategy and perspectives of the development of trade and services sphere [PREDPRINIMATELSKAYA SREDA V STRANAH VOSTOCHNOGO PARTNERSTVA: SOSTOYANIE I PERSPEKTIVY RAZVITIYA, Ekonomichna strategiya i perspektivi rozvitku sferi tovgivli ta poslug], Vol. 2 (28)
9. Hrosul, V., Dyadyuk, M., Zubkov, S. (2018). Modern experience, problems and prospects for the development of youth entrepreneurship in Ukraine, Economic strategy and perspectives of the development of trade and services sphere [Suchasnij dosvid, problemi ta perspektivi rozvitku molodizhnogo pidpriemnictva v Ukrayini, Ekonomichna strategiya i perspektivi rozvitku sferi tovgivli ta poslug], Vol. 1 (27), pp. 66-82. Available at: <http://elib.hduht.edu.ua/bitstream/123456789/2768/1/%d0%93%d1%80%d0%be%d1%81%d1%83%d0%bb%2c%20%d0%94%d1%8f%d0%b4%d1%8e%d0%ba%2c%20%d0%97%d1%83%d0%b1%d0%ba%d0%be%d0%b2%d0%b0.pdf>
10. O., Nicolescu, C. (2008). Antreprenoriatul și managementul întreprinderilor mici și mijlocii. București, Editura Economică.
11. Nicolescu, O. (2001). Managementul întreprinderilor mici și mijlocii: concepte, metode, aplicații, studii de caz. București, Ed. Economica.
12. Schumpeter, J.A. (1942). Capitalism, Socialism and Democracy, 3rd edition 1976, London, George Allen and Unwin.
13. Schumpeter, J.A. (1912). The Theory of Economic Development, tenth printing 2004, Transaction Publishers, New Brunswick, New Jersey.
14. Schumpeter's View on Innovation and Entrepreneurship. Available from: [https://www.researchgate.net/publication/256060978\\_Schumpeter's\\_View\\_on\\_Innovation\\_and\\_Entrepreneurship](https://www.researchgate.net/publication/256060978_Schumpeter's_View_on_Innovation_and_Entrepreneurship) [accessed Jan 21 2019]. Entrepreneurship [accessed Jan 21 2019].
15. Stevenson, H., Gumpert, D. (1985). The Heart of Entrepreneurship, Harvard Business Review, nr. 2.

16. Williamson, H. (1987). Co-operation, confusion, collapse – a study of a young people's co-operative, Ely Youth and Community Project, Cardiff.
17. Галоян, Д. (2018) Сравнительный анализ бизнес-среды Армении и Грузии. Вестник Армянского Государственного Экономического Университета, №3, с. 102-107
18. Гросул, В., Дядюк М., Зубков, С. (2018). Потенциал молодежного предпринимательства в Украине и его развитие в контексте евроинтеграционных процессов. Вестник Армянского Государственного Экономического Университета, №3, с. 109-120. Режим доступа: <https://asue.am/upload/files/science/banber/2018-year-3/11-B-2018-3-10.pdf>
19. Гросул, В., Дядюк М., Зубков, С. (2018). Сучасний досвід, проблеми та перспективи розвитку молодіжного підприємництва в Україні. Економічна стратегія і перспективи розвитку сфери торгівлі та послуг: зб. наук. пр. Харків: ХДУХТ, Вип. 1 (27), с. 66-82. Режим доступа: <http://elib.hduht.edu.ua/bitstream/123456789/2768/1/%d0%93%d1%80%d0%be%d1%81%d1%83%d0%bb%2c%20%d0%94%d1%8f%d0%b4%d1%8e%d0%ba%2c%20%d0%97%d1%83%d0%b1%d0%ba%d0%be%d0%b2%d0%b0.pdf>
20. Дидманидзе, И., Мегрелишвили, З. (2018). Проблемы и перспективы развития молодежного предпринимательства в Грузии. Вестник Армянского Государственного Экономического Университета, №3. с. 163-168.
21. Кручереску, К., Чилочи Р., Цуркан, Р. (2018). Аспекты развития молодежного предпринимательства в Молдове в контексте европейского интегрирования. Вестник Армянского Государственного Экономического Университета, №3, с. 121-133.
22. Макконелл, К., Брю, С. (1992). Экономикс, Инфра М.
23. Хайек, Ф. (1989). Конкуренция как процедура открытия. Мировая экономика и международные отношения, № 12.
24. Якунин, С. (2010). Этапы развития малого бизнеса за рубежом. Экономика и право, № 4, с. 103-107.
25. <https://ceda.md/>
26. <https://jamoldova.org.md>
27. <https://jci.md>
28. <https://mei.gov.md/ro/content/parcuri-industriale>
29. <https://mei.gov.md/ro/content/zonele-economice-libere>
30. <https://www.odimm.md>
31. <https://riam.md>
32. [www.statistica.md](http://www.statistica.md)
33. [://y4i.eu](http://y4i.eu)

# Monitoring of the development of youth entrepreneurship in the Republic of Belarus

---

Victoria Kuzmenka, Iryna Trusevich, Inna Baikova

## ABSTRACT

**Purpose.** Purpose of the article is to study factors influencing the development of youth entrepreneurship in the Republic of Belarus. The study is conducted in compliance with national context and existing framework conditions for the state and development of small and medium business in the Republic of Belarus.

**Methodological approach.** In the course of writing the article empirical methods of quantitative research such as online survey, methods of generalization and systematization, grouping, comparative and statistical analysis were used. Forms of survey of youth and experts, including sets of questions to identify the profile of respondents, as well as, groups of factors influencing business activity were used.

**Findings.** The article defines general characteristic of entrepreneurial environment of youth. There are presented the results of analysis of the initial data obtained during the survey (questioning) of youth of the Republic of Belarus and experts in respect of determining the state of entrepreneurial environment of youth, including both quantitative assessments and qualitative characteristics.

**Originality and value.** The work describes the current state of small and medium business in the Republic of Belarus, explores the ability of young people to start their own business. Obtained results of the research can become a basis for identifying the “tight spots” related to setting conditions for activation of youth entrepreneurship in the Republic of Belarus.

**Keywords:** small and medium business, youth entrepreneurship, business development, entrepreneurial activity.

## INTRODUCTION

Currently, small and medium business of the Republic of Belarus is represented by 110,000 legal entities, 236,000 individual entrepreneurs and more than 50,000 physical entities attracted by individual entrepreneurs under labour and civil law contracts. Sectoral structure of small and medium entrepreneurship is relatively stable. These days one third of all organizations of small and medium enterprises is involved in production sector, two thirds in the services sector. The predominant types of activity in the number of organizations are: wholesale and retail trade, repair of automobiles and motorcycles, manufacturing, transport, warehousing, postal and courier activities.

The share of small and medium business in the industrial production of Belarus in 2016-2017 was 17.8 percent. The low level of contribution of small and medium business in industrial production can be attributed to problems of access to financial, material and labor resources, new technologies and equipment since industrial production requires much higher expenditures.

Positive dynamics is demonstrated by subjects that are focused on external demand. So, in 2016, the share of products of small and medium business in the total volume of export of goods amounted to 45.4 percent. The results of 2017 showed that this rate increased to 46.9 percent. More than 80 percent of the republic's wholesale trade accrues to small and medium business. Meanwhile, more than 50 percent of this turnover is provided by small enterprises.

In the mean time, it should be noted that in recent years there has been a negative trend in the contribution of small and medium business to fixed capital investments. Thus, in 2017 the share of small and medium business in the overall volume of investments was only 34.4 percent. In the pre-crisis period the value of this indicator reached 42 percent. The decline in investment activity is caused by general deterioration of economic situation, slow recovery in domestic demand, and, to a certain extent, by problems of access to financial resources.

At the present time, a network entities of small and medium business support infrastructure, consisting of 99 business support centers and 27 small business incubators is functioning in the republic (as of July 1, 2018).

Subjects of this infrastructure are mainly located in regional centers and major cities.

However, the contribution of small and medium business to economy of Belarus is much lower than in most developed countries. Thus, in European Union countries the share of SMEs in gross value added is 56.8 percent and the share of employed persons is 66.6 percent.

Over the past 5 years, a number of regulatory legal acts has been adopted in the Republic of Belarus; the acts are aimed at developing and stimulating entrepreneurial initiative, business activity, as well as eliminating excessive administrative barriers imposed on business entities of the republic. The most significant regulatory legal acts are:

- Decree of the President of the Republic of Belarus as of November 23, 2017 №7 “On the development of entrepreneurship”, which provides for

fundamental changes in the system of interaction between government bodies and business, a significant reduction in the interference of public officials in the activity of business entities and strengthening mechanisms of business self-regulation.

- Decree of the President of the Republic of Belarus as of December 21, 2017 №8 “On the development of digital economy”, worked out in the aims of extension of IT industry and establishment of digital economy, as well as, attracting technologies and capital to the country's economy.
- Government programme of support for small and medium business until 2020.
- Strategy for the development of small and medium business” Belarus - a country of successful entrepreneurship” for the period until 2030.

At present, young people are the main bearer of innovative potential of development of modern society, the most important strategic resource of development of any country. Specifically the actions of modern youth determine what entrepreneurship and economy of the country as a whole will represent in 10-15 years. Therefore, youth entrepreneurship should become a top-priority development trend in the period of formation of innovative economy in the country. The importance of youth entrepreneurship is determined not only by its progressive focus, but, as well, by the ability of solving social problems. One of these problems is youth unemployment. As a number of studies shows, more than 70% of university graduates have encountered problems in employment issues. The main problems are: lack of working experience (employment period) - 52.6%, low level of proposed salary - 31.1%. According to statistics, about 300 million young people between the age from 18 to 30 all over the world either do not have a permanent job or are being unemployed. About 20% of them have excellent abilities to start their own business and, for various reasons, only 5% of them take chance of fulfilling it.

The article aims at identifying the level of involvement of youth of the Republic of Belarus in entrepreneurial activities. To achieve this aim the following objectives were formulated: identification of constraining factors for starting entrepreneurial activities among youth through an online survey; development of proposals for activation of youth entrepreneurship in the Republic of Belarus.

The research was conducted in frames of the project “Higher education institutions for youth entrepreneurship”. The questionnaire was compiled in accordance with the aim of the project, which was to determine the environment of youth entrepreneurship, to identify the most significant and disincentive factors in development of youth business by means of collection and analysis of quantitative and qualitative data.

## **LITERATURE REVIEW**

The place and role of entrepreneurial activity in development are the subject of in-depth and diversified scientific research. Considerable interest in the socio-cultural characteristics of entrepreneurial activity is manifested in foreign literature, primarily in the works of such classics as M. Weber, J. Schumpeter, W. Sombart and others.

Representatives of German classical philosophy (I. Kant, J.G. Fichte, G.W.F. Hegel) and classical political economy (A. Smith, D. Ricardo) paid attention to the problem of economic and entrepreneurial activity. K. Marx investigated the heuristic potential of the English economic school, but at present, nevertheless, we are called upon to address the ideas of M. Weber, in whose writings an entrepreneurial “spirit” is analyzed in a rather distinct way.

Currently, one of the leading information projects is the project “Doing Business”, which provides an opportunity to acquire up-to-date information on the state of small and medium business in various countries around the world.

At present, a number of organizations and individual scientists are engaged in research on the development of youth entrepreneurship in the Republic of Belarus (R. Marozau, A. Karpanov and S. Belokhvostov, 2016; E. Shumik, E. Belik and M. Blinov, 2017; I. Kotlyarov, L. Shumskaya, 2014; I. Baikova, 2016; N. Yatsevich, I. Trusevich, 2018, K. Dagenhart, 2014).

One of the most well-known global research projects studying the nature of entrepreneurship is “GUESS” project, which has been held every two years since 2003. The object of this research is students as a stratum of youth with a higher level of education and presumably having better prospects for entrepreneurial activities (Zellweger T., P. Sieger and F. Halter, 2011; R. Marozau, N. Apanasovich, 2016).

It should be noted that in general in research enough attention is paid to the phenomenon of youth entrepreneurship development. At the same time, the issues of youth entrepreneurship development remain open taking into account the national context. The factors that influence the start of entrepreneurial activity among young people remain insufficiently studied.

## **RESEARCH DESIGN AND METHODOLOGY**

For the purpose of wider geographical coverage and accessibility of respondents, reduction of time, cost of conducting a research, as well as avoiding subjectivity of answers when communicating directly with interviewer, the authors preferred such method of conducting research as online survey. The main aim is to study factors that have the greatest influence on the implementation of entrepreneurial activities in the country.

To conduct the survey in accordance with the aim and objectives of the project, a special questionnaire was developed. The questionnaire consists of 7 parts. The introduction of the questionnaire explores the profile of the respondent including country of origin, gender, level of education, place of residence, occupation and interest in becoming an entrepreneur. Further on, there were 4 sets of factors, in each of which generalized statements were presented. The respondent needed to rate them on a scale from 1 to 4 (where 1 is “not a significant factor at all”, 4 is “a very significant factor”). Since young people aged from 13 took part in the survey, the researchers suggested, as well, an

assessment of factor 0 “I cannot evaluate, there is no information”, having supposed that certain factors may not be familiar, may be difficult to estimate.

The first block of statements “Motivation, awareness” includes six statements about the youth motivation to start or develop their own business. The second block “Knowledge, education” suggests assessing the value of 11 factors associated with formal education or other knowledge in the field of entrepreneurship. The third block “Finance” consists of 10 factors related to financial aspects of entrepreneurship. The fourth block “Support” consists of 13 factors, which are proposed to be assessed in terms of importance and significance. The fifth block “What prevents to start a business” consists of 9 statements, the value of which the respondent must evaluate by the level of significance. The final part of the questionnaire is an open question “What are your recommendations for improving youth entrepreneurship in your country?”. The open question allowed collecting some additional qualitative data that were not taken into account in other parts of the questionnaire.

## **FINDINGS**

A total of 314 valid questionnaires were received in the Republic of Belarus. Among those surveyed, 64% are women, 36% are men. The age distribution of the interviewed young people in the Republic of Belarus is as follows: 34.4% of respondents are aged from 13 to 19 years old, 50% are aged from 20 to 25 years old, 8.6% are aged from 26 to 35 years old, 6.7% are aged over 35 years old. 13.7% of respondents have a general education, 37.6% have a complete secondary education, 48.7% have a higher education. 56% of respondents live in large cities, 35.4% live in small cities, 8.6% live in rural areas. The majority of respondents are students - 79% and employees - 19%. Thus, the questionnaires received are representative sampling.

Among the factors motivating to start business, the most frequently mentioned by respondents are: expected high earnings (59%); the opportunity to be independent (47%); the opportunity of creativity (38%); career growth (30%); the opportunity to be an owner (28%); the opportunity to manage (24%); prestige (20%); risk (7%). In response to the question “Interest to become an entrepreneur” 28% of young people indicated that they are interested in starting their own business, 26% of young people thought about starting their own business, but are not confident in their abilities, 25% of young people do not reveal an interest in entrepreneurship.

At the same time, there are low indicators on the following parameters: statements “I have a team”, “I have developed a product prototype”, “First sale took place”, “Entrepreneurship is registered” and “I am an entrepreneur” are ranging from 2-6% each.

The youth questionnaire was compiled specifically for the aim of the project, which is determining the environment of youth entrepreneurship, identifying the most significant and restraining factors in the development of youth business through collecting and analyzing quantitative and qualitative data.

Data collection was performed using WebRopole, data analysis was done using SPSS and Nvivo. To check the accuracy of the questionnaire (entirely and for individual scales of the questionnaire), the Cronbach's Alpha coefficient was calculated.

Table 1

**Cronbach's Alpha coefficient for individual scales of the questionnaire**

Scale	Cronbach's Alpha	Number of items
Motivation, awareness	0,773	5
Knowledge, education	0,869	11
Finance	0,829	10
Support	0,878	13
What prevents to start a business	0,781	9
Youth Survey questionnaire (entirely)	0,931	45

The coefficients obtained demonstrate a sufficiently high reliability and internal consistency of the entire questionnaire and scales separately. The Cronbach's Alpha coefficient ranges from 0.77 to 0.93.

Scale "Motivation, awareness" (3.3) is in the first place - the respondents assigned the highest scores to the factors included in this scale. Scale "Knowledge" (3.1) is in the second place is. A group of factors: "Support" (3.01) and "Finance" (2.95) are in third and fourth places respectively. The factors listed in the scale "What prevents to start a business" are estimated by young people at an average of 3.0 points.

Scale "Motivation, awareness" includes 5 statements (Figure 1). The average rating of 3.3 on the scale means that all the factors in the scale are significant and very significant. Among all the factors of the scale "Motivation", "Self-confidence" factor is considered as the most significant in the assessment (3.39), "Personal motivation to start a business" (3.33). Young people give the least importance to the factor "Ability to create a team" (3.17).

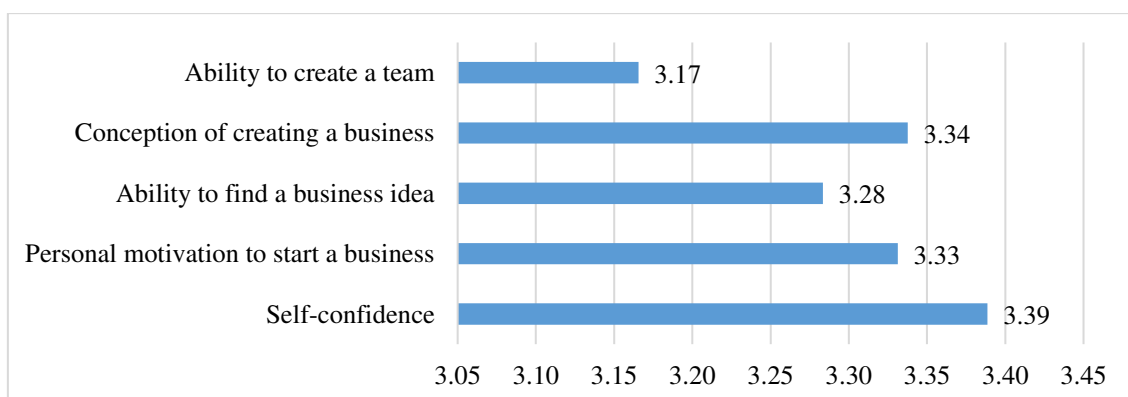


Figure 1. Assessment of factors on the scale "Motivation"



Scale “Knowledge, education” includes 11 statements (Figure 2). The overall average rating on the scale “Knowledge, education” is (3.1), which means that young people suppose that various factors related to knowledge and education are quite important. The distribution of this scale does not correspond to the normal distribution in accordance with the result of the Kolmogorov-Smirnov Test ( $Z = 2.259$ ,  $\text{sig} = 0.000$ ,  $\text{sig} < 0.05$ ). The most significant factors of this scale were identified as follows: knowledge of taxes and financial statements (3.26), knowledge of basics of business (3.24) and knowledge of funding sources, their availability and ability to attract (3.23). Possession of higher education (2.66) and availability of a network of working contacts (2.96) are rated as the least important factors in this scale.

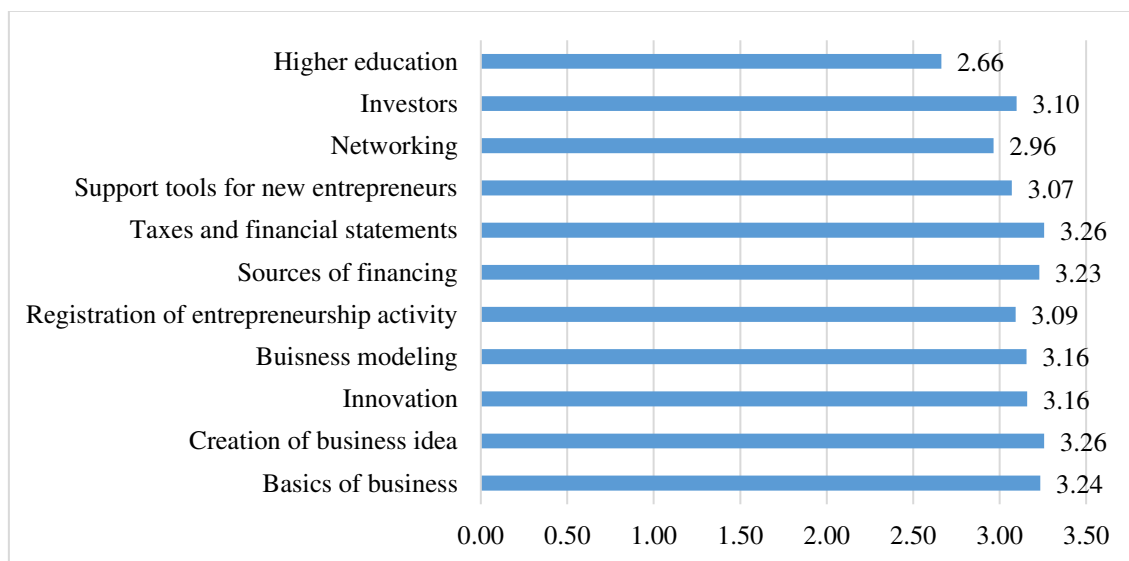


Figure 2. Assessment of factors on the scale “Knowledge, education”

Scale “Finance” includes 10 statements. The youth of the Republic of Belarus assesses factors included in scale “Finance” at an average of 2.95 points. This indicator is quite high, but is inferior to the factors “Motivation”, “Knowledge” and “Support”. Similar to the previous scales, the asymmetry is shifted to the right, which indicates that these factors are estimated by young people mostly above average - as important and very important. The distribution on the scale “Finance” does not correspond to the normal distribution, as evidenced by the Kolmogorov-Smirnov Test ( $Z = 2.193$ ;  $\text{sig} = 0.000$ ;  $\text{sig} < 0.05$ ).

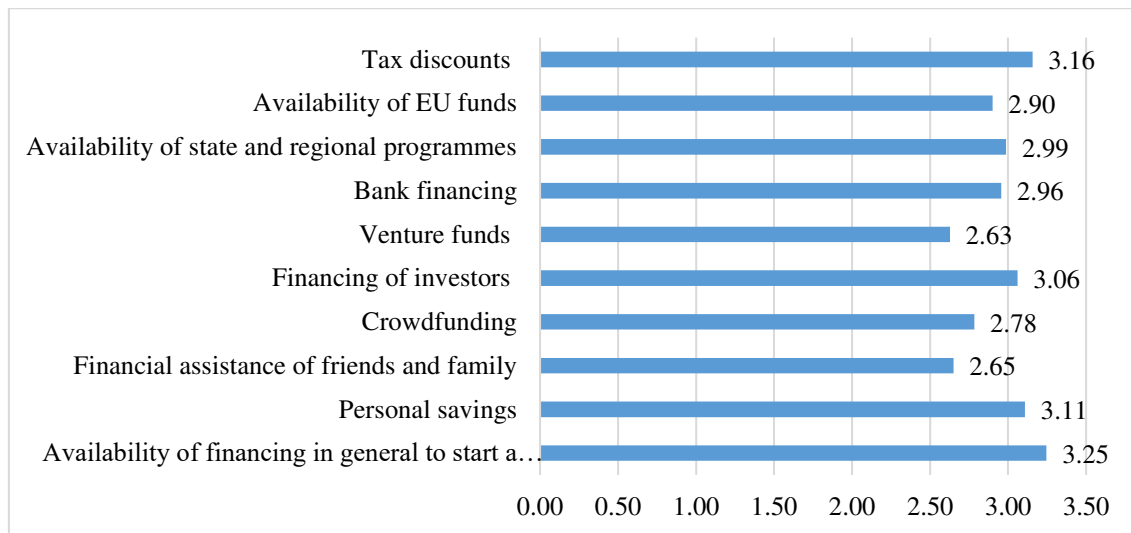


Figure 3. Assessment of factors on the scale “Finance”

As can be seen from Figure 3 the factor of availability of financing as a whole has the greatest value (3.25) for Belarusian youth. According to respondents' perspective, such factors as tax discounts (3.16), personal savings (3.11) and financing of investors (3.06) are, as well, of great importance.

Financial assistance of friends and family (2.65), venture funds (2.63), Crowdfunding (2.78) are considered the least significant factors. In our opinion, such a low assessment of these factors is associated with a lack of knowledge and information about certain financial structures and their capabilities. It is confirmed by the fact that 11.5% out of the total number of respondents indicated that they do not know about venture funds or find it difficult to assess this factor. 7% of respondents do not have information about Crowdfunding.

Scale “Support” contains 13 statements about various options and ways of support from the near and far environment (for example, educational institutions, government, experienced entrepreneurs) (Figure 4). The average rating of factors in this scale is 3.01. The distribution on this scale does not correspond to normal distribution.

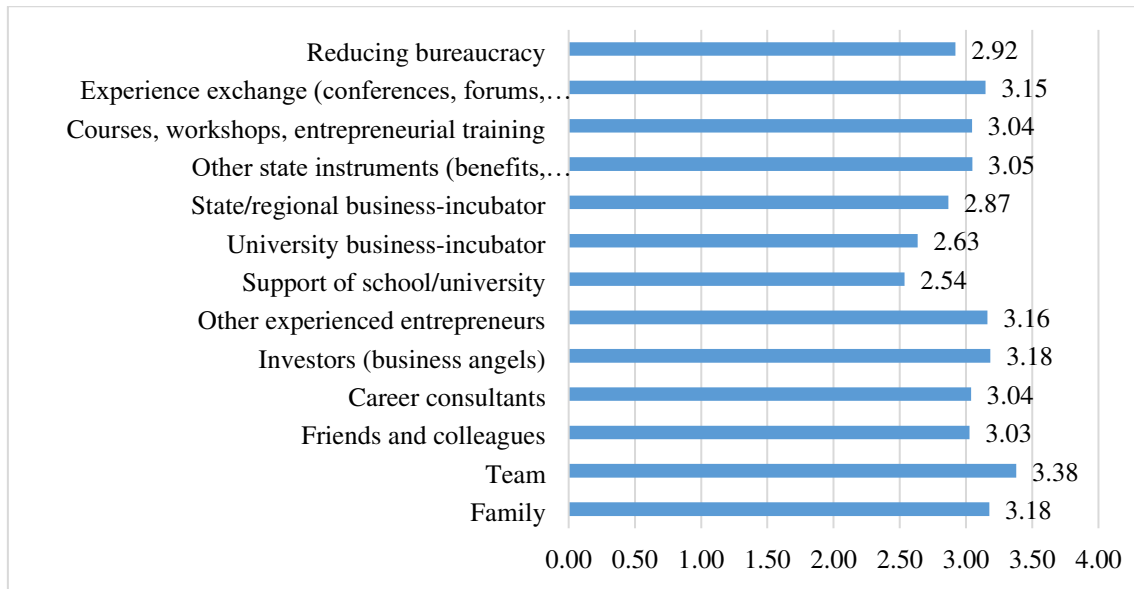


Figure 4. Assessment of factors on the scale “Support”

Having investigated indicators on the distribution of factors of scale “Support”, it is clear that the main support for starting a business is needed from the team, family, and investors. They are followed by such factors as support of experienced entrepreneurs and the exchange of experience. Support from the government, educational institutions in the opinion of respondents is of the least importance. Therefore, it can be concluded that, according to respondents’ opinion, psychological support is of more particular importance, rather than physical or financial support.

Scale “What prevents to start a business” (Figure 5) is optional and explores factors that can act as demotivators for starting a business. Among them are age, experience, lack of knowledge, lack of support, lack of courage, etc. The factors of this scale are estimated at 3.0 and are quite important.

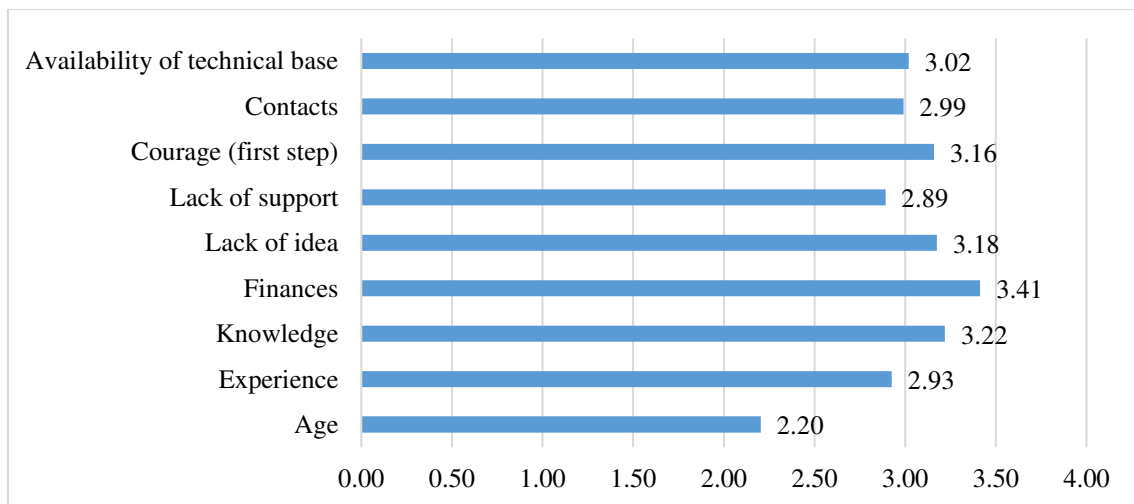


Figure 5. Assessment of factors on the scale “What prevents to start a business”

The data in Figure 5 shows that the main disincentives are the lack of funding and knowledge. Another significant factor is lack of courage. The result of this scale is consistent with the results of the previous scales.

Thereby, the main part of the surveyed residents of Belarus (50.3%) were young people between the ages of 20-25, students or people with higher education, mostly women (64%), 54% of which are interested in starting their own business or are thinking of it.

Analysis of the qualitative data of the youth survey showed that 528 semantic units of answers were received out of analyzed 314 valid questionnaires, which contained answers to the open question “What are your recommendations for the development of youth entrepreneurship in your country?”. They were divided into eight categories which are almost identical to the above mentioned scales: motivation, awareness; knowledge, education; exchange of experience, examples of professionals; state and EU support; information; finance; assistance, support; business incubators. Table 2 summarizes the results of content analysis.

Table 2

### Summary of the results of content analysis

Category (number of units)	Claim blocks in categories (number of units)	Examples of statements
Motivation, awareness (138)		More confidence. Find your goal, strive for it, develop your idea and never give up. Do not be afraid of taking risk. Creative thinking. Do not be afraid to take the first step
Knowledge, education (132)	More business education at schools (99)	Increase the number of business education programmes. Promote the study of entrepreneurship at schools. At educational institutions it is necessary to conduct workshops and lectures on entrepreneurship.
	Knowledge acquisition at various seminars, trainings, consulting services (22)	It is necessary to conduct more multi-stage business trainings. Organize meetings among young people and successful entrepreneurs. Transfer practical experience on what is a real business and how to create it. Organize more in-training courses, workshops
	Development of practical knowledge and skills (7)	Develop your own business project in the process of learning at school or university. To study the statistical and accounting reports of actually working organizations in practical classes. To do independent calculations, to describe scenarios and business models.
	The value of already existing knowledge in the field of business (4)	One of the most important factors is the ability to draw up a business plan for a particular idea. The entrepreneur must be educated and have knowledge in various fields of activities. It is important to understand what you are doing.

Continuation of Table 2 on next page

Table 2, continued

Exchange of experience, success stories (73)	Exchange of experience (58)	Contribute to the formation of an environment of young, efficient business leaders. Participate in experience sharing workshops. Ability to work under the guidance of experienced entrepreneurs (mentoring).
	Success stories (15)	Meetings with existing entrepreneurs. Support ideas by experienced entrepreneurs. Exchange information and opinions with experienced entrepreneurs. To conduct trainings and conferences with well-known entrepreneurs who started a business from scratch.
State and EU support (52)	Support through programmes and funds (27)	Improve government programmes to support small business. State support is very important for the development of innovation. Creating new jobs for young people. New organizational forms for young entrepreneurs. Support by various government agencies at different levels. More financial support from the European Union. Support from the state, Euro funds, etc.
	Reducing the tax burden and bureaucracy (25)	Often, the existing tax system is an obstacle for small business development. It is possible to reduce the tax burden or completely exempt start-ups from taxes.
Information (51)		More information about the possibilities of starting your business. More information about the European funding and small business support. Many people do not know that they can get financial support and where to go for it. Not enough information about business incubators. More accessible and understandable information about taxes. Online information platform about youth business. Advertise events for young entrepreneurs.
Finance (44)		Funding for the youth start-ups. More help with financing. Start-up capital. Increase financial support at the initial stage. Getting information about how to attract investors. Attraction of financing through various projects.
Assistance, support (28)		Youth support: financial, experience transfer, help with ideas, etc. More assistance and trust is needed so that young people can become entrepreneurs. Support from the university (activities that provide a small, but seed capital). Team support. Opportunity to be heard, help from the side.

Continuation of Table 2 on next page

Table 2, continued

Business Incubators (2)		Creating a larger number of business incubators. Actively disseminate information about business support centers. Business incubators are needed in small towns.
Other (3)		This block includes single answers that are not correlated to existing categories, for example: need more practice, less theory; it is important to sensibly assess and use the resources already available; criticism of the current situation in the country, etc.

Summarizing the results of the **content analysis** of the answers to open question, it can be noted that the youth of the Republic of Belarus believes that the most important factor for a successful start and development of a business is self-confidence and high personal motivation. Knowledge is considered as a necessary initial resource. To start a business, it is especially important to have knowledge of the sources of financing, basics of business and the tax system in the country. This is followed by practical knowledge, for example, how to choose and build a business model, business registration process, etc. At the same time, respondents note that knowledge must be constantly deepened and expanded through participation in workshops and trainings. The analysis of qualitative data showed that the Belarusian youth considers it necessary to provide knowledge of business starting from school course.

The most important factor for youth business among the factors of the scale “Finance” is the availability of financing in general in the country, as well as, the availability of EU funds. Young people feel an urgent need for real action by the state - reducing the tax burden and simplifying bureaucratic procedures, providing jobs, introducing state support tools and EU programmes. Belarusian youth focuses on the need for constant, accessible, understandable information about the possibilities of financing and developing their business. Thus, among the factors that prevent starting a business, the most important is the lack of finance and knowledge. According to the respondents, age prevents starting a business least of all.

### **Analysis of expert evaluation**

7 experts were surveyed in the course of the research. All experts have experience of minimum 3 years in entrepreneurship activity and business management. 2 respondents have special education in the field of business management or similar education (master, postdoctoral student, doctorate degree candidate, doctorate degree). 1 person among the respondents was engaged in research activities over the past 5 years. None of the expert has experience of participation in international events related to entrepreneurship. There are no representatives of state bodies among the respondents, as well, whose professional activities include development of entrepreneurship.

In the questionnaire the experts were offered a number of indicators characterizing business environment. Based on the experts' answers for each of the criteria presented, the average value was calculated. The results of significance evaluation of each criterion are presented in table 3.

Table3

**The results of significance evaluation of each criterion by the experts**

<b>No.</b>	<b>Creterion</b>	<b>Average value</b>
1	Political and economic stability in the country, security	5,00
2	State support for youth entrepreneurship (entrepreneurial climate)	7,00
3	Levelofbureaucracy	5,00
4	How easy is it to start a business (procedures, time, costs)	7,33
5	Opportunities of obtaining funding: Venture Capital	3,33
5.1	Opportunities of obtaining funding: Bank crediting	4,33
5.2	Opportunities ofobtainingfunding: State funding (scholarships, support programmes	4,67
5.3	Opportunities of obtaining funding: Availability of EU financial funds	4,33
5.4	Legislationsupportingentrepreneurialactivity	6,67
5.5	To what extent taxes are favorable for the development of entrepreneurship	6,00
6	Levelofcorruption	4,67
7	State support tools (benefits for youth entrepreneurship, mentoring, consulting services, school enterprises, business incubators, etc.	5,67
8	Awareness of entrepreneurs on state support tools	7,33
9	To what extent environment at various educational institutions influences youth entrepreneurship: at schools	5,00
9.1	To what extent environment at various educational institutions influences youth entrepreneurship: in the field of informal and lifelong education	5,00
9.3	To what extent environment at various educational institutions influences youth entrepreneurship: at higher education institutions	5,67
10	Opportunities of experience exchange (forums, idea contest, business-clubs, etc.)	6,00
11	Openness to world and European experience	8,67

Scale “Openness to world and European experience” (8.67) is in the first place. The respondents assigned the highest scores to the factors included in this scale. Thus, 42.8% of experts put the highest scores on this criterion (10 and 9). The second place was shared by the scales “Possibility to easily start a business (procedures, time, costs)” and “Awareness of entrepreneurs on state support tools” (7.33). 85.7% of experts believe that it is quite easy to start a business in the Republic of Belarus. In their opinion, it is due to a quite simple and not expensive procedure for registering an enterprise (2 days to register

an enterprise), as well as, availability of sufficient information about the registration process. Scale “State support of youth entrepreneurship” is in the third place. According to the experts’ opinion, this is facilitated by the State Programme of Small and Medium Business Support, as well as, efforts of the republic’s business community aimed at multifaceted support of youth entrepreneurship.

Experts believe that the following criteria are quite significant: legislation supporting entrepreneurial activities; tax policy; experience exchange opportunities (forums, idea contests, business -clubs, etc.); state support tools (benefits for youth entrepreneurship, mentoring, consulting services, school enterprises, business incubators, etc.); political and economic stability in the country, security; level of bureaucracy; environment at various educational institutions. Most experts consider that according to these criteria, the situation in the Republic of Belarus facilitates development of youth entrepreneurship.

However, some experts note the following limiting factors for business development: periodic, rapid and difficult to predict weakening of the Belarusian rouble against foreign currency; poor solvency of public sector enterprises; venture financing (is still gaining essential popularity among investors); private banks are willing to cooperate only with successful entrepreneurs; commercial loans are not available for new entrepreneurs; most economic education institutions give priority only to theory, while practice is nominal, and entrepreneurial initiatives are not supported.

The remaining criteria vary from 4.67 to 3.33 points among the experts. Consequently, they are not significant for development of youth entrepreneurship in the Republic of Belarus.

## CONCLUSIONS

In summary, in frames of the research conducted among young people and experts on the development and support of youth entrepreneurship in the Republic of Belarus, it can be concluded that the interviewed groups generally share similar opinion and consider that the main positive factors contributing to development of youth entrepreneurship in Belarus are:

- legal framework supporting entrepreneurial activities;
- awareness of entrepreneurs on state instruments of entrepreneurship support;
- opportunity of exchanging experiences between young entrepreneurs and experienced businessmen.

As well, young people and experts consider that one of the necessary conditions for development of youth entrepreneurship in the country is the need of providing knowledge about business at school.

Constraining factors for development of youth entrepreneurship, in the opinion of young people and experts, are:

- almost complete lack of information on venture financing;
- difficulties in obtaining commercial loans for new entrepreneurs;



- lack of courage among young people to take the first step in entrepreneurship.

At the same time, in contrast to the opinion of young people, experts believe that it is quite easy to start a business in the Republic of Belarus. In their opinion, it is primarily due to a quite simple and not expensive procedure for registering an enterprise (2 days to register an enterprise), as well as, availability of sufficient information about the registration process. However, young people consider that they have very little knowledge and information in this area.

Experts and young people look at the current tax legislation and state support for entrepreneurship in the Republic of Belarus in different ways. Experts consider these factors more likely as positive, contributing to development of youth entrepreneurship in the republic.

However, young people feel an urgent need for real action by the state in terms of reducing the tax burden and simplifying bureaucratic procedures, introducing state support instruments and EU programmes to develop the infrastructure for youth entrepreneurship support.

## REFERENCES

1. Andersen, Esben S. (2011), Joseph A. Schumpeter A Theory of Social and Economic Evolution, Palgrave Macmillan UK.
2. Baikova, I. (2016) "The technique of a complex estimation of labor potential", Labor. Unions. Society, No.2, pp.11-15.
3. Baikova, I. (2017), "Foresight as basis of the development strategy of labour potential", in Garafonova, O.(Ed.), Foresight management: formation and transformation adaptive business organization, Tbilisi, Georgia, pp. 47–56.
4. Dagenhart, K. (2014), "Problems of development of entrepreneurship in Belarus", accessible: [https://library.by/portalus/modules/beleconomics/readme.php?subaction=show\\_full&id=1399202997&archive=&start%20\\_from=&ucat=&](https://library.by/portalus/modules/beleconomics/readme.php?subaction=show_full&id=1399202997&archive=&start%20_from=&ucat=&) (accessed June 24, 2019).
5. Doing Business (2018) "The World Bank Group Flagship Report", accessible: <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB2018-Full-Report.pdf> (February 12, 2019).
6. Getzman, V., Trusevich, I. (2017), "The state of youth entrepreneurship in the Republic of Belarus", in Modern information technologies in education, science and industry 2017 proceedings of the international conference in Moscow, Russia, 2017, 139-141.
7. Kolesnikov, A., Yatsevich, N., Trusevich, I. (2018) "The development of entrepreneurship in the Republic of Belarus is a strategic platform for cooperation with the border regions of Ukraine", Economic strategy and prospects for the development of trade and services, No.2 (28), pp. 100–112.
8. Kotlyarov, I., Shumskaya, L. (2014) "Development of youth entrepreneurship in the countryside", Science and Innovation, No.10, pp. 40-43.
9. Marozau R., Karpanov A. & Belokhvostov S. (2016) "Entrepreneurial university as a social entrepreneurship actor and facilitator in Social Entrepreneurship - a European Challenge", Sandal Institute : Oslo, Norway, 2016, pp. 7-18
10. Marozau, R., Apanasovich, V. (2016) "Global University Entrepreneurial Spirit Students' Survey. National Report. Republic of Belarus", accessible:

[http://www.guesssurvey.org/resources/nat\\_2016/GUESSS\\_Report\\_2016\\_Belarus.pdf](http://www.guesssurvey.org/resources/nat_2016/GUESSS_Report_2016_Belarus.pdf) (accessed February 9, 2019).

11. Marx, K. (2008), *Capital: An Abridged Edition*, McLellan D. (Ed.), Oxford, UK.
12. National Statistical Committee of the Republic of Belarus (2018), accessible: <http://www.belstat.gov.by> (accessed February 3, 2019).
13. Ricardo, D. (1817), *On the Principles of Political Economy and Taxation*. Piero Sraffa (Ed.), Cambridge University Press.
14. Schumpeter, J.A. (1983), *The Theory of Economic Development: An Inquiry Into Profits, Capital, Credit, Interest, and the Business Cycle*, Transaction Publishers.
15. Shumik, E., Belik, E., Blinov, M. (2017), “Youth enterprise: problems and solutions”, *Tomsk State University Journal of Economics*, No. 40, pp. 184-194.
16. Small and medium enterprises of the Republic of Belarus (2018), accessible: <http://www.nalog.gov.by/ru/svedeniya-predprinimatelstvo/> (accessed February 3, 2019).
17. Smith, A. (2015), *The Wealth of Nations: A Translation into Modern English*, Industrial Systems Research.
18. Sombart, W. (1967), *The quintessence of capitalism: a study of the history and psychology of the modern businessman*, New York: Howard Fertig.
19. Trusevich, I. (2018), “Support of Youth entrepreneurship in the Republic of Belarus”, in *Youth Entrepreneurship in the Eastern Partnership Countries 2018 proceedings of the international conference in Batumi, Georgia, 2018*, BSU, Batumi, pp. 183–189.
20. Weber, M. (1925), *Wirtschaft und Gesellschaft*, Tübingen.
21. Yatsevich, N. (2018), “Institutional environment for small business support in the Republic of Belarus”, in *Youth Entrepreneurship in the Eastern Partnership Countries 2018 proceedings of the international conference in Batumi, Georgia, 2018*, BSU, Batumi, pp. 91–94.
22. Yatsevich, N., Trusevich, I. (2018), “Development of entrepreneurship in the Republic of Belarus”, in *Ukraine-Bulgaria-European Union: current state and prospects 2018 proceedings of the international conference in Varna, Bulgaria, 2018*, Varna, 164–168.
23. Yatsevich, N., Trusevich, I., Kaznachevskaya, L. (2018) “Youth and entrepreneurship: basis of creation of University 3.0”, *Consumer cooperation Journal*, No. 4 (63), pp. 18-22.
24. Zellweger, T., Sieger, P., Halter, F. (2011) “Should I stay or should I go? Career choice intentions of students with family business background”, *Journal of Business Venturing*, No. 26 (5), pp. 521–536.

# Changes in Moldovan entrepreneurship to achieve sustainable development

---

Cornelia Crucerescu

## ABSTRACT

**Purpose.** The aim of the research is to highlight the achievements of the Republic of Moldova in integrating the Sustainable Development Agenda 2030 into the country's policies and the role of entrepreneurship in their implementation.

**Design/methodology.** The basic concepts of sustainable development were defined and its economic, social and environmental specifics were mentioned. Is described How Agenda 2030 is integrated into the policies of the Republic of Moldova, taking into account the country's priorities and peculiarities. There were mentioned the changes that take place in the economic, social and environmental Moldovan entrepreneurship activity in order to contribute to the sustainable development of the country.

**Findings.** The basic finding of the research indicates that the implementation of the concept of sustainable development of society entails some changes in the development policies of the countries, in the mentality of the people and not least in the entrepreneurial activity. Sustainable entrepreneurship must be innovative and effective not only for the sake of enrichment but also to save non-renewable resources, to invest in environmental protection technologies and to have a social impact on all actors in entrepreneurship.

**Research limitations.** The paper is more descriptive, identifying the country's priorities for sustainable development and the changes that have been made for this purpose in the entrepreneurial activity. The issue of the implementation of the sustainable development objectives is quite complex and therefore will serve as a study objective for future researches separately for the economic, social and ecological specificity of the sustainable development in RM.

**Originality.** The value of the review consists in describing and appreciating the process of adaptation of the Republic of Moldova to the European principles of sustainable development, finding the ways in which the local entrepreneurship tends to implement the economic, social and ecological aspects of the sustainable development.

**Keywords:** Sustainable development, country policies, social entrepreneurship, Corporate Social Responsibility, environmental fiscal reform, green economy.

**Paper type:** General review

## INTRODUCTION

In Moldova, the entrepreneurial practice is relatively young. Entrepreneurship education is a priority of the country and it is directed to two dimensions. On the one hand, it is necessary to build a society capable of carrying out entrepreneurial activities according to the principles of market economy, starting with state regulations for creating a favorable entrepreneurial environment, and continuing with the training of citizens, especially young people, in acquiring the appropriate skills, knowledge and motivation to pursue entrepreneurial activity and encouraging them to achieve entrepreneurial success. On the other hand, as a country that tends towards European integration, entrepreneurship education must be in line with the European principles of sustainable development, based on an ethical, conscientious, intelligent and inclusive way of life.

Entrepreneurship tends to be associated with the economic development and welfare of a nation. Entrepreneurs are the ones who introduce new technologies, promote new products, stimulate the discovery of new resources and mobilize capital. In addition, entrepreneurial activity provides jobs for most of the population; it contributes to economic growth and to combating poverty.

Sustainable development is defined as “the development that meets the needs of present without compromising the ability of future generations to meet their own needs” (UN Brundtland Report, 1987). According to the principles of sustainable development, entrepreneurship should not develop at any costs, because an entrepreneur based on selfishness is destructive. As profitable as it may be for society, it can be equally destructive in the long run if the phenomena of depletion of non-renewable material resources, human exploitation, overpopulation and asphyxiation of cities, soil degradation and environmental destruction by industry-derived products are not the subject of a restricted control. The state authorities of each country have the role of mediators in shaping the sustainable course of entrepreneurial development.

In September 2015, the Republic of Moldova, together with the UN member states, pledged to implement the Sustainable Development Agenda 2030, adopted at the United Nations Summit in New York, offering a new development approach centered on promoting human rights in all its aspects. Therefore, people's interests are at the heart of the development process, which can only be achieved in a sustainable way by empowering people to participate, contribute, and benefit from economic, cultural, social and political development in the basis of a common position in which all human rights and freedoms are respected (Agenda 2030, 2015).

In Moldova, the National Council for Sustainable Development (HG nr. 912, 2016) was established, which is concerned with the fulfillment of the commitments of the Agenda for Sustainable Development 2030. Agenda 2030 is very complex, comprising 17 general goals and 169 specific objectives covering all key aspects of development: (i) economic, (ii) social and (iii) environmental and encompassing the priorities and peculiarities of each country. Therefore, after being adopted globally, the Agenda needs to be adapted to the specific context of each country (nationalized) to make it meaningful, feasible and effective. Eradicating poverty and hunger, ensuring food security, improving nutrition, modernizing education, ensuring access for all to energy services, economic growth,

improving infrastructure and developing agriculture are just a few of the Agenda targets that are pursued and applied in the Republic of Moldova through country policies and the activity of the National Council for Sustainable Development (Adapted Agenda 2030, 2017).

## **RESEARCH METHODOLOGY**

The research methods used were the analysis of the country policies to identify the priority directions of sustainable development and the identification of the changes in the local entrepreneurial activity oriented towards sustainable development. The priority directions and the actions to achieve sustainability were mentioned for each aspect: economic, social and environmental. For this purpose, reference has been made to country policy papers and project studies. The bibliographic sources used allowed us to inspire, understand the study of the problem and define the main concepts used in the work. The dynamic analysis of business activity indicators after 2015 period was used to track what changes were made after signing Agenda 2030.

## **PRIORITY DIRECTIONS OF SUSTAINABLE ECONOMIC DEVELOPMENT IN THE REPUBLIC OF MOLDOVA**

Contrary to the utopian theory of "Zero Growth" (Meadows, 1972) advocated for the reduction of pollution, exhaustion of non-renewable resources and consumption in developed regions of the world "in the proportion of absurd waste" (Mesarovic, Pestel, 1975) we believe that economic development is a necessary and central one in sustainable development as a guarantor of inclusion and as a source of income for the implementation of social objectives. The economic aspect of sustainable development must be based on smart growth, which involves decent work, the implementation of innovations, the discovery of new materials, the building of sustainable infrastructures and the development of environmental protection technologies.

All Agenda 2030 sustainable economic development objectives were considered relevant to the Republic of Moldova and included in country policy papers.

Moldova has the lowest GDP per capita in Europe (Concept note SND "Moldova 2030"). Therefore, rapid growth is needed to reach the level of neighboring countries and ensure dynamic economic and social development.

The economic growth of countries depends on the available resources, the level of infrastructure, access to finance, the level of research-development and the capacity to implement innovations.

Moldova has limited resources and therefore the only source for increasing competitiveness, job quality and population welfare is labor productivity, which can be enhanced by investing in innovation and technology with a focus on increased value-added sectors and labor intensive use. According to the National Strategy for attracting investments and promoting exports for 2016-2020, the priority sectors of Moldova are (i)

information and communication; (ii) manufacture of machines and equipment; (iii) administrative service activities and support service activities; (iv) manufacture of machinery and parts; (v) manufacture of textile products, clothing manufacture and footwear manufacture; (vi) electrical equipment; (vii) food industry and agriculture.

According to the research carried out by the National Bureau of Statistics of Moldova (NBS RM), the number of innovative enterprises in the period 2015-2016 constituted 21% of the 3 233 enterprises included in the research. Of the total number of innovative enterprises, 41% achieved several types of innovations (products, processes, organizational and marketing methods), 23% achieved product and /or process innovation, 36% - developed method innovations organization and/or marketing. Of the total number of innovative enterprises, 54% worked in the industry (of which 48% in manufacturing) and 46% in the services sector (23% in wholesale, 9% in transport and storage, 7% - information and communications). Enterprises have made product and process innovations through several development ways. In general, businesses are innovating their own products and processes independently. The highest degree of cooperation is recorded in process innovation. Innovation of products and processes through cooperation has the following structure: 28% - with suppliers of equipment, materials, components or software, 26% - with other enterprises, 25% - with customers or buyers, 13% - with universities and research institutions; according to the location of the cooperation partner: 70% - with partners in the Republic of Moldova, 19% - with partners in the European Union and 11% - with partners from other countries.

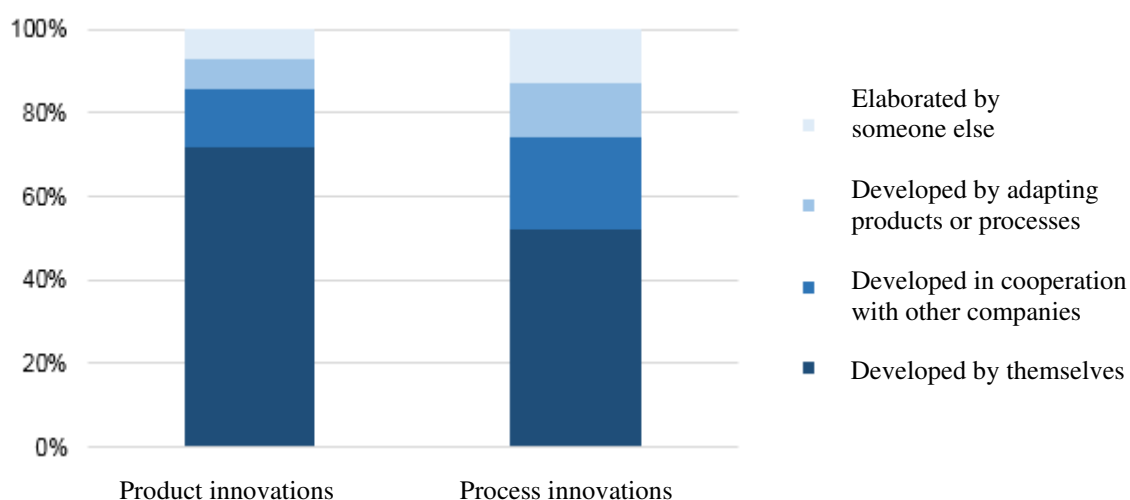


Figure 1. Product and process innovations by way of development, 2015-2016,  
Source: NBS RM, [www.statistica.md](http://www.statistica.md)

The private sector continues to be the main engine of economic development. Therefore, country policies should encourage enterprises to be productive, innovative, create decent jobs, with a particular focus on micro, small and medium-sized enterprises (SME), which are the most flexible and more numerous.

According to the NBS RM, in 2017 the number of SME was 53.6 thousand enterprises, which is about 98.6% of the total number of enterprises. The number of employees of SME for the reporting period amounted to 323.3 thousand people, which amounts to 61.2% of the total number of employees of all enterprises. Revenues from SME for the same period amounted to 137,506.1 million lei, or 41.5% of the amount of income from sales in the whole economy. The index of the main SME indicators shows a growth trend (*Figure 2*). The most representative is the index of the number of employees, as this indicator is closer to the reality of SME's functioning. The modest level of this index speaks of the slow pace of development in this sector. The high intensity of SME sales growth is about increasing labor productivity but should be corrected with inflation. The increase in the number of SMEs is 7,6%, a positive first-time situation, but there is interest in the rate of active and survival enterprises.

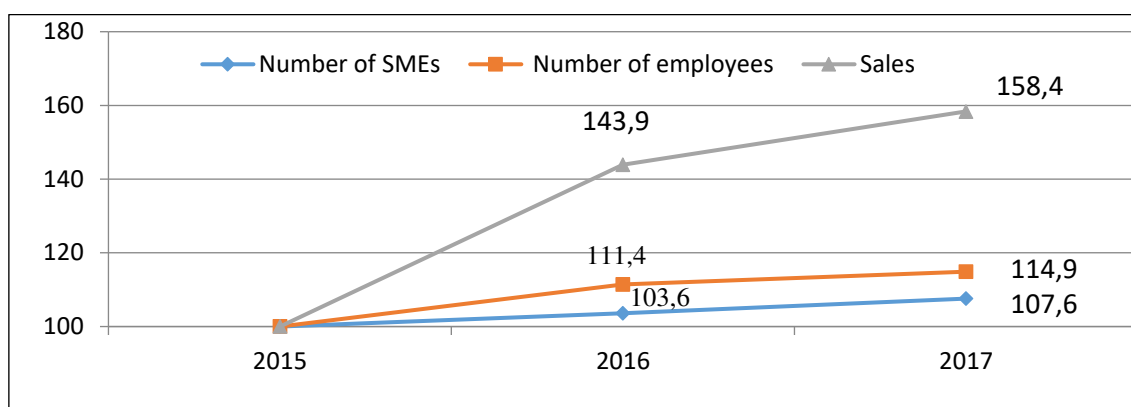


Figure 2. Indexes of the main indicators for the activity of SME for 2015-2017, %, Source: NBS RM, [www.statistica.md](http://www.statistica.md)

A statistical survey conducted by NBS RM for 2016-2017 period showed that the number of active enterprises growth and accounts for about 72,4% and 71,3% of the total number of reporting enterprises. Both demographic indicators are on the rise. The share of liquidated enterprises increased more than that of newly created enterprises, a situation explained by the simplification of the procedure for the liquidation of enterprises. Even if the share of enterprises survived after one year of activity is increasing, the degree of survival after two years of activity remains at the level of 2016.

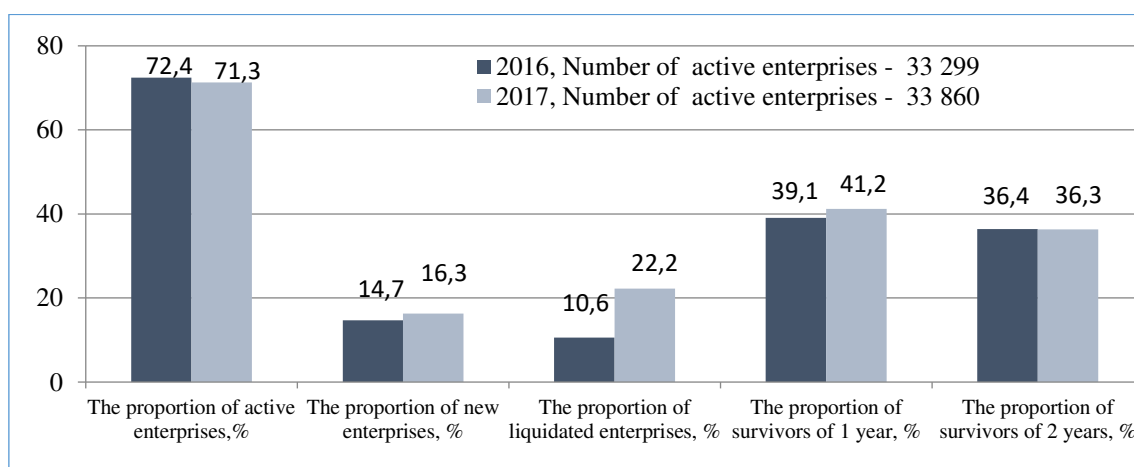


Figure 2. Demographics and survival of enterprises, Source: NBS RM, [www.statistica.md](http://www.statistica.md)

The analyzed information allows us to conclude that the growth recorded in the business activity is quite modest. The country needs a more rapid growth, but domestic products have to cope with global competition.

Poor infrastructure is one of the main constraints affecting the competitiveness of the Republic of Moldova. According to the Global Competitiveness Report 2018, Moldova ranks 130th in road quality and 136th in cluster development. One of the national targets is the development of quality and sustainable infrastructure in the country's regions, with wide and fair access for all, in according to support economic development and population welfare.

Significant increase in access to information and communication technologies and promotion of universal access to the Internet, both from an economic point of view (ensures increased competitiveness), but also from a social point of view (ensures better interconnection between people, and allows modernization of public services and increasing the population's access to them) is of vital importance for the country.

In order to achieve good results regarding the entrepreneurial activity in the Republic of Moldova, it is necessary to improve the business support infrastructure by creating and developing industrial parks, business incubators, reducing the process of reducing bureaucracy in the setting up and functioning of new enterprises, better information of the population on government programs to stimulate private initiative, more popularization of the entrepreneurial affairs registered by local entrepreneurs.

## **THE ROLE OF ENTREPRENEURSHIP IN SOCIAL DEVELOPMENT**

Speaking about the social aspect of sustainable development, we are talking about eradicating poverty and hunger, ensuring food security, improving nutrition and promoting sustainable agriculture, ensuring a healthy life and promoting the well-being of all at any age, guaranteeing quality education and promoting learning opportunities lifelong learning for all, achieving gender equality, access to basic services, equal rights and opportunities and social inclusion (Agenda 2030).

Entrepreneurship plays a decisive role in social development and not only through the creation of new jobs that will provide a source of income for employees, but also by creating a significant social value by improving working conditions, contributing to the formation of funding sources for social programs, environmental and tax issues. Today, the perception of a successful company is no longer associated only with profit maximization but also with its positive impact on society by developing the so-called Corporate Social Responsibility (CSR). The main idea of CSR is that businesses have an obligation to work to meet the needs of stakeholders and engage in creating value rather than creating wealth (Jamali & Mirshak, 2007).

Often, CSR is used to enhance the image. Earlier private sector promoters have already aligned their business objectives with SDGs, creating "sustainable brands" that are launched on the market and involve high business development rates (Chakravorti, 2017).



Corporate leaders feel pressured by activists to take action on various social issues, and by donating money to a social issue it is easier to make friends and positive associations. The “feel-good” of CSR seems to be evidence enough (Porter, 2003).

Starting with 2009, the annual SME contest "Corporate Social Responsibility Model" is organized in Moldova, initiated and successfully implemented by the SME Development Organization (ODIMM). However, we mention that the principles of corporate social responsibility represent only a small part of the 17 objectives of sustainable development. This means that for businesses there is a wide range of other activities that can generate a benefit for both society and the private sector.

The state has an important role in creating the conditions and rules of the game for the development of society, but the initiative and involvement must belong to all actors and beneficiaries. Education of civic spirit, responsibility and creativity of citizens in solving various social problems is a necessity in achieving a high level of inclusion. Lately, social entrepreneurship, which represents the continuous activity of manufacturing production, execution of works or provision of services for the purpose of obtaining income for use for social purposes, including for the provision of social services, is developing with a great extent. The goal of social entrepreneurship is to solve social problems and to increase the employment of people belonging to disadvantaged groups. Social entrepreneurship contributes to increased social inclusion, job creation, the involvement of people belonging to disadvantaged groups in economic activities and facilitating their access to social resources and services.

## **GENERAL ASPECTS OF SUSTAINABLE ECOLOGICAL DEVELOPMENT IN THE REPUBLIC OF MOLDOVA**

The ecological aspect was at the origin of the concept of sustainable development. For the first time the problem of environmental damage from human activities which threatens the very future of mankind was seriously discussed in 1972 at the Environment Conference in Stockholm. Over the years the theories surrounding environmental protection have evolved, placing different accents in its complexity. In 1986, in the Brundtland Report, WCED, entitled "Our Common Future", it is admitted that economic development can not be stopped, but strategies need to be changed so as to match the ecological limits offered by the environment and the resources of the planet. A more recent concept is that of the green economy, which Karl Burkart (2012) defined as the most successful one, was based on six main sectors:

1. Renewable energy (solar, wind, etc.);
2. Green buildings (eg LEED - Leadership in Energy and Environmental Design);
3. Alternative fuels (electric vehicles, hybrids or alternative combustion engines);
4. Water management (water purification, rain water collection systems, etc.);
5. Waste management (recycling, storage, etc.);

Territorial management (including organic farming, habitat conservation, urban-park afforestation, reforestation and land stabilization).

These sectors could serve as benchmarks in future entrepreneurial programming, both in terms of choosing the field of activity and in terms of managing the negative effects of business on the environment. In particular, the second becomes extremely important since the European Union is advocating for Environmental Tax Reform (RFN). The benefits of RFNs have been recognized as part of the Europe 2020 Strategy in March 2010, encouraging Member States to move from high taxation of labor to taxation for environmental pollution and energy use and to resort to the elimination of adverse environmental subsidies. Environmental taxes promote more rational use of natural resources and reduce pollution. They are also a good incentive for technological innovation, including waste processing.

The Government of the Republic of Moldova has pledged to implement RFN to respond to global energy, environmental and sustainable development challenges. The reform is carried out with the support of the Global Environment Facility and the United Nations Development Program. The reform is based on several principles:

- **the polluter pays** - the correct and prudent taxation and taxation of all polluting activities, ranging from industrial production to the use of personal machinery;
- **the user pays** - setting appropriate tariffs for the use of natural resources, including water, air and soil, and fossil energy sources such as coal or natural gas;
- **pollution prevention and control** - the obligation of the central and local public administration authorities to prevent the degradation of the environment and to protect and preserve it for future generations;
- **sustainable planning and budgeting at local and central level** - covering both the immediate needs of community development and long-term development friendly goals;
- **encouraging eco-technology innovations** in all areas of life and the economy, including agriculture, energy, construction, but also in public institutions, schools, hospitals and housing.

Sustainable development and promotion of the green economy are development priorities for the Republic of Moldova. These are reflected in the country's main policy documents. Several programs and projects of ecological nature have been carried out in Moldova.

The program - **"Promoting green economic development"** in Eastern Partnership countries (EaP GREEN) is a regional program, the goal of which was the assistance of the countries of the Eastern Partnership of the European Union (EaP) in their transition to the green economy. In the framework of the intergovernmental and international cooperation in the field of "green" economy, RM is looking for energy and resource efficient technologies based on a better analysis of the interaction of economic and ecological factors. A separate project of the EaP GREEN program is the "Greening of SMEs" (OECD) project, which aimed at fulfillment a sectoral evaluation and presenting recommendations for the development policies of the SME sector in terms of promoting the principles of the green economy. The results of the project have been reflected in the Action Plan of the Small and Medium Enterprises Development Strategy for the years 2018-2020, Priority 8 "Developing the green economy for SMEs. This includes

recommendations for the development and implementation (through political and legislative changes) of specific regulatory, information and financial instruments for the greening of SMEs. The project "Energy and Biomass in Moldova" aims to contribute to the creation of a safe, competitive and sustainable system for the production of energy from renewable sources, especially biomass from agricultural waste. The project has contributed to increasing the consumption of energy from renewable sources predominantly in public institutions and households in rural communities. project results reported: 10-fold growth of solid biofuel production in less than two years, reaching up to 160,000 tonnes of biofuel annually; each enterprise produces, on average, enough biofuel to heat up 30 public institutions; 300 entrepreneurs have accumulated the necessary knowledge and skills to successfully launch and manage their biofuel business; over 37,000 people spend their winter in well-heated rooms, with heating costs reduced by at least 30%; The National Institute for Standardization and Metrology has adopted 37 European standards for the production of solid biofuels.

## **CONCLUSIONS**

The reflection of SDG in the country's development policies, the reported results of ongoing projects, the activities of NGOs, the emergence of new entrepreneurial activities and changes in the mentality of society are just some of the arguments that the principles of sustainable development are under implementation in the Republic of Moldova.

Entrepreneurial activity is the main target of these changes in all three dimensions:

- Economic - increasing labor productivity through investments in innovations and technologies focusing on sectors with increased added value, development of business environment and quality infrastructure in the regions of the country;
- Social - increasing the positive impact of entrepreneurial activity on society through Corporate Social Responsibilities, educating the civic spirit through the development of social entrepreneurship;
- Ecological - promoting green economy, producing energy from renewable sources, implementing environmental tax reform.

In order to accelerate the sustainable development process, it is necessary to continue the process of informing society about its benefits and to favor the business climate for attracting capital and private investment in the sectors that are relevant to achieving the SDG.

Studying the achievements, difficulties and perspectives in implementing sustainable development on the economic, social and environmental dimensions are the objectives for the following research.

## **REFERENCES**

1. Adaptation of Sustainable Development Agenda 2030 to the context of the Republic of Moldova, 2017, Available at:

- [https://cancelaria.gov.md/sites/default/files/document/attachments/adaptarea\\_agendei\\_2030\\_de\\_dezvoltare\\_durabila\\_la\\_contextul\\_rm.pdf](https://cancelaria.gov.md/sites/default/files/document/attachments/adaptarea_agendei_2030_de_dezvoltare_durabila_la_contextul_rm.pdf), (accessed May 1, 2019).
2. Baumol, W., (1990). Entrepreneurship: productive, unproductive, and destructive. *Journal of Political Economy* 98 (5), 893–921.
  3. Burkart, K., (2012). How to define the „green economy“. Available at: <http://www.mnn.com/green-tech/researchinnovations/blogs/how-do-you-define-the-green-economy>.
  4. Bolis, I., Morioka, S.N., Szelwar, L.I. (2014). When sustainable development risks losing its meaning. Delimiting the concept with a comprehensive literature review and a conceptual model. *Journal of Cleaner Production*, 88, p. 7-20.
  5. Chakravorti, B., How Companies Can Champion Sustainable Development, (2017). Available at: <https://hbr.org/2017/03/how-companies-can-champion-sustainable-development>, (accessed May 1, 2019).
  6. Concept note on the vision of the National Development Strategy „Moldova 2030“, Available at: [https://cancelaria.gov.md/sites/default/files/viziunea\\_snd\\_2030\\_clean.pdf](https://cancelaria.gov.md/sites/default/files/viziunea_snd_2030_clean.pdf), (accessed May 1, 2019).
  7. Cohen, B., (2006). Sustainable valley entrepreneurial ecosystems. *Business Strategy and the Environment* 15 (1), 1–14.
  8. Coman, A., (2008). Education and entrepreneurship: drivers for sustainable development. *Human Systems Management* 27 (3), 255–260.
  9. Crucerescu, C., Ciloci, R., Țurcan, R., (2018), Аспекты развития молодежного предпринимательства в Молдове в контексте Европейского интегрирования, *Messenger of Armenian State University of Economics*, 2018 (3), p.121-131.
  10. Crucerescu, C., Ciloci, R., Țurcan, R., (2018), The importance of financial support for youth entrepreneurship in the Republic of Moldova, *Journal of Social Sciences*, 2018 (2), p.82-90, Available at: <https://jss.utm.md/wp-content/uploads/sites/21/2019/02/JSS-2018-2-31.01.2019-CT.pdf>, (accessed May 1, 2019).
  11. Hopkins, M. (2007) *Corporate Social Responsibility and International Development: Is Business the Solution?*. London: Earthscan.
  12. Jamali, D., Mirshak, R. Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context, *Journal of Business Ethics*, May 2007, Volume 72, pp 243–262.
  13. HG Nr. 912 din 25.07.2016 cu privire la instituirea Consiliului Național de Coordonare pentru Dezvoltare Durabilă, Publicat : 29.07.2016 în Monitorul Oficial Nr. 232-244 art Nr : 989, Available at: <http://lex.justice.md/md/366008/>, (accessed May 1, 2019).
  14. Hrosul, V.A., Kruhlova, O.A., Zubkov, S.O. (2017), Support for youth entrepreneurship in the Eastern Partnership countries, Formation of an effective model of enterprise development in a market economy: proceedings of V International scientific and practical conference, ZhDTU, Zhytomir, pp. 467- 470. Available at: <https://conf.ztu.edu.ua/wp-content/uploads/2017/12/467.pdf>, (accessed May 1, 2019).
  15. Keijzers, G., 2002. The transition to the sustainable enterprise. *Journal of Cleaner Production* 10 (4), 349–360.
  16. Koroneos, C.J., Rokos, D. (2012). Sustainable and integrated development – A critical analysis. *Sustainability*, 4(1), 141-153.
  17. Masurel, E., (2007). Why SMEs invest in environmental measures: sustainability evidence from small and medium-sized printing firms. *Business Strategy and the Environment* 16 (3), 190–201.
  18. Meadows, D.H., Meadows, D. (1972). *The Limits to Growth*, New York: Univers Books.
  19. Mesarovic, M., Pestel, E. (1975). *Omenirea la răspântie*, București: Editura Politică.

20. Morelli, J. (2011). Environmental Sustainability: A Definition for Environmental Professionals. *Journal of Environmental Sustainability*, 1(1), 1-9.
21. OECD (2018), Energy Subsidy Reform in the Republic of Moldova: Energy Affordability, Fiscal and Environmental Impacts, Green Finance and Investment, OECD Publishing, Paris. <https://doi.org/10.1787/9789264292833-en>, Available at: [https://read.oecd-ilibrary.org/environment/energy-subsidy-reform-schemes-in-the-republic-of-moldova\\_9789264292833-en#page1](https://read.oecd-ilibrary.org/environment/energy-subsidy-reform-schemes-in-the-republic-of-moldova_9789264292833-en#page1), (accessed May 1, 2019).
22. Pohoată, I. (2018). Dezvoltare durabila. Teorie și politica economica, Ed. a 2-a, Chisinau: INCE.
23. Popescu, M. (1999), Globalizarea și dezvoltarea trivalentă. București: Editura Expert.
24. Porter, M. E. & Kramer, M. R. (2006). Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*. (December): 78–94.
25. Porter, M. (2003). CSR-A Religion with too Many Priests?. Keynote Speech on the Role of Corporate Philanthropy, The European Academy of Business in Society's 2nd Colloquium, European Business Forum. 15, Denmark: Copenhagen Business School.
26. Schlange, L., (2009). Stakeholder identification in sustainability entrepreneurship. *Greener Management International* 55, 13–32.
27. Statistical Survey: Business Innovation Activity in the Republic of Moldova in the years 2015-2016, Available at: [www.statistica.md/newsview.php?l=ro&idc=168&id=5882](http://www.statistica.md/newsview.php?l=ro&idc=168&id=5882), (accessed May 1, 2019).
28. The Global Competitiveness Report 2018, Available at: <https://www.weforum.org/reports/the-global-competitiveness-report-2018>, (accessed May 1, 2019).
29. Transforming our world: the 2030 Agenda for Sustainable Development, Available at: [http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/70/1&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E), (accessed May 1, 2019).
30. UN Brundtland Commission Report (1987). Our Common Future. Oxford: Oxford University Press.

# Entrepreneurial Intentions of Youth: Theoretical and Empirical Approaches

---

Tatiana Bucos

## ABSTRACT

The importance of entrepreneurship for the development of the economy has determined the measurement of entrepreneurial activity through different indicators. Given the particular importance of attitudes and personal perceptions for entrepreneurial initiative, multiple theoretical and empirical research are focused on the analysis of factors that motivate individuals to entrepreneurial activity. The purpose of the article is to synthesize empirical and theoretical approaches to entrepreneurial motivation. The article makes special reference to statistical data that targets young people's entrepreneurial intentions. At the same time, the article refers to the theoretical models that address the environmental factors and the personal characteristics of individuals as factors impacting the entrepreneurial initiative. In the analysis of impact factors, special attention is paid to education, which is approached as a pull factor of the entrepreneurial intention of young people.

Key words: entrepreneurship, youth, entrepreneurial intention, startup, motivation, opportunity, self-perceptions, behavior, knowledge, education.

## INTRODUCTION

Entrepreneurial initiative is considered as an important factor of economic activity, alongside capital, labor, nature, technology, information. Moreover, the entrepreneurial initiative is the one that observes opportunities and identifies how to put into operation or optimize the use of other resources. The particular importance of entrepreneurial initiatives for the economy is demonstrated by the many studies focused on analyzing the impact of entrepreneurship on the various economic variables (see Table 1).

Table 1

### Some views on the importance of entrepreneurship

J.B. Say (1803)	Entrepreneurs shifts economic resources from low to high productivity areas with higher yield.
J. Schumpeter (1911)	Entrepreneurship are the main vehicle to move an economy forward from static equilibrium, based on the combinatorial capabilities of entrepreneurial individuals.
E. Penrose (1950)	Detecting and exploiting opportunities for smaller firms is the basic aspect of entrepreneurship.
I.Kirzner (1973, 1997)	Entrepreneurial activity moves the market towards equilibrium as entrepreneurs discover profitable arbitrage possibilities.
W. Baumol (1990)	Entrepreneurial activity crucial for (radical) innovation and growth.
R. Holcombe (1998)	Entrepreneurs promote a more productive economy due to more efficient and innovative ways of production, it is the foundation for economic growth.
OECD (1998)	Entrepreneurs represents the ability to marshal resources to seize new business opportunities, defined broadly they are central to economic growth.
Ireland, Hitt, & Sirmon (2003)	Entrepreneurship is a context dependent social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities.
Commission of the European Communities (2003)	Entrepreneurship is the mindset and process to create and develop economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or an existing organization.

The impact of entrepreneurship on economic variables has determined the increased interest of researchers in the factors that stimulate entrepreneurial activity. At the same time, annual reports are prepared at national, regional and world level, which are meant to carry out dynamic and comparative analyzes on entrepreneurial activity. Given the wide range of topics analyzed by research in this field, this article deals only studies focused on analyzing the factors motivating people towards entrepreneurship, special attention being paid to young entrepreneurs.

## STATISTICAL APPROACHES ON THE ENTREPRENEURIAL ACTIVITY

For the analysis of the entrepreneurial initiative of the population, were developed special methodologies that allow the comparative and dynamic analysis of the variables with impact on entrepreneurial activity. In our research, we will refer to two methodologies - the Kauffman Foundation methodology, which refers to the dynamic analysis of the entrepreneurial initiative in the US (general and per states) and the GEM methodology, which performs comparative analysis of entrepreneurial activity and of the entrepreneurial ecosystem at the global level (2018/2019 Report included data for 112 countries).

### The Kauffman Foundation Report

This report presents trends in startup activity over the past two decades for the United States. Trends in startup activity are presented on the basis of the Startup Activity Index, which is a composite indicator, calculated on the basis of three other indicators: 1. Rate of New Entrepreneurs – percent of population that start a new business (0.3% in 2017); 2. Opportunity Share of New Entrepreneurs – percent of new entrepreneurs starting businesses because they saw market opportunities, measures the percent of new entrepreneurs who were not unemployed before starting their businesses (84.4% in 2017); 3. Startup Density - number of startup firms per 1,000 firm population, startup businesses here are defined as firms less than one year old employing at least one person besides the owner (85.4% in 2016).

According to Kauffman Foundation Report, in 2013, the Startup Activity Index for US was at its lowest point in the last twenty years. At the same time, in the first two decades of the 21<sup>st</sup> century Startup Density is lower than in the 1980<sup>s</sup>, 90<sup>s</sup> of the 20<sup>th</sup> century. If in 1977, out of 1,000 companies operating in the USA, 175 were enterprises launched during the last year, in 2010 this indicator, this indicator is 78 (see Figure 1.)

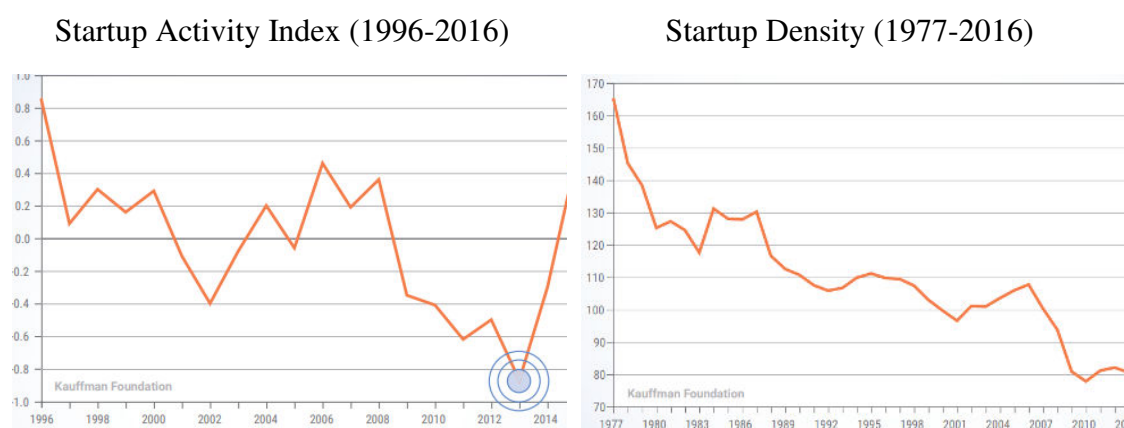


Figure 1. Some indicators from Kauffman Foundation Report<sup>1</sup>

<sup>1</sup>2017 KAUFFMAN INDEX 20 17, THE startupactivity NATIONAL TRENDS, Ewing Marion Kauffman Foundation, May 2017.



According to the Report, the Startup Density in US is in a long-term decline. At the same time, the authors of the report mention that Startup density in the United States overall has been stuck roughly 20 percent lower than pre-Great Recession levels for the last few years.

Besides analyzing the general tendencies in the field of entrepreneurial activity, the report also refers to the tendency towards the entrepreneurial activity of different categories of people. One of the directions of the analyzes is the structure of the new entrepreneurs by age categories (see Figure 2).

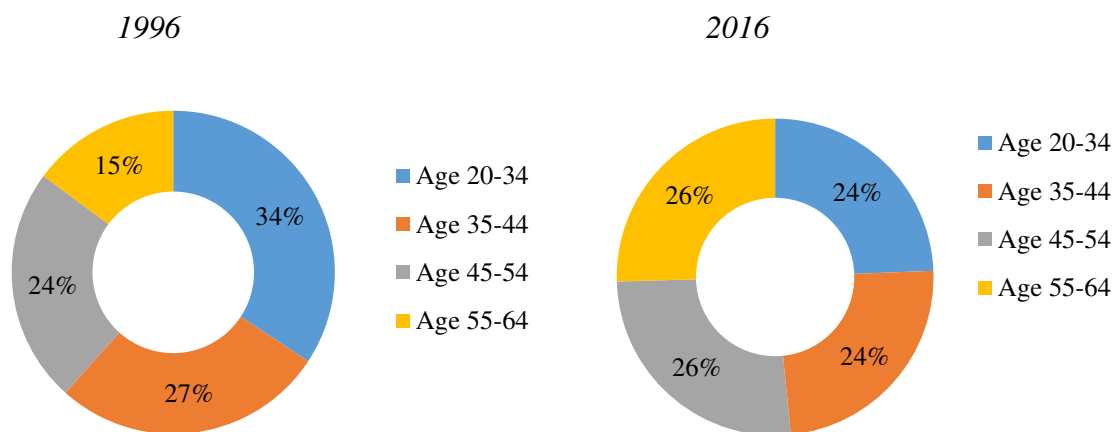


Figure 2. Changes in Compositions of new Entrepreneurs by Age (US)

The figure shows the trend of decreasing the rate of young entrepreneurs in the total number of entrepreneurs who launched new business, their rate being 10% lower in 2016 compared to 1996.

### Global Entrepreneurship Monitor (GEM)

GEM report is being drafted by an international consortium of universities and business schools, set up in 1999 at the Babson College initiative. The report is based on an international survey, conducted consecutively in 64 countries (for 2016/2017 Report).

The GEM Report tracked rates of entrepreneurship across multiple phases of entrepreneurial activity; assessed the characteristics, motivations and ambitions of entrepreneurs; and explored the attitudes societies have towards this activity. For analyzing entrepreneurial activity, GEM apply three indicators: 1. Total Early-stage Entrepreneurial Activity (TEA); 2. Established business ownership; 3. Business discontinuation rate.

The entrepreneurial initiative of the population in the current period is measured through indicator Total Early-stage Entrepreneurial Activity, which reflects percentage of the adult population who are in the process of starting a business (a nascent entrepreneur) or owner-manager of a new business which is less than 42 months old. Research shows that this indicator differs both for countries groups and for age groups (see Figure 3.).

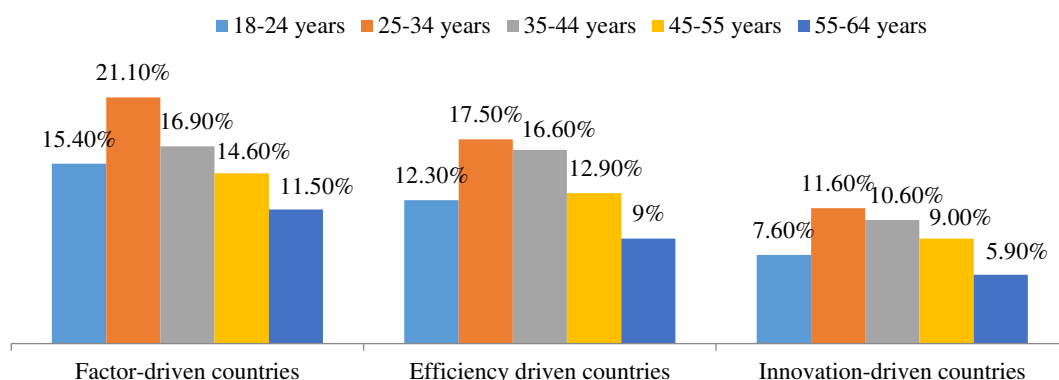


Figure 3. Total Early-stage Entrepreneurial Activity, GEM Global Report, 2016/2017<sup>2</sup>

According to GEM, TEA decreases with the country's growing levels of development, at the same time decreasing with the aging of the population –the indicator has the highest value for 25-34 year-old population and is the lowest for the 55-64.

GEM research is not just about determining the degree of population involvement in entrepreneurial activity. One of the directions of the research is to analyze the degree of perception by the population of business opportunities. According to GEM, the perception of good opportunities play an important role in determining whether an individual will even consider starting a business. The quantity and quality of the opportunities that people perceive and their belief about their own capabilities may well be influenced by various factors in their environment, such as economic growth, culture and education. Another factor taken into account is the fear of failure. Fear of failure can be influenced by intrinsic personality traits, as well as by societal norms and regulations (see Figure 4).

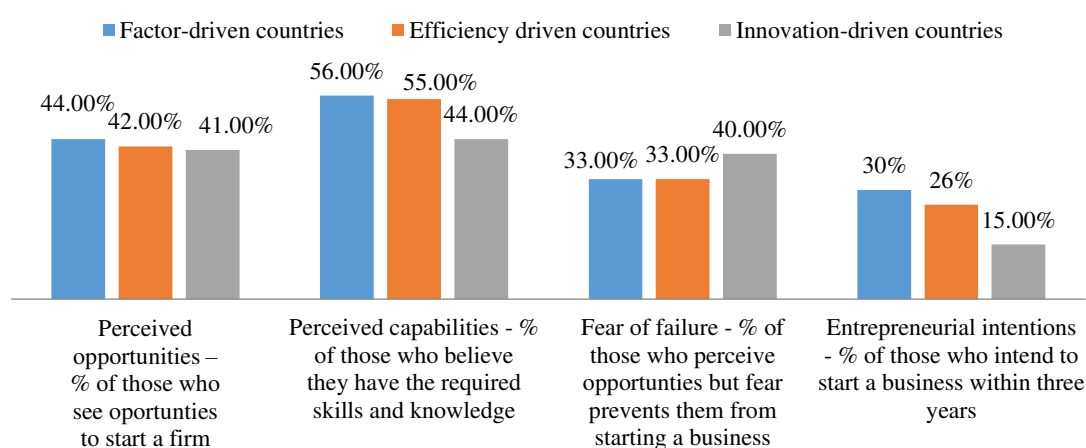


Figure 4. Population self-perceptions about entrepreneurship in 64 economies<sup>3</sup>

<sup>2</sup> GEM 2016/2017 Global Report, p. 29, <https://www.gemconsortium.org/report/49812>

<sup>3</sup> GEM 2016/2017 Global Report, p.19, <https://www.gemconsortium.org/report/49812>

Figure 4 indicates that on average, individuals in factor-driven economies have higher perceptions that there are good opportunities for entrepreneurship, and that they have the capabilities to start businesses. At the same time, fear of failure levels in the innovation driven economies are higher than for the factor- and efficiency-driven economies. The biggest discrepancy is in terms of entrepreneurial intention, with the innovation-driven economies reporting an average entrepreneurial intention rate that is half that of the factor-driven economies.

## **THEORETICAL APPROACHES TO THE ENTREPRENEURIAL ACTIVITY**

Theoretical researches in this field of entrepreneurial initiative can be divided into two categories: researches focused on the analysis of the impact of the business environment on entrepreneurial activity and researches focused on the analysis of the personal characteristics of the individuals involved in the entrepreneurial activity.

### **The impact of the environmental factors**

Regarding the impact of environmental factors on entrepreneurship, can be mentioned Michael H. Morris and Pamela S. Lewis (1995) research in which environmental factors are approached from three perspectives: the environmental infrastructure which characterizes a society; the degree of environmental turbulence present in a society; and the personal life experiences of a society's members. Each aspect of environmental factors involves multidimensional approaches, which, by their state, will influence the entrepreneurial activity of individuals. Thus, environmental infrastructure refers to of economic, political, legal, social, financial, logistic factors; environmental turbulence can be dynamic, threatening or complex and personal environmental experiences are influenced by the educational system, family, working relationships, etc.

The combined effect of these environmental influences is the level of entrepreneurial intensity in society. The state of these factors will determine both the number of people involved in entrepreneurial activity and their behavior - degree of innovativeness, risk-taking and proactiveness. Each dimension of the environmental infrastructure, turbulence and life experience is pictured as a continuum on some characteristic. As examples, the political structure varies from totalitarianism to democracy, while the customer environment ranges from homogeneous to heterogeneous. The state of each element of the entrepreneurial environment at a certain point in time will stimulate or inhibit entrepreneurial activity (see Figure 5).

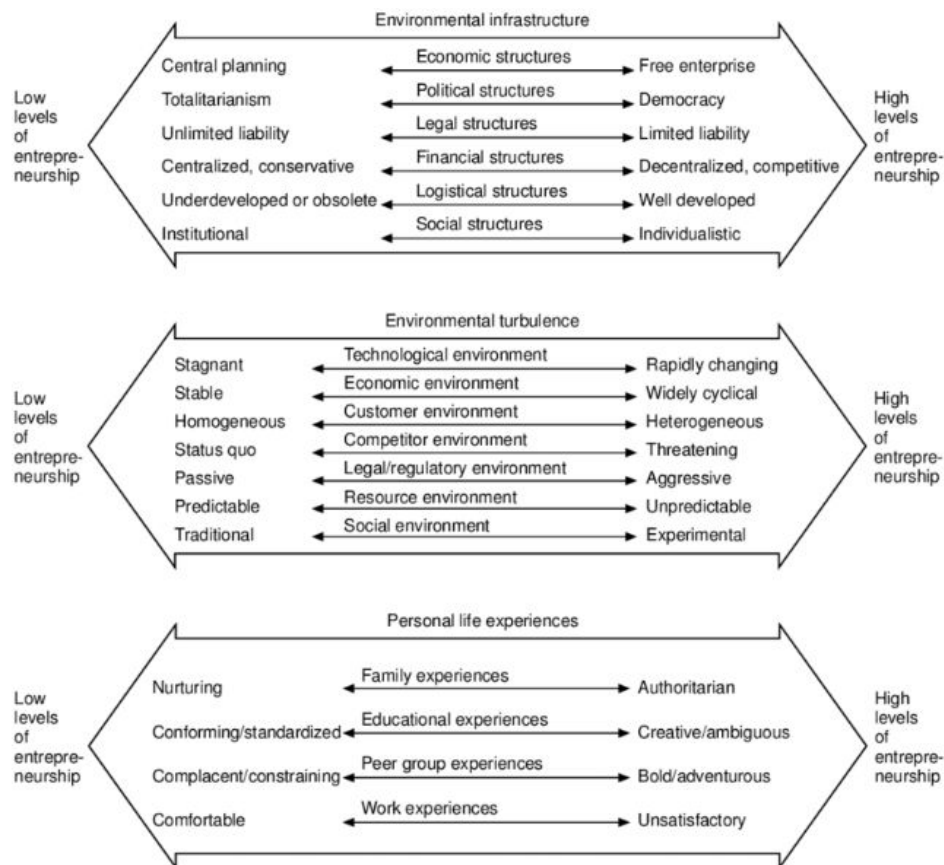


Figure 5. Relationships between environmental factors and levels of entrepreneurship<sup>4</sup>

According to the Morris&Lewis, the same environmental element can have a stimulating impact as well as can be an inhibitor of entrepreneurial activity. Thus, the rapidly changing technological environment stimulates entrepreneurial activity, while the stability of this environment is hindering it. At the same time, the comfort provided by employers to employees reduces entrepreneurial activity, while the unfavorable work environment stimulates it.

### The impact of personal characteristics

Along with the studies focusing on the analysis of the environmental factors influencing the entrepreneurial activity, there are many studies focused on the analysis of the profile of the persons involved in the entrepreneurial activity. Considerable researches on entrepreneurship are focused on the reasons that individuals are motivated to become entrepreneurs. For example, Rauch and Frese (2000) found that people are motivated to become entrepreneurs because they have a desire for economic wealth and high needs for achievement or autonomy. Canedo et al. proposed a model of entrepreneurial initiative analysis that linked the personal characteristics of individuals with the entrepreneurial process. The first variable in the model is the individual's motivation to become an entrepreneur or launch a new venture (see Figure 6).

<sup>4</sup>Michael H. Morris and Pamela S. Lewis. The determinants of entrepreneurial activity: Implications for marketing, *European Journal of Marketing*, July, 1995.

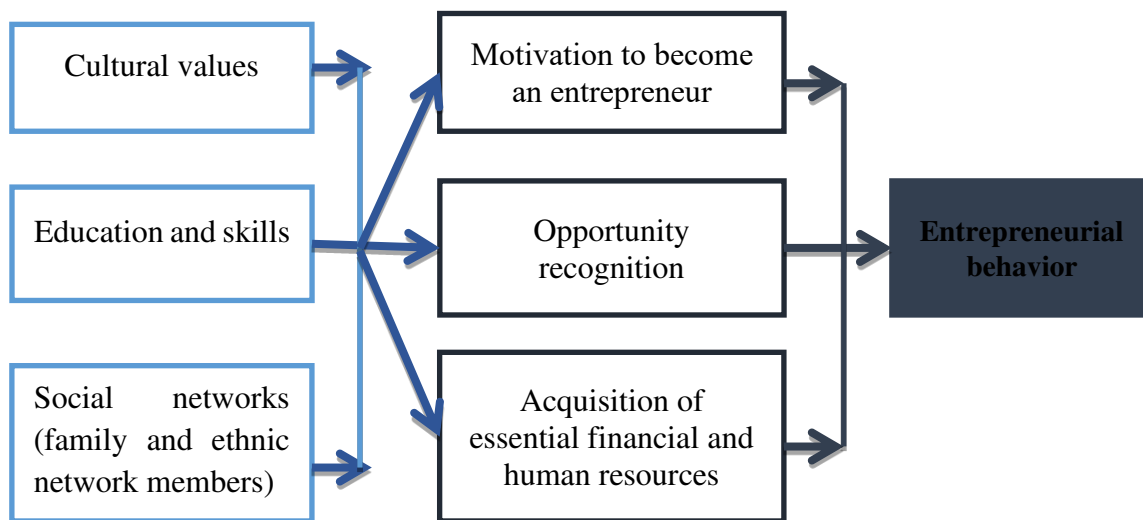


Figure 6. Individual factors affecting entrepreneurship<sup>5</sup>

According to the model, entrepreneurial initiative is determined by the cultural values of the individual, by the education and skills possessed and by characteristics and quality of the networking to which it is connected. All the elements ale listed above will determine the individual's motivation for entrepreneurship, will create conditions for recognition of business opportunities and facilitate the identification of access to the resources needed for entrepreneurial activity.

The aspect discussed frequently in the context of the analysis of the impact factors on the entrepreneurial initiative is the motivation of individuals. Depending on how individuals are attracted to entrepreneurial activity, factors that impact on entrepreneurial initiative can be divided into two categories: “push” and “pull” factors. Push factors focus on entry into self-employment as a last resort, pull factors emphasize the positive aspects of self-employment, which are often associated with economic independence and job satisfaction.

According to the figure 6, another key factor in the entrepreneurial process is opportunity recognition, the process of identifying a potential opening for a new venture. There are three characteristics associated with opportunity recognition: profitability, newness, and perceived desirability or moral acceptability of the opportunity. The third stage in the model focuses on the entrepreneur’s acquisition of essential resources. Lack of start-up capital contributed to the high failure rates and served as an enduring barrier to the business activity.

### **The push - pull factors of entrepreneurship**

The push-pull theory of entrepreneurship shares some semblance with the push-pull model of human migration. The push theory suggest that negative factors such as dissatisfaction, difficulty of finding employment, difficult economic conditions, social recognition, or inflexible work schedule moves individuals into self-employment (Segal et al., 2005). On the other hand, the pull theory refers to attractions that move individuals

<sup>5</sup>Julio C. Canedo et al. Individual factors affecting entrepreneurship in Hispanics. Journal of Managerial Psychology · December 2014.

into self-employment or entrepreneurship by seeking independence, wealth, and self-fulfillment (Gilad& Levine, 1986). Pull factors has been found to impact on entrepreneurial motivation.

### **Education –pull factor of youth entrepreneurship**

An important role in stimulating young people's motivation for entrepreneurial activity is given to education. According to Maina (2011) ‘entrepreneurs discover entrepreneurship opportunities depending on the information they already have’. In such conditions, the impact of the entrepreneurship education to youth entrepreneurial intention depend of the educational content.

Entrepreneurship education is an important method encouraging entrepreneurship because education: 1. gives a feeling of independence and self-confidence to individuals; 2. enables the recognition of alternative career options; 3. broadens the individuals’ horizons by enabling them to better perceive the opportunities, and 4. provides the knowledge that individuals will use in developing new business opportunities.

According to Sánchez, what can change the entrepreneurship intentions of students during education programs is not what they learn about entrepreneurship itself, but rather what they learn about themselves and their own capabilities (Sánchez, 2011). In the same context, Souitaris et al. (2007), referring to the impact of education, mentions that inspiration triggered by an entrepreneurship education programme is one of the major benefits of entrepreneurship education.

In order to provide a comprehensive approach to the impact of education on entrepreneurial intent, Liñán (2004) integrated the two theories of Ajzen’s the Planned Behaviour Theory and Shapero and Sokol’s Theory of the Entrepreneurial Event into an entrepreneurial intention model by adding the additional element of entrepreneurial knowledge acquired through education (see Figure 7).

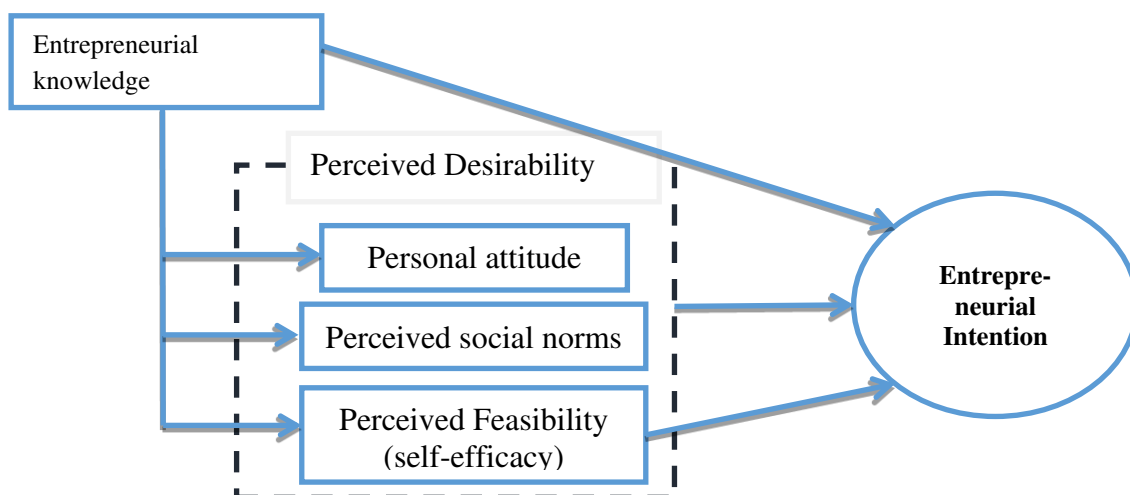


Figure 7. Linen's Entrepreneurial Intention Model<sup>6</sup>

<sup>6</sup>Hala W. Hattab, Impact of Entrepreneurship Education onEntrepreneurial Intentions of University Students in Egypt, The Journal of Entrepreneurship, 23, 1 (2014).

The integration of the two theories results in combining personal attitude and perceived social norms under perceived desirability, while perceived feasibility is represented by self-efficacy. Finally, all these elements are influenced by the knowledge and attitudes that are passed on to young people through education. Which means that education plays a special role in the process of stimulating youth entrepreneurial intentions.

## CONCLUSION

Entrepreneurial intention is a topic widely discussed by researchers, with indicators referring to entrepreneurial intentions being given a special place in the national, regional and world reports on entrepreneurship issues. Statistics show that entrepreneurial intention decreases as countries increase their level of development, as the country's population gives priority to employment in the detour of entrepreneurship. At the same time, the dynamic analysis of data regarding the entrepreneurial initiative for the same country reveals a decrease in the entrepreneurial intent of the population.

The decrease in the intensity of the entrepreneurial initiative has triggered multiple theoretical models that aim to explain the state of the entrepreneurial initiation of the population. Theoretical models refer both to the analysis of the impact of the entrepreneurial ecosystem quality on entrepreneurial initiative and on the behavioral analysis of individuals - the behavioral attitudes of the individual having a major impact on entrepreneurial intent.

Benchmarking against the entrepreneurial initiative of various age groups of the population show that the highest level of entrepreneurial intention are characteristic to the group 25-34 years. This is explained both by the entrepreneurship approach as a solution to unemployment, which is more common among young people, and by the fact that young people are confident that entrepreneurship will enable them in a shorter time to get enough income for a comfortable life.

An important factor that can stimulate the entrepreneurial intentions of young people is education, which should contain not only knowledge about entrepreneurial processes but also be a source of inspiration for young people.

## REFERENCES

1. Ajzen, I. The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 1991, p.179–211.
2. Canedo J. et al. Individual factors affecting entrepreneurship in Hispanics. *Journal of Managerial Psychology*, December 2014.
3. Douglas, E.J., Shepherd, D.A., Self-employment as a career choice: attitudes, entrepreneurial intentions, and utility maximization, *Entrepreneurship Theory and Practice*, Vol. 26 No. 3, 2002, p. 81-90.
4. GEM 2016/2017 Global Report, <https://www.gemconsortium.org/report/49812>

5. Gilad, B., Levine, P. A Behavioural Model of Entrepreneurial Supply. *Journal of Small Business Management*, 24, 1986, p.45-53.
6. Guerrero, M., Rialp, J., Urbano, D. The impact of desirability and feasibility on entrepreneurial intentions: A structural equation model. *The International Entrepreneurship and Management Journal*, 4(1), 2008, p.35–50.
7. Ojiaku O et al. Determinants of entrepreneurial intentions among young graduates: perspectives of push-pull-mooring model. *Journal of Global Entrepreneurship Research*, August 2018.
8. Hala W. Hattab, Impact of Entrepreneurship Education on Entrepreneurial Intentions of University Students in Egypt, *The Journal of Entrepreneurship*, 23, 1, 2014.
9. Henley, A., Entrepreneurial aspiration and transition into self-employment: evidence from British longitudinal data, *Entrepreneurship and Regional Development*, Vol. 19 No. 3, 2007, p. 253-80.
10. Kauffman Index 2017, The startup activity National trends, Ewing Marion Kauffman Foundation, May 2017.
11. Kirzner, I. M. The alert and creative entrepreneur: a clarification. *Small BusinessEconomics*, 32, 2009, 145-152.
12. Krueger, N., Reilly, M., Carsrud, A. Competing models of entrepreneurial intentions. *Journal of Business Venturing*, 15, 2000, 411-432.
13. Krueger, N. F. (2009). Entrepreneurial intentions are dead: Long live entrepreneurial intentions. In A. Carsrud, & M. Brännback (Eds.). *Understanding the entrepreneurial mind: Opening the black box*. New York: Springer. 2009, p. 51–72.
14. Liñán, F., Urbano, D. & Guerrero, M. Regional variations in entrepreneurial cognitions: startup intentions of university students in Spain. *Entrepreneurship and Regional Development*, 23, 2011, p. 187-215.
15. Maina, R.W. Determinants of entrepreneurial intentions among Kenyan college graduates. *KCA. Journal of Business Management*, 3(2), 2011, p. 1–18.
16. Morris M., Lewis P. The determinants of entrepreneurial activity: Implications for marketing, *European Journal of Marketing*, July, 1995.
17. Rauch A. and Frese M. Psychological approaches to entrepreneurial success: A general model and an overview of findings (2000). <https://www.researchgate.net>
18. Sánchez, J.C. Entrepreneurship as a legitimate field of knowledge, *Psicothema*, 23(3), 2011, 427-432.
19. Segal G., Borgia D., Schoenfeld J., The motivation to become an entrepreneur, *International Journal of Entrepreneurial Behavior & Research*, Vol. 11 Issue: 1, 2005, p.42-57.
20. Shapero, A., &Sokol, L. The social dimensions of entrepreneurship. In Kent C., Sexton D, Vesper K. (Eds.). *The encyclopedia of entrepreneurship*, 1982, p. 72–90.
21. Souitaris V., Zerbinati S., Al-Laham A. Do Entrepreneurship Programmes Raise Entrepreneurial Intention of Science and Engineering Students? The Effect of Learning, Inspiration and Resources, in *Journal of Business Venturing* 22(4), July 2007, p. 566-591.



# Entrepreneurship development in Belarus: status, legislation and youth aspects

---

Iryna Trusevich, Natallia Yatsevich, Larisa Kaznachevskaya

## ABSTRACT

**Purpose.** The purpose of the article is to determine the condition and trends in the development of entrepreneurship in Belarus, including among young people, as well as to determine directions of its development. The article focuses on the issues of taxation of entrepreneurs, the licensing of their activities. The article also has set out the basic rules of registration a business entity in the Republic of Belarus.

**Methodological approach.** During the writing of the article, the main methods of statistical analysis were used.

**Findings.** The article defines the role of youth in the development of entrepreneurship in Belarus, outlines the main institutional approaches to the creation of small businesses.

**Originality and value.** The study of entrepreneurship in the youth environment of the Republic of Belarus is an original study aimed at identifying the “bottlenecks” associated with the creation of conditions for the activation of entrepreneurial initiatives of young people.

**Keywords:** entrepreneurship, youth, Belarus, taxation, registration, Doing Business.

## **INTRODUCTION**

Entrepreneurship has a significant impact on the development of the national economy and, while creating a favorable economic and legal environment, can serve as the basis for the economic growth of the state.

In the economies of the developed countries, small enterprises occupy a significant share in GDP (up to 60%) and in the total number of people employed in the economy (up to 90%). For the Republic of Belarus, the development of this sector of the national economy does not take place actively and has certain difficulties. At the same time, the development of entrepreneurship represents a significant reserve for the economic growth of Belarus.

At present, in the Republic of Belarus, the issue of supporting the development of small business and activating the business initiative of business entities, as well as the development of youth entrepreneurship, is topical.

## **LITERATURE REVIEW**

Currently, entrepreneurship is considered as an integral element of a market economy. The concept of “entrepreneurship” is a multifaceted phenomenon, affecting various aspects of social relations such as economic, social, legal. The term has been interpreted from various points of view by many scholars, including representatives of the classical economic school, neoclassical theory, the Austrian and neo-Austrian economic school, representatives of institutional theory and others. For example, Austrian economist J. Schumpeter associates the content of entrepreneurship with innovation, more precisely with the commercialization of innovations (J. Schumpeter, 1982). F. Hayek, a representative of the neo-Austrian school, sees in entrepreneurship the main transforming power and factor of keeping the economy in equilibrium (F. Hayek, 2011). The American economist I. Kirzner proposed the theory of entrepreneurial vigilance, and therefore the content of entrepreneurship is associated with the ability to see a new opportunity for profit (I. Kirzner, 2001). The Russian Scientist Y. Taranuha suggests a behavioral approach to defining the essence of entrepreneurship, according to which this phenomenon is considered as a special type of economic behavior, which is expressed in the desire to extract economic benefits through market operations (Y. Taranukha, 2016).

The urgency of the problem of development of entrepreneurship in the Republic of Belarus causes its active research in the context of certain aspects by many scientists, primarily Belarusian. Thus, the problems of the development of international relations and foreign economic activities of small and medium-sized businesses were considered in the works of N. Berchenko (2014), M. Popkov (2012), P. Dick (2011) and others. Questions of regional entrepreneurship development were raised by such authors as A. Moroz (2018), P. Baranov (2012), E. Huseynova (2011), issues of cross-border entrepreneurial cooperation were discussed in the works of A.A. Slonimsky (2012–2013).

It should be noted that the development of youth entrepreneurship in the Republic of Belarus is an insufficiently studied area of research, which makes the topic of this article relevant. It is also important to present the main aspects of the creation of small businesses, including the field of licensing and taxation, in order to comprehensively characterize the institutional specifics of entrepreneurship in the Republic of Belarus.

## **RESEARCH METHODOLOGY**

The theoretical and methodological basis of the study consists of scientific statements and concepts presented in the works of foreign and Belarusian scientists. The information and empirical base of the research is based on the official data of the National Statistical Committee of the Republic of Belarus, information from statistical collections, reference books and periodical scientific journals. The instrumental-methodical apparatus of research is a combination of various methods of theoretical and applied scientific knowledge, system-structural analysis, and economic-statistical groupings. The normative and institutional base of the research was the legislative acts of the Republic of Belarus, decrees of the President, government decrees, departmental acts of ministries regulating relations in the sphere of entrepreneurial activity.

The logic of the study is to move the process of knowledge from the definition of the essence of entrepreneurship and the definition of its role in the economy of the Republic of Belarus, including the role of youth entrepreneurship, to determination the specifics of the processes of creation and registration of business entities, including institutional aspects in the field of taxation and licensing and the development of directions to improve the infrastructure to support youth entrepreneurship.

## **RESEARCH RESULTS**

### **Analysis of entrepreneurship in Belarus**

Now the country is experiencing an increase in the main indicators characterizing the development of entrepreneurship. So, according to the results of 2017, the share of small (16–100 people) and micro-organizations (up to 15 people) in the GDP of the Republic of Belarus was 14.9% (for comparison, in 2006 it was 8.8%), in the average number of employees it was 19.6% (in 2006 it was 11.4%), in investments in fixed assets it was 22.6% (in 2006 it was 7.1%), in the export of goods it was 40% (in 2006 it was 15.3%). The number of small and micro-organizations in the republic in 2017 amounted to 107,726 subjects (the value of the indicator in 2006 was 37,760). In 2017 236,138 individual entrepreneurs operated in the Republic of Belarus. At the same time, the number of micro-organizations and individual entrepreneurs increased in 2017 compared to 2009, despite a certain decrease during the study period, which indicates that they are more flexible, mobile and adapt faster to changing conditions.

In general, if we analyze the number of small and medium business organizations per 1000 people, we can note a certain increase in the indicator for the period under study to

11.6, however, it should be noted that in comparison with developed countries (at least 40 organizations per 1000 people) it is significantly lower.

### **Unemployment / employment rate**

Having analyzed the employment, it can be noted that the largest number of people working in small organizations is 30.1% in 2017 of the total number of people employed in small and medium-sized businesses and 10.0% of the total number of people employed in the country. In general, it should be noted that the share of the employed population in small and medium-sized businesses in 2017 was 33.1% and slightly changed during the study period. At the same time, the share of small and medium enterprises in GDP is significantly lower and was 24.7% in 2017. The insignificant level of registered unemployment in the country (0.5% in 2017) does not make it possible to identify significant reserves for increasing employment in this area. However, it should be noted that the unemployment rate in the Republic of Belarus is calculated on the basis of the number of unemployed registered with the labor, employment and social protection agencies, and does not take into account other people who are not employed in the economy.

### **Youth unemployment**

Creating the necessary conditions for the possibility of professional and labor self-realization of young people is one of the priority tasks of the state social and economic policy. In the labor market, young people aged 15-24 years old accounted for 9.4% of the total number of employed in 2017. In 2016, the figure was 9.2%, so there is a gradual increase in youth employment, primarily in the age group of 20-24. The employment rate in 2017 among young people aged 15-24 was 43.9% of the total population of the relevant age group. The value of the indicator in 2016 was 42.7%. Thus, the proportion of working youth increases.

By types of economic activity in 2017, the youth employment structure is distributed in such a way that the following activities take the largest share:

- 20.9% – temporary accommodation and food services;
- 11.5% – information and communication;
- 11.1% – wholesale and retail trade, repair of automobiles and motorcycles;
- 10.3% – entertainment, sports, creativity, recreation;
- 8.9% – financial and insurance activities.
- The legislation of the Republic of Belarus provides youth certain guarantees from the state in this area:
  - booking jobs;
  - guarantee of the first workplace to graduates of state vocational schools;
  - preferential right in training in the direction of bodies for labor, employment and social protection;
  - equal with adults pay for reduced working hours and others.

The state also provides additional guarantees in the field of employment promotion for the first time job seekers under the age of 21.

At the same time, in 2017, 7.3% of the total population aged 15–24 did not work and did not study in the country. In 2016 the figure was 8.2%.

Unemployment is one of the significant problems threatening the economic security of the state. Youth unemployment is a particular threat, since young people are preparing to enter adulthood, and labor insecurity leads to significant problems that affect negatively the social development of the younger generation (rising crime, alcoholism, drug addiction).

As a rule, despite certain advantages of young people in the labor market (high mobility, learning ability, high potential for further growth), employers are not always interested in hiring university and college graduates who need employment, due to lack of work experience and low qualifications.

In this regard, the orientation of young people to entrepreneurial activity, the creation of their own business and its promotion is a possible way of solving the problem of youth unemployment.

### **Youth education level**

In 2017/2018 in the Republic of Belarus 284.3 thousand people were enrolled in higher education programs. In 2011/2012 the figure was 445.6 thousand people. The fall is due to the “demographic hole” of the 1990s.

15 thousand people studied in the country under graduate programs in 2017/2018. The indicator of 2011/2012 was 5 thousand people. Thus, the number of young people who want to continue their education at the second level (magistracy) is significantly increasing, which is due to the increase in their competitiveness in the labor market, as well as the opportunity to continue their education in post-graduate school. In 2017, 5,100 people studied in post-graduate school. In 2011 5.8 thousand people studied there.

In the modern world, the importance of education is increasing as the most important factor in the formation of a new economy based on knowledge. Education for young people is the basis of its development in accordance with the requirements of modern society.

### **Salary level in Belarus**

In 2017 the average monthly salary in Belarus amounted to 822.8 BYN (or about \$ 425). By industries and occupations the highest monthly salary was observed in such industries as information and communication (2376.6 BYN or USD 1230), financial and insurance activities (1415.7 BYN or \$ 733), mining industry (1347.7 BYN or \$ 698), professional, scientific and technical activities (1112.7 BYN or US \$ 576). The lowest salary was observed in the following areas: agriculture, forestry and fisheries

(585.2 BYN or US \$ 303); temporary accommodation and food services (567.2 BYN or US \$ 294); education (567.5 BYN or \$ 294).

Thus, the average salary in the country as a whole and in individual sectors and fields of activity in particular cannot be called a satisfactory one. In this regard the role of small business development in raising incomes and the welfare of society is also important.

### **How easy is it to start a business?**

Currently, one of the most informative tools to assess the effectiveness of the environment created for business development is the study of the rating positions of the state in the international study “Doing Business”, conducted by the World Bank. The rating reflects objectively the state of the business climate in the country, since it is based on an assessment of the regulatory documents governing business activities and the analysis of a number of qualitative indicators that allow assessing the changes occurring in the country.

The Republic of Belarus has been participating in the Doing Business ranking since 2005. In the latest report, Doing Business-2018 [1], out of 190 countries participating in the study, Belarus ranked 38th in 2017. During the entire period, experts recorded 37 reforms in the country, which allowed it to take the 5th place in the rating. Among the key rating indicators, the country received the highest values for such items as “property registration” (5th place), “obtaining building permits” (22nd place), “enforcing contracts” (24th place), “connection to the power supply system” (25th place), “registration of enterprises” (30th place), “international trade” (30th place). In terms of “insolvency resolution”, “obtaining loans”, “taxation”, the country took the 68th, 90th and 96th places respectively. It should be noted that the Government continues to implement a set of measures to further improve the conditions for the development of the business environment in the country. Thus, the State Program “Small and Medium Entrepreneurship in the Republic of Belarus” for 2016–2020, approved by the Resolution of the Council of Ministers of the Republic of Belarus of February 23, 2016 № 149, includes an Action Plan to improve the ranking positions of the Republic of Belarus in the World Bank’s Doing Business report, which reflects the planned values of indicators of doing business by 2020 and provides measures to achieve them.

### **Taxation**

In the tax system operating in Belarus, one can single out general, special and simplified taxation regimes. Their essence and conditions of application in relation to various categories of taxpayers are governed by tax laws.

Any legal entity, regardless of its legal form, may choose one of two tax systems: general or simplified. The simplified system provides for two more subsystems: with the payment of VAT and without paying VAT.

No matter what system chooses the company, it provides obligatory payments related to:

A) payment of wages to employees:

- the company is obliged to pay 34% of the wage fund to the Social Protection Fund (NSSF) – these are deductions for compulsory social insurance;
- 0.6% of the wage fund is transferred as a compulsory insurance against accidents at work;
- 13% of income tax and 1% of contributions to the NSSF the employer is obliged to withhold from the employee's salary and transfer to the budget and to the NSSF, i.e. this does not apply to the organization's burden, but it is important to know to understand the responsibilities of the employer.

B) the importation of goods into the territory of the Republic of Belarus: as a general rule, the import VAT is paid at the rate of 20% of the value of the imported goods; when importing certain goods, the rate can be 10%.

The general taxation system provides for the payment of:

- VAT at the rate of 20% of turnover in the sale of goods, work, services, property rights.
- income tax at a rate of 18% of the profits.
- other taxes in the presence of objects of taxation (land tax, real estate tax, excise taxes, environmental tax, etc.)

The simplified taxation system can be applied from the moment the company is established or it can be transferred to it from the next year; it is impossible to switch to it during the year. To the simplified tax system from the new year only those entities are entitled to transfer that during the first 9 months of this year have such characteristics as:

- the number of employees is no more than 100 on average;
- the cumulative gross proceeds amount to not more than 1,030,000 BYN (approximately \$ 4,77316), and for individual entrepreneurs – not more than 112,500 BYN (\$ 52,134).

In the Republic of Belarus for individual entrepreneurs are provided:

1. payment of a single tax;
2. application of the simplified taxation system with tax payment under the simplified taxation system (with or without VAT);

application of the general taxation system with the payment of income tax (with or without VAT).

Depending on the type of activity, as well as the chosen tax regime, individual entrepreneurs should make other obligatory payments to the budget: VAT when importing goods into the territory of the Republic of Belarus, real estate tax, tax on income of foreign organizations, land tax, contributions to the Social Security Fund, etc.

It should be noted that the decision to pay income tax or tax under the simplified taxation system is provided for the choice of the taxpayer, the payment of a single tax cannot be replaced by the use of any other taxation system.

**A *single tax*.** More often individual entrepreneurs are required to pay a single tax. The need to pay this tax depends on the type of activity. Individual entrepreneurs are obliged to pay a single tax in the implementation of the following activities:

- provision of services and work to consumers that fall under a single tax, the list of which is given in Article 296 of the Tax Code of the Republic of Belarus. A consumer is a citizen who has the intention to order or purchase, or ordering, purchasing or using goods (work, services) for personal, household, family and other needs not related to business activities. If, however, organizations and (or) individual entrepreneurs also act as consumers of the above services, in terms of such services, an individual entrepreneur should apply either a simplified taxation system or a general taxation system. In this situation, it turns out the use of two tax systems simultaneously. When the planned type of service is not listed in Article 296 of the Tax Code, regardless of who the consumer is, the individual entrepreneur either applies a simplified taxation system or a general taxation system and does not have the right to apply a single tax;
- retail trade of goods listed in Article 296 of the Tax Code. It is important to know that not all goods can be traded on a single tax, for example, furniture or auto parts. Also, individual entrepreneurs who pay a single tax can not be engaged in wholesale trade;
- catering through mini-cafes, summer and seasonal cafes.
- Single tax rates depend on the locality and type of activity and are established by decisions of local Councils of Deputies. The deadline for tax payment is no later than the 1st day of the reporting period in which it is planned to carry out the activity, i.e. in advance. The reporting period can be both a calendar month and a calendar quarter. Also, entrepreneurs make an extra charge of a single tax in the amount of 5% of the amount of gross revenues exceeding the forty-fold single tax.

When importing goods from the territory of the member states of the Eurasian Economic Union (Belarus, Russia, Kazakhstan, Armenia, Kyrgyzstan), individual entrepreneurs are required to pay an “import” value-added tax in accordance with the Protocol on the procedure for collecting indirect taxes and the mechanism for controlling their payment during export and import of goods, performance of work, provision of services (Appendix 18 to the Treaty on the Eurasian Economic Union, signed in Astana on May 29, 2014). Such VAT is paid when importing goods from the territory of the member states of the Eurasian Economic Union, regardless of the taxation system, i.e., taxpayers tax under the simplified taxation system, and income tax, and the single tax.

The single tax declaration is submitted monthly or quarterly no later than the 1st day of the reporting period (in advance).

To account for gross revenues, individual entrepreneurs applying the single tax payment system, keep one book – the gross revenue book. Its maintenance is allowed electronically.

**A *simplified tax system*.** More often it is more profitable and easier for an individual entrepreneur to apply a simplified taxation system. In order to apply the simplified



taxation system from the time of registration, it is necessary to submit a notification to the tax authority at the place of registration within 20 working days from the date of state registration. If the notice is not submitted within this period, it will be possible to switch to the simplified taxation system only from January 1 of the calendar year.

The tax payers under the simplified taxation system are individual entrepreneurs who:

- conduct wholesale and (or) retail trade;
- perform work, provide services to organizations and entrepreneurs;
- perform work and provide individuals with services that are not subject to a single tax.

It is important to note that there are activities in which it is impossible to apply a simplified taxation system, for example, the sale of jewelry.

Tax under the simplified tax system depends on the rate:

- 5% of revenue for individual entrepreneurs who do not pay VAT;
- 3% of revenue for individual entrepreneurs paying VAT;
- 16% in respect of non-sale income (cost of donated property, property rights, work, services, amounts of donated money received).

Tax under the simplified tax system is paid from the 1st to the 22nd day of the month following the reporting period. The tax declaration under the simplified taxation system is filled in from the 1st to the 20th day of the month following the reporting period.

Accounting consists of one book – the book of accounting of incomes and expenses for individual entrepreneurs and organizations applying the simplified taxation system. Its maintenance is allowed electronically.

**General taxation system.** The general system of taxation involves the payment of income tax. The general taxation system is applied by individual entrepreneurs by default. Accordingly, income tax is paid if:

- the activity of an individual entrepreneur does not fall under a single tax;
- the individual entrepreneur does not want or cannot use the simplified taxation system.

Thus, an individual entrepreneur must choose between the general and simplified taxation systems. The payment of a single tax is made in parallel with the use of a general or simplified taxation system (if an individual entrepreneur has several types of activity that fall under and are not subject to a single tax).

For all individual entrepreneurs under the general system of taxation, regardless of the type of activity, income tax is 16% of income (income = revenue – expenses – deductions (standard, social, property)). The individual entrepreneur decides to work with or without the payment of VAT. However, if the revenue for the 3 preceding consecutive calendar months exceeds in total 40,000 euros at the official rate set by the National Bank of the Republic of Belarus on the last day of the last of these months, then the individual entrepreneur is obliged to switch to paying VAT.

Income tax and VAT are paid once a quarter from the 1st to the 22nd day of the month following the reporting period (calendar quarter). Income tax and VAT declarations are also submitted once a quarter from the 1st to the 20th day of the month following the reporting period (calendar quarter).

Entrepreneurs depending on the type of activity and the availability of objects for accounting keep the following books:

- the book of income and expense;
- the book of accounting of goods (finished products);
- the book of accounting of fixed assets;
- the book of accounting of raw materials and materials.
- the book of accounting of intangible assets;
- the book of VAT accounting.

Keeping all of the books may be in electronic form.

Thus, each tax system has its pros and cons, and also imposes some restrictions on ongoing activities.

## **Licensing**

The current legislation of the Republic of Belarus connects the ability of a person to carry out certain types of activities with the presence of a special permit (license). At the same time, both the actual receipt of the license and the further implementation of the activity require the subject to fulfill certain conditions.

The main document regulating licensing is the Regulation on the licensing of certain types of activities, approved by Decree of 01.09.2010 № 450 “On the licensing of certain types of activities”. Annex 1 lists the types of activities and the components of their work and (or) services for which licenses are required, as well as state authorities and organizations authorized to issue licenses.

It is only necessary to obtain a license for an economic activity that is potentially associated with a threat of harm to state or public interests, the environment, life, health, rights and legitimate interests of citizens. An application for a license must be considered by the licensing authority within 15 business days from the date of receipt of the documents. The specified period may be extended for the period of the assessment and (or) examination of compliance of the applicant’s capabilities with the licensing requirements and conditions, but not more than 10 business days.

The license is valid from the date of the licensing authority’s decision to issue it and the license is valid for an unlimited period.

Currently, Belarus is licensed 36 types of economic activity (include 197 components). In the future, it is proposed to exclude from the list of licensed activities: retail trade in alcoholic beverages and (or) tobacco products; protection by a legal entity of its objects (property) and employees; retraining of managers and specialists with higher or

specialized secondary education, advanced training of managers and specialists; procurement (purchase) of scrap and waste of ferrous and non-ferrous metals; polygraphy; massage; dental works, etc.

The license is terminated in the event of liquidation (termination of activities) of the licensee; in the event of death, being declared incapable, limitations in capacity, admission of missing persons, declaring an individual as dead; by decision of the licensing authority or the court to terminate the license.

The Decree of the President of the Republic of Belarus of November 23, 2017 № 7 “On the Development of Entrepreneurship” introduces a notification procedure for the start of certain types of activities (for example, the provision of hotel services, as well as temporary accommodation and temporary accommodation services; personal services, catering services, transportation services, services for the repair and maintenance of vehicles, tourism services; retail, etc.). They are not required to obtain a license or go through other administrative procedures. No need to wait for the information to be entered in various registers and databases.

If the type of activity is not called for a notification procedure, you will have to obtain a license and / or go through other administrative procedures.

Belarus has a Unified list of administrative procedures carried out by government bodies and other organizations with regard to legal entities and individual entrepreneurs, approved by Resolution of the Council of Ministers of the Republic of Belarus of February 17, 2012 № 156. To go through an administrative procedure a citizen, as a rule, needs to write an application. That is how they usually get a certificate or something is agreed in a state body. In some cases you can go there personally. Another convenient and fast way is to submit an electronic application through a single portal of electronic services ([portal.gov.by](http://portal.gov.by)). However, the list of procedures that can be ordered via the Internet is still limited. The specific method of access through a single portal depends on the complexity and significance of the procedure.

An electronic digital signature may be required for the most complex and important procedures.

### **Building a Legal Business Structure**

Each legal form of a legal entity has its own characteristics. With this in mind, when choosing a form for running a particular business, it is necessary to have a clear understanding of the key characteristics of a particular form and their relationship to the needs of the business. This characteristic is fixed in Chapter 4 of the Civil Code of the Republic of Belarus and in the legislation adopted in development of the provisions of the code.

To do business in Belarus, you can acquire the status of an individual entrepreneur or create a commercial organization.

The choice of the organizational and legal form of doing business depends on who can act as the owner (founder) of the business: individuals and (or) legal entities; their number, the ability to use hired labor, etc.

The most common organizational and legal forms of commercial organizations in Belarus are business entities and unitary enterprises.

The specificity of business entities (LLC, ALC, JSC, CJSC) is that the founders, after registering the company, acquire the status of its participants.

Table 1

**Comparative Characteristics of the Forms of Doing Business In Belarus**

	Individual entrepreneur	Unitary enterprise	Ltd, ALC	OJSC, CJSC
Who can be a founder	Individual	Individual or legal entity	Individual or legal entity	
Number of founders (participants)	1 individual - individual entrepreneur	1 property owner	Minimum - 1 member; maximum 50 participants	Min. – 1 shareholder; max. for: OJSC - not installed; CJSC – 50 shareholders
Availability of constituent document	No constituent document required	statute	statute	statute
Availability of authorized capital and its size	No statutory fund is required	authorized capital is of any size	authorized capital is of any size	Minimum for: JSC - 400 base units; CJSC - 100 base units
The procedure of the formation of authorized capital		The statutory fund must be formed within 12 months from the date of state registration of the organization, unless otherwise is established by legislative acts or if a shorter period for this is not defined by the organization’s charter		
Location	Place of residence of an individual - individual entrepreneur	Residential / non-residential premises (office)	Non-residential premises (office)	
Responsibility of the organization (individual entrepreneur) for its obligations	Responsible for obligations with all their property, with some exceptions.(Clause 3, Article 24 of the Civil Code)	Responsible for the obligations of all their property.		

Continuation of Table 1 on next page

Table 1, continued

	<b>Individual entrepreneur</b>	<b>Unitary enterprise</b>	<b>Ltd, ALC</b>	<b>OJSC, CJSC</b>
Responsibility of the organization (individual entrepreneur) for the obligations of the organization		No responsibility of the owner for the obligations of UE	For the participants of the LLC - property liability is not provided; ALC participants jointly and severally bear subsidiary liability with their property within the limits determined by the charter of the economic community, but not less than 50 basic values	Not provided
The ability to hire workers	No more than three under a labor or civil law contract	Without quantity restrictions		

Before registering a commercial organization, it is required to coordinate its name with the registration authorities. Certain requirements are imposed on the name, related to the need to specify the organizational and legal form and other required information (for example, form of ownership, subject of activity, etc.). The name submitted for approval should not coincide or be so similar that it may lead to confusion with the name of already existing ones; agreed (reserved) name of legal entities being created. Therefore, before the procedure for approval of the new name, it is recommended to check it for “uniqueness”. This can be done through a database of names of legal entities and individual entrepreneurs contained in the Unified State Register (<http://egr.gov.by/egrn/index.jsp?content=findname>).

The country clearly regulates the use of the words “national” and “Belarusian” in the name, the use of state symbols in the name.

You can submit documents for state registration in Belarus by personal contact with the registering authority or electronically through the web portal of the Unified State Register of Legal Entities and Individual Entrepreneurs ([www.egr.gov.by](http://www.egr.gov.by)).

When submitting documents for registration of an organization in electronic form via a web portal, no fee is charged, however, it is required to acquire a key of electronic digital signature and special software for working with the web portal and key of electronic digital signature (EDS). It is possible to receive an EDS key regardless of whether the person is a business entity. In this case, for its receipt you must pay an amount that significantly exceeds the amount of state duty when registering the organization in person.

On the contrary, in the case of submission of documents by personal contact with the registering authority, you will have to pay a fee, in particular, at a rate of 0.8 basic value

(BV) (US \$ 8.5) – if more than 50% of the founders of the organization are disabled or it is created by the organization of veterans or the society of persons with disabilities; 1 BV (\$ 10.5) – in all other cases.

Registration of an organization or an individual entrepreneur is carried out according to the application principle. To register an organization by personal application, you must report directly to the appropriate registering authority with certain documents. As a rule, the registering body is the local executive committee (regional, city). A complete list of registering authorities is presented on the website of the Unified State Register of Legal Entities and Individual Entrepreneurs (USR).

Unlike registration by personal appeal, registration via a web portal is performed without leaving home (office, etc.). On the web portal it is required to fill in an application form and attach the necessary documents.

The list and form of documents submitted for registration by the organization differ depending on whether they are submitted in person or via a web portal. However, the differences in the list of submitted documents are also due to other circumstances. In particular, if an organization is created from scratch or by reorganization, if there are any foreign citizens or organizations among the founders, etc.

When personally applying for the registration of an organization, you will also need to submit for to the employee of the registration authority familiarization documents: ID (for example, a passport); confirming the authority to act on behalf of a legal or physical person (extract from the protocol on election as a leader, power of attorney, etc.). In the case of representing the interests of a foreign legal entity, a notarized power of attorney is required.

An individual entrepreneur or organization will be registered if three conditions are met: 1) all required documents are submitted for registration; 2) the application for state registration is executed correctly (the application form is established by the Ministry of Justice and it is important to fill in all the necessary columns); 3) the applicant applied to the appropriate registering authority, i.e. to the one authorized to register on the declared territory.

If at least one of the above conditions is not met, the registration authority will not register.

Regardless of the method of submitting documents for registration (by personal contact or via a web portal), registration is made on the day of submission of documents. Registration is certificated: 1) in case of a personal appeal: - stamp on the first copy of the charter or application for registration for the individual entrepreneur and a registration entry made to the USR; 2) when accessing via the web portal: electronic notification to the registration authority employee of the registration sent to the web portal; electronic documents of the applicant, posted on the web portal; record of registration of the organization, made in the USR.

After registering the organization, the registering authority will register the organization with the inspectorate of the Ministry of Taxes and Levies, statistics bodies, social

protection fund, and register it with the RUE “Belgosstrakh”. Thus, the founders (property owner) are not required to do it themselves. Since September 03, 2017, the registering authority is entitled, at the request of the applicant, to transfer to the bank certain documents necessary for opening a bank account of a registered organization.

Since February 26, 2018, you can register a legal entity or individual entrepreneur through a notary. In the process of electronic registration of business entities, he will act as an intermediary between the registering authority and the applicant. Notaries can perform four registration actions, namely to register: a legal entity; individual entrepreneur; changes and (or) additions to the constituent documents of a legal entity; changes made to the certificate of registration of individual entrepreneur.

In Belarus, business entities classified as small businesses can use state support measures in accordance with the provisions of the Law of the Republic of Belarus of 01.10.2010 № 148-3 “On support of small and medium-sized businesses”.

## CONCLUSIONS

Thus, in the Republic of Belarus, an infrastructure to support entrepreneurship has been created and is developing, an institutional environment is being formed for the further development of small business. In our opinion, it is possible to take a number of measures aimed at improving this activity in the following areas:

- further reforming the institutional environment in order to dynamically develop small business and increase its contribution to the national economy of Belarus;
- formation of an effective competitive environment to increase the activity of small organizations, increase their competitiveness;
- support the development of cooperation between entrepreneurs and small businesses based on the principles of inter-firm cooperation (creation of business clusters, networks, alliances);
- priority support for business development in the field of new technologies and innovations.

In the Republic of Belarus, companies in the field of IT technologies can be considered successful examples of active business development from start-ups to large organizations. For example, VizerInteractive is a leading Belarusian developer and publisher of multiplayer browser games, social networks and mobile platforms. Among the most popular games of the company are Zombie Farm, Klondike: the Lost Expedition, Loyalty: Knights and Princesses.

The mobile application developer Apalon has released several dozen IT products since 2007. The company's applications (PimpYourScreen, WeatherLive, CalculatorProforiPad, etc.) have repeatedly received awards on various thematic resources. The company has repeatedly entered the monthly Top-10 product developers for the AppStore according to AppAnnie, has received the status of the top developer in GooglePlay.

The startup AIMATTER, the main idea of which is the use of artificial intelligence on mobile phones, was bought by GoogleInc in 2017. This transaction is the first time when an IT company at Google's level buys a company from Belarus, and not intellectual property or an affiliate company in another jurisdiction.

In late 2015, the Minsk-based Masquerade team developed the MSQRD application. Belarusian startup was acquired by Facebook in the beginning of 2016.

Viber Media was created in 2012 with the goal of developing a fundamentally new application for IP communications based on various models of smartphones. Viber application is one of the most popular instant messengers in many countries around the world.

The Belarusian company Wargaming has earned a reputation as one of the most prestigious companies not only in Belarus, but also in the world. The World of Tanks game is considered to be the most recognizable brand "Made in Belarus" in the world. One of the startups that Wargaming is currently investing in, InDataLabs, is in the top 100 global data providers based on big data, compiled by CIOReview. The company has become a prominent player in the market for data research and artificial intelligence not only in Belarus, but also in the world.

For the development of youth entrepreneurship, we offer to develop the following areas:

- opening of Youth Entrepreneurship Centers at universities, obtaining the official status of entrepreneurship support centers or small business incubators of such centers at universities;
- introduction to the curriculum in the field of education discipline "SMART-entrepreneurship";
- in additional adult education, the introduction of educational programs of training courses (Time-management, Oratory, Goal-setting, Conflictology, Team building, etc.);
- organization of intensives for designing and running a business;
- organization of meetups – meetings of young people with existing entrepreneurs;
- development of cross-border cooperation in the field of small and medium businesses.

## REFERENCES

1. Baranov, P., Kozhinova, T., Ferova, I. (2012) Strategic directions of regional development of small and medium enterprises, Auditor, 1, 49–52.
2. Berchenko, N., Vorobiova, N. (2014) State support of small and medium business in foreign economic activity, Economic Bulletin of the Research Institute of the Ministry of Economy of the Republic of Belarus, 3, 20–31.
3. Blaug, M. (2005) 100 great economists before Keynes. Saint Petersburg: Economic School.
4. Blaug, M. (2005) 100 great economists since Keynes. Saint Petersburg: Economic School.



5. Dik, P. (2011) International networks as a way to intensify the development of national business incubators, *Science and Innovation*, 10, 71–72.
6. Dmitriev, V. (2011) The concept of entrepreneurship should be given a scientific basis, *Economic Bulletin of the Research Institute of the Ministry of Economics*, 6, 13–19.
7. Doing Business 2018 / The World Bank Group Flagship Report, <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB2018-Full-Report.pdf>.
8. Dorozhkin, S. (2017) Entrepreneurship and economic growth: monitoring the relationship, *Science and innovations*, 9, 43–46.
9. Dorozhkin, S. (2017) Entrepreneurship and economic growth: monitoring the relationship, *Science and innovations*, 10, 25–29.
10. Friedman and Hayek on freedom (1990). Minsk: Polyfact.
11. Guseinova, E. (2011) Small business in the regions of the Republic of Belarus: problems and ways to overcome them, *Work. Unions. Society*, 3, 15–19.
12. Hayek, F. (2011) *Individualism and Economic Order*. Chelyabinsk: Socium.
13. Huerta de Soto, J. (2009) *Austrian school of Economics. Market and entrepreneurial creativity*. Chelyabinsk: Socium.
14. Kirzner, I. (2001) *Competition and entrepreneurship*. Moscow: Unity-Dana.
15. Kolesnikov, A.A. (2015) Small and medium-sized businesses in the Republic of Belarus: current state and development prospects. *Proceedings of the 2015 International Conference “Actual problems of development of economy and education”*, Dushanbe, TGUK, pp. 144–148.
16. Kolesnikov, A., Yatsevich, N., Trusevich, I. (2018) Development of entrepreneurship in the Republic of Belarus –strategic platform for cooperation with border regions of Ukraine. *Economic Strategy and Perspectives of the Development of Trade and Services Sphere*, 2 (28), 100–112.
17. Moroz, A. (2018) Tendencies and problems of small business development in the region, *Economic Bulletin of the Research Institute of the Ministry of Economy of the Republic of Belarus*, 1, 56–64.
18. National Statistical Committee of the Republic of Belarus (2018). Retrieved from <http://www.belstat.gov.by>.
19. National Strategy for Sustainable Social and Economic Development of the Republic of Belarus for the period up to 2030, <http://www.economy.gov.by/uploads/files/NSUR2030/Natsionalnaja-strategija-ustojchivogo-sotsialno-ekonomicheskogo-razvitija-Respubliki-Belarus-na-period-do-2030-goda.pdf>.
20. Popkov, M. (2012) Stimulating the export activity of small and medium businesses, *Industrial and Commercial Law*, 4, 72–75.
21. Schumpeter, J. (1982) *The theory of economic development*. Moscow: Progress.
22. Slonimskiy, A. (2012) The potential of cross-border entrepreneurship, *Science and Innovation*, 7, 34–37.
23. Slonimskiy, A.A. (2013) Cross-border entrepreneurial cooperation: nature, innovation activity and contribution to regional development, *Belarusian Economic Journal*, 2, 102–117.
24. Taranukha, Y. (2016) *Entrepreneurship: theory and Russian reality: Textbook*. Moscow: Ruscience.
25. Taranukha, Y. (2016) Post-Soviet phenomenon of nomenclature entrepreneurship: reasons of formation and ways of overcoming, *Economist*, 8, 24–41.

26. Transition Report 2010: Recovery and Reform”,  
<https://www.ebrd.com/downloads/research/transition/tr10R.pdf>.
27. Trusevich, I. (2018). Support of Youth entrepreneurship in the Republic of Belarus. Proceedings of the 2018 International Conference “Youth Entrepreneurship in the Eastern Partnership Countries”, Batumi, BSU, pp. 183–189.
28. Yatsevich, N. (2018). Institutional environment for small business support in the Republic of Belarus. Proceedings of the 2018 International Conference “Youth Entrepreneurship in the Eastern Partnership Countries”, Batumi, BSU, pp. 91–94.
29. Yatsevich, N., Trusevich, I. Development of entrepreneurship in the Republic of Belarus. Proceedings of the 2018 International Conference “Ukraine-Bulgaria-European Union: current state and prospects”, Varna, pp. 164–168.
30. Yatsevich, N., Trusevich, I., Kaznachevskaya, L. (2018). “Youth and entrepreneurship: basis of creation of University 3.0”. Consumer Cooperation, 4, 18–22.

# The small businesses enterprises' results in the development of the Republic of Moldova economy

---

Rina Turcan

## ABSTRACT

**Purpose.** The aim of this paper is to argue the influence of the small business enterprises' results on the development of entrepreneurship and on the economic development of the country as a whole.

**Design/methodology.** The research is based on an analysis of the academic literature in the field, examining the positions of different authors and at the same time analyzing the statistical data in the field.

**Findings.** The economic development of the country depends largely of the entrepreneurship development, which is predominantly focused on SMEs. The entrepreneurial climate and the efficiency of SMEs' results directly influence their developmental dynamics and the country's level of development.

**Research Implications.** Based on the research results, there are identified the results of the SMEs sector development and there is argued the impact of different factors influencing the development of entrepreneurship and the national economy.

**Practical Implications.** The results of the research argue the development of entrepreneurship in the Republic of Moldova, identifying trends, problems and arguing the causes that conditioned these changes. Taking into account the structure of SMEs by field of activity young entrepreneurs could take into account the shortcomings of the respective structure in order to ensure economic growth, while the state should stimulate the efficiency of the entrepreneurs' activity.

**Originality/Value.** In present, many researchers focus their studies on entrepreneurship issues, highlighting as dynamic arguments certain macroeconomic indicators. The values of this paper consist in studying by comparison the trends of different factions that have different impact and degree of influence on the development of entrepreneurship and the national economy.

**Keywords:** Entrepreneurship, SMEs, income from sales, financial result, profit, loss, national economy.

**Paper type.** Research paper.

## INTRODUCTION

The development and economic growth of the country depends to a large extent on the development of entrepreneurship.

Entrepreneurs are involved into activities contributing to the development of economy of any country (Khattab I, Ahmed SS, Mohamed Ahmed A., 2017). SMEs business represent an important source of growth and development for the economies worldwide (Musawa MS, Ahmad K. 2018).

Worldwide, the economy is held by the small and medium-sized enterprises sector that have the largest share in the total number of enterprises.

Governmental and non-governmental organisations have put many efforts on the developments of small and medium enterprises (SMEs) to diversify away the economy from mining, to create jobs, generate income and alleviate poverty (Temtime, Z., Pansiri, J., 2004).

While policy makers in different countries pay a high attention on effect of financial development on economy, empirical studies looking for financial inclusion have not received much attention (Bakar HO, Sulong Z., 2018)

The importance of small and medium-sized enterprises can be expressed by their high share in the total number of active enterprises in the Republic of Moldova which in 2017 reached 98.64% of the total number of active enterprises. The analysis of the evolution of the number of active small and medium enterprises over the last ten years shows a tendency to increase them (Figure 1).

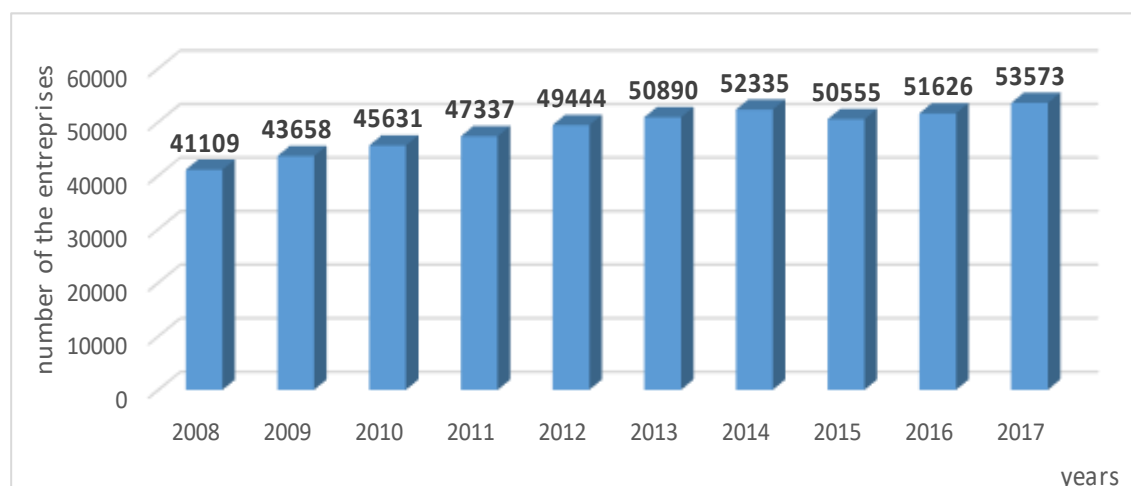


Figure 1. Evolution of the number of active SMEs in the Republic of Moldova in 2008-2017

Sources: Elaborated by the author based on the statistical data presented on [www.statistica.md](http://www.statistica.md)

As evidenced by statistical data, the number of active SMEs has grown by about 30.3% in the last ten years, which shows a positive trend in the development of entrepreneurship activity in the Republic of Moldova. Although it would appear that the trend of the number of SMEs is quite good, the picture changes if we take into account the total number of enterprises registered in the country. According to the State Register of the Republic of Moldova on 01.01.2019 there were registered 166217 enterprises and individual entrepreneurs. In this way, the number of active SMEs in the Republic of Moldova consists the third part of the total number of enterprises registered in our country.

Another hidden issue is the large number of businesses that are registered as enterprises but do not carry on de facto activity for various reasons.

Ideally, it would be appreciated if all businesses registered in the country activate more or less efficient. At the same time, it is normal when many new businesses are registered annually, thus developing the entrepreneurial activity in the country. Figure 2 reflects the evolution of the number of newly registered and radiated enterprises in the Republic of Moldova, which allows comparing them.



Figure 2. Evolution of the number of newly registered and radiated enterprises in the Republic of Moldova in 2000-2017

Sources: Elaborated by the author based on the statistical data presented on <http://www.cis.gov.md/statistica>

A problematic moment is the fact that the number of newly registered enterprises differs less and less from the number of enterprises that had been radiated. The most successful situation was recorded in 2007, when were registered 11480 new businesses, while only 1915 enterprises were radiated. Starting in 2008, when the global financial crisis began, the difference between the number of newly registered and radiated companies is gradually diminishing. The most critical situation can be considered in the 2017 year, when more enterprises has been radiated than has been registered.

Entrepreneurship is characterized by a multitude of risks that in many cases contribute to business failure. Small and medium-sized enterprises constitute the category of business that is heavily subject to various risks related to business, market and management.

Experience and knowledge of the local market also plays a great role in the success of entrepreneurs (Khattab I, Ahmed SS, Mohamed Ahmed A., 2017). Systematic factors such as education and mindset in addition to individual factors associated with social competences affect the entrepreneur's networking activities which ultimately influence the success of the entrepreneur (Khattab I, Ahmed SS, Mohamed Ahmed A., 2017).

Strategic control, strategic orientation and business environment are the variables that have a positive and significant impact on competitive strategy and business performance (Temtime Z.T., Pansiri J., 2004). Growing the marketing innovation performance of SMEs was influenced by changes in the dynamic environment, through the EO of the SMEs owner-managers (Musawa MS, Ahmad K. 2018).

Considering that the main goal of the entrepreneurs is to maximize profit, it is a special interest to study the results of small business activity and their correlation with the economic development of the country, which consist the main purpose of this paper.

## **METHODOLOGY**

The approach applied in the paper is aimed at identifying and justifying the main factors that determine the development of small and medium enterprises that are the basic motor in the development of entrepreneurship. In this context, it is necessary to examine the evolution of the active SME's number and compare them with the evolution of the number of newly registered and radiated enterprises in the same time.

Considering the fact that the basic goal of the entrepreneurs is to maximize profit, it is necessary to examine how profitable the business is doing in our country, by examining the number of SMEs with profit and with losses which allows to look at the situation with higher clarity.

As the profit level is directly related to the revenues of the enterprises, it is necessary to examine the incomes' dynamic obtained by the enterprises operating in the country, the respective analysis being made by categories of enterprises according to their size.

Indisputable is the fact that the incomes and profit's level is directly influenced by the specificity of the economic activity's domain. In any economy, there are branches with a higher efficiency of economic activity and at the same time, there are branches whose outputs are very modest.

In this way, the paper will make a structural analysis of sales revenues obtained by SMEs in the Republic of Moldova by type of activity, identifying the key activities on which the country's economy focuses mainly.

The structure of economic activities in turn is influenced and influences the level of the country's development. The studies of various scholars in this field show that poor countries' economies are predominantly based on activities that do not add solid value,

which are associated with a lower level of risk and whose importance for the development and economic growth of the country is very low. At the same time, the developed countries' economy focuses predominantly on the innovational domains, which brings a lot of added value, ensures a high level of exports, creates jobs, etc., which in the end ensures the country's economic development at a high level.

In the context of the arguments put forward in the paper, there are used the instruments of structure's and dynamics' analysis, as well there is used the correlation of the statistical indicators that argue the development of the entrepreneurship at the macroeconomic level. At the same time, in this context, there is applied the cause-effect method which argues the trends and level of development of the SME sector, which will allow the formulation of concrete proposals for the recovery of the existing situation.

## **RESEARCH RESULTS AND ANALYSIS**

The economy of any country is predominantly focused on those sectors that are capable of generating income and are profitable, while at the same time satisfying the purpose of enterprises to maximize profits. Taking into consideration the fact that the national economy is mainly fond of small and medium enterprises, it is of great interest to examine the income obtained in the small business sector in the Republic of Moldova, to compare their results with the results of large enterprises and to analyze the revenues by types of conducted activities.

SMEs owner managers should be able to evaluate their needs and match them accordingly to the strategy chosen (Musawa MS, Ahmad K., 2018).

The sustainable development of SMEs sector is a priority in wide range of economies; in result, one of the possible issues is to realize the innovation potential of SMEs for future economic growth (Kalita A., 2017).

According to national accounting standards (Nederita A., Bucur V., Caraus M., 2003), income represents the inflow of economic benefits during the management period resulting from the normal business activity of the enterprise in the form of an increase in assets or a reduction of the debts that lead to the increase in equity except for bonuses from the company's property contributions.

The main share in the income structure of an enterprise is the income from operating activity, namely sales revenue. In turn, sales revenue represents the proceeds from the sale of products, goods, services, barter operations, construction contracts, etc. depending on the field of activity of the enterprise.

The following table reflects the dynamics of sales revenues obtained by enterprises operating in the Republic of Moldova according to their size.

Table 1.

**Evolution of sales revenues obtained within the Moldovan enterprises during the period 2010-2017, million MDL**

<b>Enterprise size</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Large	112240.1	135789.3	138702.3	155522.5	179631.1	162854.6	175779.1	193457.9
Medium	22799.2	24133.8	24892.0	26253.8	28085.0	39558.5	41303.6	45236.9
Small	33992.7	38025.5	38344.1	40900.7	44553.9	48356.5	50079.3	56090.4
Micro	8471.3	9728.3	9820.9	10258.7	11011.4	31483.8	33571.4	36178.7
<b>TOTAL by all sizes</b>	<b>177503.2</b>	<b>207676.8</b>	<b>211759.3</b>	<b>232935.7</b>	<b>263281.4</b>	<b>282253.4</b>	<b>300733.4</b>	<b>330963.9</b>

Sources: Arranged by the author based on the statistical data presented on  
www.statistica.md

The sales revenues obtained by all Moldovan enterprises increased from 177503.2 to 330963.9 million MDL in the period from 2010 to 2017, to be exact by 86.5%. If we consider that the increase in income is also influenced by the inflation rate, which in the best case yearly is about 5-6%, then the increase of the sales revenues is appreciated at a modest level, the real growth being under 30-35%.

On the basis of the results obtained in examining the evolution of sales revenues for all groups of enterprises (large, medium, small and micro) it can be pointed out that the largest increase is registered by micro enterprises, the revenues of which in this interval increased by 4.27 times, this being a considerable rhythm of growth. A second position is held by medium-sized enterprises, whose revenues grew by 98.41% in the period 2010-2017. The smallest growth rate in this period was recorded by the small business group, which sales grew by only 65.01%.

The revenues from sales made by SMEs in the Republic of Moldova over the last eight years have a rising trend, increasing from 65263.2 to 137506.0 million MDL, by 2.1 times with the difference of 72242.8 million MDL. Positively, it can be appreciated that over the entire period, SMEs' incomes are becoming ever greater, but its growth rates of the sales revenues are quite modest, taking into account the inflation rate.

The most common argument in favor of SMEs is that they create substantial job opportunities as they use relatively labor-intensive technologies, SMEs employ more people per 100000 Dollars investment as compared to large firms.

The economic development of the national economy depends largely on the structure of SMEs by type of activity, in this context there is presented figure 3.



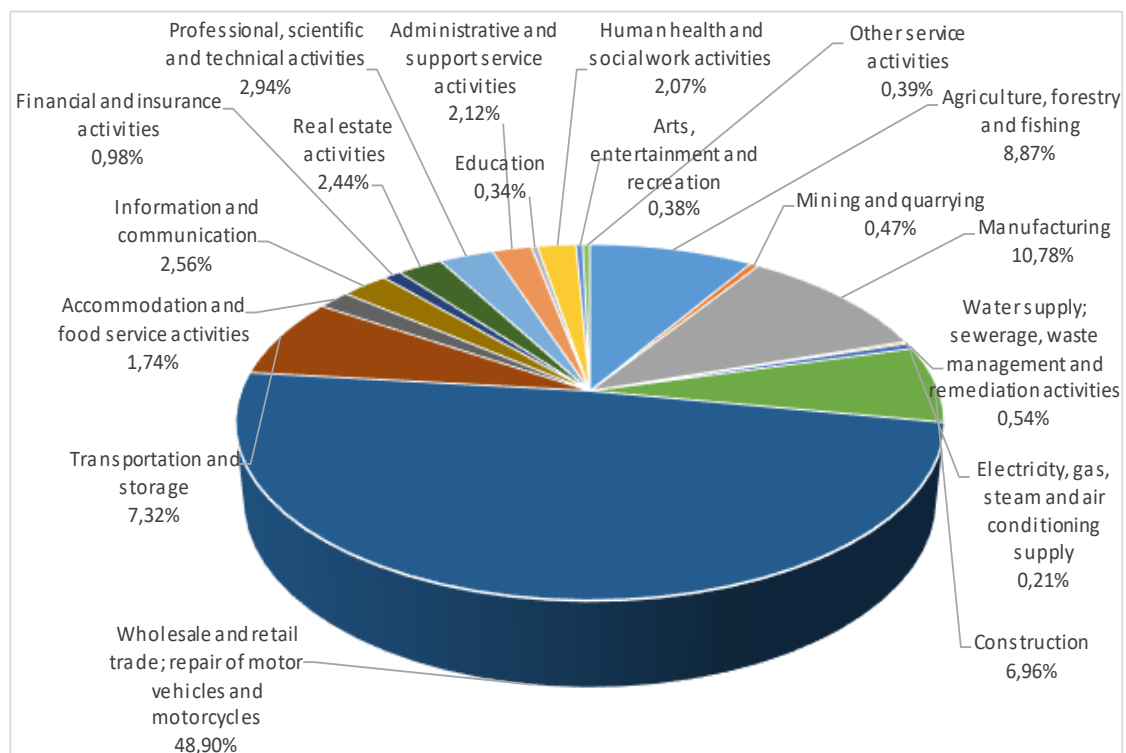


Figure 3. Structure of sales revenues obtained by SMEs in the Republic of Moldova by type of activity in 2017, Sources: Elaborated by the author based on the statistical data presented on [www.statistica.md](http://www.statistica.md)

This study shows that in 2017 that about 41.55% of the total incomes in Republic of Moldova is obtained by the active SMEs. So the revenues of large enterprises account for about 60% of total revenue structure.

In the structure of the incomes obtained by SMEs in the Republic of Moldova by type of activity in 2017, the main weight of 48.90% was attributable to enterprises in the sphere of trade. The second place in the structure of SMEs' incomes with a big gap the manufacturing industry, which accounts for about 10.78% of the total SMEs' incomes. Although the Republic of Moldova is considered an agricultural land, agriculture has only 8.87% of the total SMEs' incomes, followed by the construction sector with a weight of 6.96%. Other types of economic activities account for less than 5% in the structure of local SMEs' incomes.

For the national economy's development, an important problem is the over-saturation with the trade units whose contribution to the economy's development is very modest in relation to other fields, such as manufacturing, transport, information and communications, construction and others.

Entrepreneurs' orientation to the field of wholesale and retail trade is influenced by several factors, including the reduction for required investments and the lower level of risk relative to other activities. At the same time, other fields of activity such as manufacturing, information technology, construction etc. require a much higher level of knowledge.

As productivity of the modern sector rises, progressively more workers sort into the modern sector, so unemployment levels rise, and particularly so for the less able, as proxied by low education (Feng Y., Lagakos D., Rauch J., 2018).

On the other hand, the finances are the fuel of economic growth; so the level of financial development is the degree to which financial instruments, markets, and intermediaries ameliorate the effects of information, enforcement, and transactions costs by providing broad categories of financial services to the economy (Loayza N., Ouazad A. Rancière R. 2018). It is evident that for the development of such economic activities as manufacturing, information technology, communications, construction and transport, we need several financial instruments that are in our country in a course of development.

„Why is GDP growth so much more volatile in poor countries than in rich ones?” There are three possible reasons (Miklós K., Tenreyro S., 2007):

- poor countries specialize in fewer and more volatile sectors;
- poor countries experience more frequent and more severe aggregate shocks (e.g., from macroeconomic policy);
- poor countries' macroeconomic fluctuations are more highly correlated with the shocks affecting the sectors they specialize in.

The empirical results strongly support the view that financial development and economic growth are mutually causal, that is, causality is bidirectional (Khalifa Al-Y., 2002).

The Republic of Moldova is a developing country, its economic and political strategies are aimed at ensuring on the development of those economic activities that will ensure economic growth and solve the many economic and social problems that our country is currently facing.

The goal of each entrepreneur is not only to increase revenue but also to maximize profits. Profit is a basic indicator of economic efficiency assessment, it allows identification of the company's availability and development potential. Profit is determined as the difference between the amount of revenue and the amount of expenses incurred for the running of the business.

Figure 4 shows a comparative evolution of the number of SMEs in the Republic of Moldova that obtained the positive financial result (profit) and which obtained the negative financial result (losses) during the analyzed period.

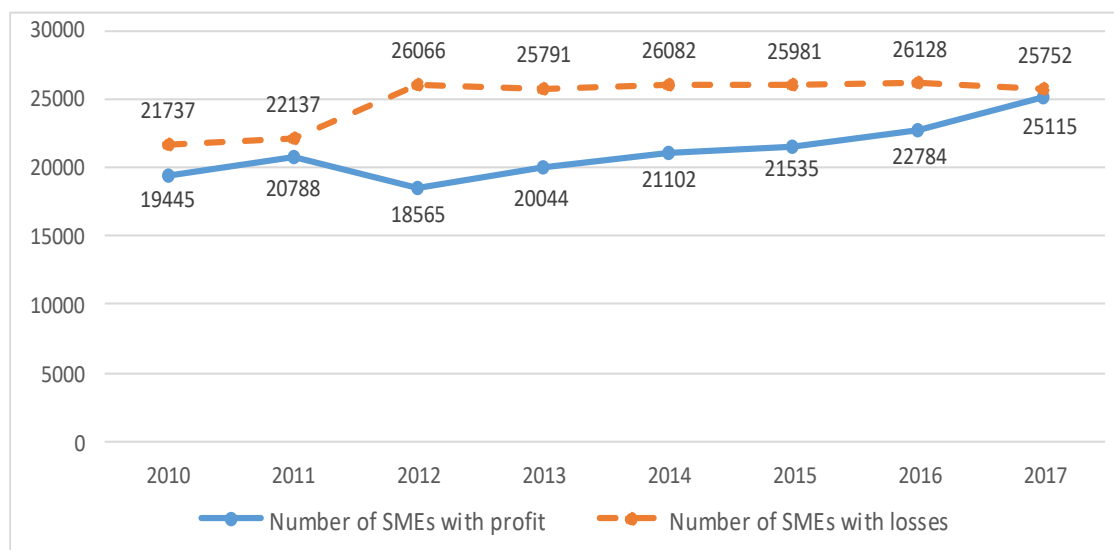


Figure 4. Evolution of number of SMEs with profit and with losses in the Republic of Moldova in 2010-2017

Sources: Elaborated by the author based on the statistical data presented on [www.statistica.md](http://www.statistica.md)

For SMEs, the profit performs several functions, among which it can be highlighted (Gheorghita M., 2011):

- measurement of efficiency;
- to stimulate further development;
- social incentives for the work force;
- budgeting.

During the analyzed period, the number of SMEs with profit increased by 29.2% from 19445 to 25115 enterprises. At the same time, the number of SMEs with losses increased by 18.5% from 21737 to 25752 enterprises. Positively, it can be appreciated that the growth rates of the number of profitable SMEs are higher than the growth rates of loss-making SMEs, which supports the economic development of the whole country.

It is obvious that an entrepreneur before starting a business analyzes the market situation and the profit of the companies already operating on the market in certain branches of the economy. If we examine the situation in the Republic of Moldova, the running business in our country seems to be quite risky, because the most part of enterprises are making losses, rather than profit. Over the considered period, the number of SMEs with profit is higher than the number of SMEs with losses, which is negative.

The financial result obtained by the small business sector depends not only on the factors of the company's external environment but also on the level of managerial training and the skills of its management. Thus, it is of interest to examine in a dynamic way the number of enterprises in the SME's sector that obtain the positive financial result, ie profits, and those who are making losses as a result of its activity.

## **CONCLUSIONS AND SUGGESTIONS FOR FURTHER RESEARCH**

The importance of small business is indisputable for the economic development of our country, and this position is supported by multipliers scholars who say that the SME business represents an important source of growth and development for every economy.

The research confirm that the economic development of the Republic of Moldova is closely related to the development of entrepreneurship, which, unfortunately, faces many problems. Comparative evolution of the number of newly registered and radiated enterprises shows that the difference between these categories is becoming increasingly small and, in the end, the number of companies that are radiated exceeds the number of registered enterprises. This aspect is directly reflected on the economic development of the country.

Another problem of national business is the inefficient distribution of SMEs according to their sphere of activity. The dominance of the enterprises in the sphere of trade in the structure of the total number of SMEs and in the structure of the revenues obtained by them does not allow the prosperous development of the country's economy. In this context, it is extremely necessary to take concrete steps to stimulate business development in sectors such as manufacturing, transport, information, etc. which will make a significant contribution to the economic growth of the Republic of Moldova.

It is obvious that the attractiveness of the business and the desire of potential entrepreneurs, especially young entrepreneurs, to launch themselves into the business environment is directly influenced by the level of profits and the level of involved risks. Although the analysis confirms a tendency to increase SME incomes, the results of their profit analysis are not so gratifying. In this way, most of the SMEs are making losses rather than profit.

All this requires the undertaking of concrete measures at the macroeconomic level that would support the development of entrepreneurship in our country, especially attract young entrepreneurs to the business environment.

The results of this research challenge the new directions for more research on the impact of entrepreneurship on the country's economic development. In this context, a particular interest would be the correlation of the macroeconomic indicators with the indicators characterizing the activity of SMEs, obtaining the equations of these multiple correlations that will express the link between these indicators by the multiple correlation coefficient and the multiple regression coefficients. A similar study should be applied on the basis of the developed countries, the developing countries and the poor countries, which will enable to identify the link between these indicators and to formulate appropriate conclusions.

## REFERENCES

1. Adamopoulos, T., Restuccia D. (2014) The Size distribution of Farms and International Productivity Differences, *American Economic Review*, 104(6), 1667–97
2. Anghel L. (2000) *Marketingul întreprinderilor mici și mijlocii*. Editura ASE, București
3. Bakar HO, Sulong Z (2018) The Role of Financial Inclusion on Economic Growth: Theoretical and Empirical Literature Review Analysis. *Journal of Business & Financial Affairs* 7: 356. DOI: 10.4172/2167-0234.1000356
4. Bridgman, B., G. Duernecker, B. Herrendorf (2018) Structural Transformation, Marketization, and Household Production around the World. *Journal of Development Economics*, 133, 102–126
5. Bugaian L, Catanoi V., Cotelnic A. (2010) *Antreprenoriat: inițierea afacerii*, Universitatea Tehnică a Moldovei. Chisinau, Editura Elena-V.I., pp.345
6. Ciloci R. Chislari E. Coban M., Gorobievski S. (2004) *Organizarea și gestionarea businessului propriu*, Chisinau: UTM, pp.216
7. Ciloci R., Turcan R., Crucerescu C. (2018) Development of Youth Entrepreneurship in R. of Moldova- comparative analysis. International Scientific and Practical Conference “Youth Entrepreneurship in the Eastern Partnership Countries - experience of formation and development prospects. Batumi, Georgia, pp. 56-58.
8. Crucerescu C., Ciloci R., Turcan R., (2018) Aspects of the youth entrepreneurship's in Moldova development in the context of European integration. *Bulletin of the Armenian State Economic University*.3(51), pp. 121-131.
9. Feng Y., Lagakos D., Rauch J. (2018) Unemployment and development. National bureau of economic research, <http://www.nber.org/papers/w25171>
10. Gheorghita M. (2011) *Economia întreprinderii industriale*. Editura Cuvîntul-ABC, Chisinau, pp.279
11. Hrosul V. and others (2018) Adaptive management of trade enterprises: theory and practice: monograph. RISEBA University of Business, Arts and Technology, pp.171 <https://doi.org/10.32025/RIS18001>
12. Hrosul, V.A., Kruhlova, O.A., Zubkov, S.O. (2017) Support for youth entrepreneurship in the Eastern Partnership countries, Formation of an effective model of enterprise development in a market economy: proceedings of V International scientific and practical conference, ZhDTU, Zhytomir, pp. 467–470. <https://conf.ztu.edu.ua/wp-content/uploads/2017/12/467.pdf>
13. Kalita A. (2017) The innovation performance of Russian SMEs: the role of internal factors and the external transition context. *Journal of Business Management*, 2017, No. 13, pp. 20-37
14. Khalifa Al-Y. (2002) Financial Development and Economic Growth: Another Look at the Evidence from Developing Countries. *Review of Financial Economics* 11 (2): 131–50. [https://doi:10.1016/S1058-3300\(02\)00039-3](https://doi:10.1016/S1058-3300(02)00039-3)
15. Kharroubi, E. 2007. "Crises, Volatility, and Growth". *World Bank Econ Rev*, 21 (3): 439-460. <https://doi:10.1093/wber/lhm015>
16. Khattab I, Ahmed SS, Mohamed Ahmed A (2017) Determinants of Business Entrepreneurship Success in Sudan. *Journal of Entrepreneurship & Organization Management* 6: 218. DOI: 10.4172/2169-026X.1000218
17. Loayza N., Ouazad A. Rancière R. (2018) Financial development, growth, and crisis: is there a trade-off? National bureau of economic research, <http://www.nber.org/papers/w24474>
18. Miklós K., Tenreyro S. 2007. Volatility and Development. *The Quarterly Journal of Economics*, Volume 122, Issue 1, pp. 243–287, <https://doi.org/10.1162/qjec.122.1.243>

19. Musawa MS, Ahmad K. (2018) A Conceptual Framework for the Influence of Entrepreneurial Orientation and Environmental Dynamism on Marketing Innovation Performance in SMEs. *Bus Eco J* 9: 361. DOI: 10.4172/2151-6219.1000361
20. Nedeița A., Bucur V., Carauș M. șialții (2003) *Contabilitatefinanciara*, Ediția a II-a revazutasicompletata, Chișinău, AsociațiaContabililorșiAuditorilorProfesioniști din Republica Moldova, 640 p.
21. Nicolescu O. (2001) *Managementul întreprinderilor mici și mijlocii*, București, Editura Economica, 2001
22. Popescu D. (2001) *Procesul decizional în întreprinderile mici și mijlocii*, București, Editura Economică, pp.81 -84
23. Porojan D., Bișa C. (2007) *Planul de afaceri. Concepte, metode, tehnici, proceduri*. București, EdituraIrecson.
24. Pratistha B (2018) What should Top Management do for Increasing Business Performance. *Arabian Journal of Business and Management Review* 8: 362.
25. Rousseau P., Wachtel P. (2011) "What is happening to the impact of financial deepening on economic growth?" *Economic Inquiry*, 49: pp.276–288. <https://doi:10.1111/j.1465-7295.2009.00197.x>
26. Solcan A. (2006) *Bazele antreprenoriatului: Inițierea unei afaceri mici*, Chișinău, ASEM
27. Temtime, Z.T., Pansiri, J. (2004) Small business critical success/failure factors in developing countries: some evidences from Botswana, *American Journal of Applied Sciences*, Vol. 1, No. 1, pp. 18-25 <http://hdl.handle.net/10311/849>
28. Turcan R., Crucerescu C., Ciloci R., (2018) The importance of financial support for youth entrepreneurship in the Republic of Moldova. *Journal of Social Science*, Publishing house TehnicaUTM, v. I(2) 2018, pp. 45-54.
29. Young, A. (2013) Inequality, the Urban-Rural Gap and Migration, *The Quarterly Journal of Economics*, 129(2), 939–993.
30. [www.statistica.md](http://www.statistica.md)

# Features of youth labor market of Armenia

---

Diana Galoyan, Zoya Tadevosyan

## ABSTRACT

**Purpose.** The article is devoted to a relevant topic for the modern Armenian society - the youth labor market. The purpose of the study is the analysis of the youth labor market in the current social-economic development stage of the economy of Armenia.

**Methodology.** The research method is analysis of statistical information provided by the Statistical Committee of the Republic of Armenia and the Ministry of Labor and Social Affairs of RA.

**Findings.** The main findings of the paper present the essential characteristics and indicators of the youth labor market in Armenia (level of economic activity of young people, number of employed young people by level of education, level of unemployment).

**Value.** The paper identifies the need for a more comprehensive use of the main indicators of the youth labor market at the national level; therefore can potentially contribute to the current scientific analyses on youth labor markets.

**Type:** Research paper

**Keywords:** youth; labor market; education; employment; unemployment; factors of youth labor market; qualification.

## **INTRODUCTION**

Currently, Armenian society is a society of risk and transformation of different social institutions. It is characterized by inconsistency, instability and unevenness in ensuring sustainable development. Despite the positive dynamics registered in the last years, the researchers point out unfavorable trends associated with the growth of income differentiation of the population, increased social tension, unemployment, including youth (Melqumyan, 2014). Young people, as an independent socio-demographic group and innovative potential of any society, in this situation are becoming one of the most vulnerable groups in the labor market due to their age, socio-psychological and professional characteristics.

Unemployed youth are a population at risk in many countries. In most OECD countries, the average youth unemployment rate is double the overall unemployment rate (De Vijlder, 2016). This gap can be attributed to the lack of work experience and the weaker job search skills of young people and to structural problems, including inadequate education and training and overly restrictive regulation of labor markets (Kluve, 2013).

The modern labor market can be defined as the sphere of interaction of its main subjects (the employer and the employee), as a mechanism for coordinating the interests of employers and hired workers (Fields, 2005). The successful reformation of the domestic economy, raise of the living standards of the population, financial stabilization and the growth of the country's economic development depend on the effective functioning of the labor market.

One of the most important determinants of labor market is the youth employment, which highly depends on the strength of the economy as a whole. When the aggregate level of economic activity and the level of adult employment are high, youth employment is also high. Quantitatively, the employment of youths appears to be one of the most highly sensitive variables in the labor market, rising substantially during boom periods and falling substantially during less active periods (Meer, West, 2013).

## **LITERATURE REVIEW**

There are several work papers devoted to the study of the labor market, including youth, in the scientific literature. Among them are the works of such famous researchers as A. Smith, D. Ricardo and others, in which the authors analyze the fundamentals of the labor market, the patterns of its functioning in capitalist industrial relations at various stages of development, and transformations (Smith, 2007). The theory of the labor market and the principles of its functioning are presented in the studies of such eminent scientists as A. Marshall, P. Samuelson, R. Hall, T. Veblen, T. Hyclak, G. Johnes, G. Borjas and others.

The problems of youth unemployment and employment in the labor market were highlighted in the works of many economists such as M. Malo, T. Parsons, N. O'Higgins, T. Murtha and other researchers.



However, in spite of the large number of scientific works devoted to the study of the youth labor market, comprehensive analysis of the youth labor market in Armenia are lacking. As the theoretical analysis of the literature shows, the modern youth labor market has its own characteristics (O'Reilly J. 2015). First of all, it is characterized by the instability of supply and demand, which is caused by the variability of the professional orientations of young people, their social and professional uncertainty. The situation is aggravated by the exacerbation of social problems of young people associated with a fundamental change in the sociocultural and political conditions of personal development, which entails the growing difficulties of self-determination of young people, including in the professional sphere.

Secondly, it is the low competitiveness compared to other age groups. Young people are at most risk of losing their jobs or not finding a job. Restriction of demand (excess of supply) in the labor market for non-working employees reduces the employment opportunities of graduates of educational institutions.

Thirdly, researchers note the pole nature of competition in the structure of the youth labor market itself, due to the presence of primary and secondary workers. Secondary workers in the youth labor market have significant competitive advantages over primary workers (Banerji et al., 2016.)

Fourth is the big variation. Every year, a lot of students with different professions graduate from educational institutions. Lack of demand in the Armenian national labor market for many of these professions, leads to the fact that most young people are not being employed by their occupation.

Fifth, there is a difficult situation with female employment. Traditionally, employers are more likely to hire men rather than women employees.

Studies carried out in the framework of the Erasmus + "Higher Educational Institutions for Youth Entrepreneurship" project show that the low competitiveness of young people in the labor market is due to the following factors:

1. lack of professional knowledge, qualifications and skills;
2. the employer's unwillingness to recruit young people due to the fact that many of them continue to receive their first or second education, or continue their studies in the MA;
3. labor instability of young people associated with frequent layoffs, low motivation to find work; excessive requirements for working conditions and the size of the salary;
4. lack of experience in the field of specialty.

According to the International Labor Organization, the following indicators are used for a comprehensive analysis of the youth labor market (Youth labour market analysis, 2013).

Table 1

### Youth Labor Market Data requirements

Area of research		Indicator
SUPPLY	<b>Population</b>	<ul style="list-style-type: none"> <li>• Share of children (aged 0–14) and youth (aged 15–30) out of population</li> <li>• Dependency ratios</li> </ul>
	<b>Education</b>	<ul style="list-style-type: none"> <li>• Literacy rates</li> <li>• Educational attainment</li> <li>• Gross and net enrolment rates</li> </ul>
SUPPLY	<b>Labor force</b>	<ul style="list-style-type: none"> <li>• Youth labor force participation rate</li> </ul>
	<b>Employment</b>	<ul style="list-style-type: none"> <li>• Youth employment-to-population rate</li> <li>• Share of full-time/part-time youth workers</li> <li>• Temporarily working youth</li> </ul>
	<b>Unemployment</b>	<ul style="list-style-type: none"> <li>• Youth unemployment rate</li> <li>• Youth unemployment ratio</li> <li>• Youth long-term unemployment rate</li> <li>• Youth-to-adult unemployment rate ratio</li> <li>• Time related unemployment</li> </ul>
	<b>Inactivity</b>	<ul style="list-style-type: none"> <li>• Youth inactivity rate</li> <li>• Share of inactive youth by reason of inactivity</li> <li>• Share of discouraged youth workers</li> <li>• Youth not in employment, education or training</li> </ul>
DEMAND	<b>Branch of economic activity</b>	<ul style="list-style-type: none"> <li>• Youth employment by branch of economic activity</li> </ul>
	<b>Occupation</b>	<ul style="list-style-type: none"> <li>• Occupation and education mismatch</li> <li>• Top occupation for youth</li> </ul>
	<b>Status in employment</b>	<ul style="list-style-type: none"> <li>• Youth by Status in employment</li> </ul>
	<b>Job vacancies</b>	<ul style="list-style-type: none"> <li>• Job vacancies by branch of economic activity, enterprises size and occupation</li> <li>• Job vacancy rate</li> </ul>
CONDITIONS OF WORK	<b>Hours of work</b>	<ul style="list-style-type: none"> <li>• Hours of work by employed youth/week</li> <li>• Annual hours of work for youth</li> <li>• Share of youth working excessive hours</li> </ul>
	<b>Income from employment</b>	<ul style="list-style-type: none"> <li>• Youth average earnings(day or month)</li> <li>• Share of youth working with low pay rates</li> <li>• Share of youth working in vulnerable employment</li> <li>• Share of young working poor</li> <li>• Gender wage gap</li> </ul>
	<b>Informal employment</b>	<ul style="list-style-type: none"> <li>• Share of youth working in the informal economy</li> </ul>

## FINDINGS

### Supply of young workers is likely to decrease

According to the Statistical Committee of the Republic of Armenia in 2017 the population of Armenia was counted to 2,972 mln people, the share of young people (from 15 to 34 years old) in it was 29,9%.

As Figure 1 shows, a large share of young people are 25–29 years old (29,9%) and 30–34 years old (29,7%). The smallest age group of young people is the group aged from 15 to 19 (18,7%), which is explained by a low birth rate from 1998 to 2002 (Statistical yearbook of Armenia, 2018).

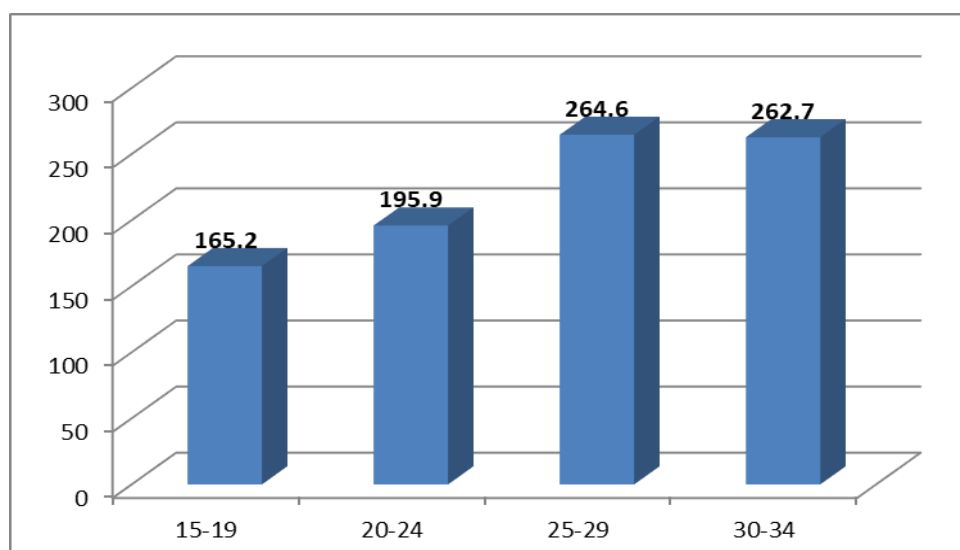


Figure 1. Number of young people in Armenia in 2017 (thousand people)

Dependency ratio, that is, the share of children (aged 0–14) and the elderly people (over 65) out of the number of economically active population (aged 15–64) is 69,2%. This indicator suggests that the number of economically active population is not much higher than the total number of children and the elderly. The share of children is still higher than the share of elderly people, however, with a subsequent drop in the birth rate, the demographic dividend (the number of people who will enter the economically active age) can change significantly. The demographic burden will eventually increase as the share of economically active people is decreasing, while the proportion of older people continues to grow.

The share of young people in the total labor force in Armenia at the beginning of 2018 amounted to 885,7 thousand people, of which 436,2 thousand are male and 449,5 thousand are female. Compared to 2014, this indicator changed by 10,8% downward (in 2014, the share of young people in the total labor force of Armenia was 992,6 thousand people).

While population size determines the potential size of the youth labor force, education determines its quality. The data in table 2 indicates that in 2017 the number of those students who choose further education in vocational primary schools increased by 10.3%, and the number of students in vocational secondary schools decreased by 4.5%. The number of students in universities has also decreased. In turn, 63% of pupils who graduated from the 12th grade choose to continue their studies in higher educational institutions or in vocational education institutions, and 20.3% do not continue their studies at all.

During the 2016/2017 school year, 63 state and non-state educational institutions and 12 branches carried out the first level of higher education in bachelor's degree. These institutions received 17,649 school graduates (women - 52.1%), had 81,648 students studying (women - 53.8%) and 19,036 graduates (women - 56.0%).

Table 2

Number of students by level of education in Armenia in 2015-2017 (thousand)

<b>Level of education</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Secondary education	157.0	155.9	152.8
Primary vocational education	3.3	2.9	3.2
Secondary vocational education	28.5	24.3	23.2
Higher education	79.6	84.6	81.7
Post graduate education	14.9	11.9	10.9

The employed youth of Armenia by educational level is represented as follows (Table 3).

Table 3

**Distribution of employed youth by level of education in Armenia  
(2017, thousand people)**

	<b>Total</b>	<b>15-24</b>	<b>25-29</b>
	182.9	74.8	108.1
Secondary and basic general education	84.2	42.0	42.12
Vocational and higher education	98.7	32.8	65.9

As the data show the majority of employed youth (60.9%) aged 25-29 have a vocational and higher education, a little more than half (56.1%) of 15-24 years old young people have secondary and basic general education.

The issue of finding a job is particularly difficult during the first year after graduation. Some of the young people have to retrain in other specialties in order to find a job, while others do not find job at all, and only a very small part is able to find a job in their occupation. Having professional knowledge and skills is not yet a satisfactory condition for achieving good results in the market or for finding job. Personal qualities such as marketability and employability are also very important (Polgeorgis, 2018).

In general, theorists describe the practical skills, theoretical knowledge, work experience potential and motivation of the employee by means of one concept “human capital”. According to contemporary theorists, human capital is a whole of personal qualities, philosophy, and value system that can have a direct impact on the human's operating results (Goldin, 2014). However, for an employer whose main purpose is to achieve results in a certain area of activity, it is not important how much the person invests in

human capital formation. For example, it is not important how much it has been contributed in education or what is the quality of personality of the potential employees. It is more important for the employer to realize who among the employee applies the gained human capital more efficiently.

Education in the Context of Human Capital Theory represents a content process that lies at the core of human capital formation. But in the reality of Armenia the availability of professional education only gives information about bearer's human capital volume and quality, but does not add anything to human productivity itself. From this perspective just the actual level of educational readiness is not as important, as the distribution of educational skills between the labor forces that outstand by production potential. That is the reason why the tendency of the educational growth in the country cannot contribute to the reduction of unemployment and the efficiency of employment.

A significant indicator of the youth labor market is the level of economic activity of young people, which is the share of economically active youth (employed and unemployed) in the total population of working age (from 15 to 64 years). This indicator in the Republic of Armenia in 2017 amounted to 32.4%.

The share of employed youth at the beginning of 2017 in the RA amounted to 293.7 thousand people, which accounted for 29% of the total number of the employed in Armenia. 177.6 thousand of them are males, 116.5 thousand are females. Compared to 2016, this figure has decreased by 1.3%.

The next indicator that significantly affects the youth labor market is unemployment. According to the data, in 2017 the number of registered unemployed citizens aged 15 to 34 was 105.6 thousand people. 0.3% of economically inactive youth in Armenia sought job in 2017 and 82.6% never sought job and was not ready to start working. The overall unemployment rate in the Armenia in 2017 was 17.8%, among youth it was 8.6%.

### **Mismatch: Exploring the imbalance between supply and demand of youth labor market by industry and occupation**

The youth employment profile by branch of economic activity does not significantly differ from the overall picture of all age groups of RA, with one exception; the share of youth involved in processing industry branch is very little. 19% of young people in Armenia are engaged in agriculture. This is followed by trade and service sphere (14%), state bodies (11%), education and training sector (9%), healthcare (7%), while only 3% of youth is employed in the IT sector. Young people are less involved in service and construction sectors, although there is a need for young professionals in these areas.

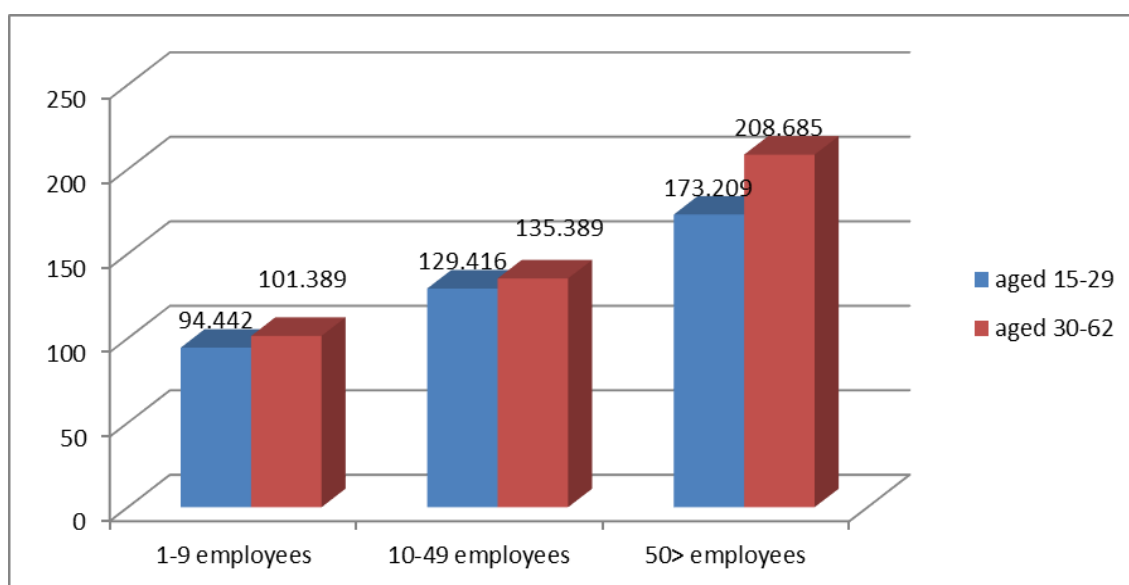
There is also a high level of informal or hidden employment in Armenia. For example, agricultural employment is an informal employment, thus it is very important to evaluate how much the informal employment is in non-agricultural spheres. In 2017 the level of informal employment in other sectors was 18.1%. Informal employment occurs when the state is unable to contribute to the creation of sufficient number of formal jobs, so people who need work are forced to choose informal work.

As for the match of occupation and education in the RA labor market it should be noted that the tendency of expansion of the most demanded professions in the market negatively affects the balance of the labor market by generating surplus of some professions and deficit of others. This means the cooperation between educational institutions and the labor market often does not reflect the real situation. It's noteworthy that the market of educational services is aimed at satisfying both the labor market and the educational market needs. Students and employers often refer to different requirements for individual occupations. The student, as an intermediate customer pays for educational services, thus the activity of the educational institutions is often aimed at satisfying the needs of that community. On the other hand the students often are not able to accurately assess the state of the labor market and its development trends.

Average monthly number of vacancies submitted by employers in 2012-2016 recorded the lowest rate in 2014 (2007). This figure dropped by 22% in 2014, compared to the previous year, but the indicator has shown a tendency of growth in 2015-2016 and in 2016 it has made 2778 vacancies, which has increased by 17.3% compared to the previous year. During 2014-2016 the number of people employed through the job agencies also shows steady growth. In 2016, the number of employed through the job agencies has been 17513.

## Conditions of work

Income also plays an important role in the active employment policy of youth, which will help to improve the socio-economic situation of the country and improve the living standards of young people, thus improving the quality of their life. The average earnings of young people per month in Armenia is 132,3 thousand drams ( $\approx$  273 US dollars). On the same time the average monthly nominal wages differ by organization size and age groups of workers (figure 2).



Average monthly nominal wages by organization size and age groups in RA (2017)

The average weekly hours actually worked by young workers in Armenia is 48,4 hours. The indicator for males is 51,6 hours, for females 38,5 hours.

During the last years the share of informal employment in Armenia has decreased. In 2016 40,6% of youth had an informal employment, of which 11,8% were producers of goods exclusively for own final use. In 2017 the share of informal employment has decreased to 38,4%, of which 8,7% were producers of goods exclusively for own final use. The decrease of the share of producers of goods of own final use is due to the decrease of the share of informally employed young women (3%).

## **CONCLUSIONS AND RECOMMENDATIONS**

In the current economic situation of Armenia, employers have begun to carry a cautious strategy towards attracting workers, especially young professionals. This means that even if there are vacancies for young people in the labor market and in some sectors of the economy, employers prefer dealing with more experienced and middle-aged professionals to prevent staff flow and to avoid the need of providing additional education.

The negative tendencies in Armenia also have deepened the unemployment problem among young people. Decrease in the number of new jobs has a direct impact on the labor market and especially for those who are entering the market for the first time. In addition, the lack of effective mechanisms of transition from education to labor market, as well as the low level of feedback between the general education system and the labor market, also deepens the mentioned problem.

The vocational education is the most important but not the only factor in finding a job. It is essential to constantly improve knowledge, skills and capacities in the labor market to get a worthy job due to their abilities. On the other hand, improvements relate not only to young professionals, but also to other stakeholders, the education system, the state, and employers, who, in their turn, should constantly study the signals in the society and make appropriate changes their strategies and tactics in the labor market.

Thus the unemployment reduction policy of Armenia should be targeted especially at the solution of youth unemployment problems. This is especially important under conditions of low birth rates and emigration. It is necessary to elaborate and implement active employment programs for young and middle-aged high-skilled unemployed people aimed at providing information on vacancies and highly qualified workplaces, trainings, settling small and micro business. It is also necessary to prevent "brain drain" of youth, particularly of high-quality young professionals by providing them with certain benefits for mortgages.

It is necessary to improve the demand and supply of young labor force, both quantitatively and qualitatively, by focusing on the demand for high-quality workforce and job opportunities. For this purpose, the formation and development of the university-labor market-science cluster is a necessity.

## REFERENCES

1. Algan, Y., and P. Cahuc (2009). Civic Virtue and Labor Market Institutions. *American Economic Journal: Macroeconomics* 1 (1): pp.111–45.
2. Banerji A., Saksonovs S., Lin H., Blavy R. (2014). Youth Unemployment in Advanced Economies in Europe: Searching for Solutions, IMF, pp. 10-15.
3. BellD., Blanchflower D. (2010). Youth Unemployment: Déjà Vu?. IZA Discussion Paper No. 4705.
4. Blanchard, O., Philippon T. (2006). The Quality of Labor Relations and Unemployment, Stern School of Business, NYU Working Paper No. FIN-06-038. New York: New York University. Available at: <http://ssrn.com/abstract=1293660>.
5. Blinova, T., Bylina, S., Rusanovskiy, V. (2015). Vocational Education in the System of Determinants of Reducing Youth Unemployment: Interregional Comparisons. *Procedia Social and Behavioral Sciences*, 214, pp. 526-534.
6. Borjas G. (2015). *Labor Economics*, McGraw-Hill Education, 7th edition, 592 p.
7. Braziene, R. and A. Dorelaitiene (2012), Transition of Youth from Education to the Labour Market : the Case of Lithuania. *The Economic Journal*, 112:pp.214–244.
8. Brooks R. (2009). Young people and political participation: An analysis of European Union policies, in *Sociological Research Online* 14(1)7.
9. Cairns, D. (2014). *Youth Transitions, International Student Mobility and Spatial Reflexivity: Being Mobile?* Basingstoke: Palgrave Macmillan.
10. Choudhry, M., Marelli, E., Signorelli M. (2012). Youth and the total unemployment rate: The impact of policies and institutions. *International Journal of Manpower*, 33, 1, pp. 76-95.
11. Council, G.A. (2014), Matching Skills and Labour Market Needs Building Social Partnerships for Better Skills and Better Jobs. *Papers in Regional Science*, 84: pp. 553–574.
12. CrowleyL., Jones K., Cominetti N., Gulliford J. (2013). *International Lessons: Youth unemployment in the global context*. The Work Foundation.
13. Gary S. Fields (2005). A Guide to Multisector Labor Market Models, Social Protection Discussion Paper Series Human Development Network; The World Bank, pp. 1-11.
14. *Global Employment Trends for Youth 2017: Paths to a better working future*. International Labour Office – Geneva: ILO, 2017. Available at: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_598669.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_598669.pdf)
15. Goldin C. (2014). *Human Capital*, Harvard University and National Bureau of Economic Research, pp. 9-11.
16. Heckman J. (2000). Policies to foster human capital. *Research in Economics* 54 (1), pp.3-56.
17. Hyclak T., Johnes G., Thornton R. (2012). *Fundamentals of Labor Economics*, South-Western College Publishing.
18. Kingombe, C. (2011). Lessons for Developing Countries from Experience with Technical and Vocational Education and Training. *Journal of Economic Literature*, 39(1): pp.34-92.
19. Kluve J. (2014). Youth labor market interventions, Humboldt University of Berlin, RWI and IZA, Germany, pp 1-2.
20. Lee, J.N. (2013), Cognitive Skills and Youth Labor Market Outcomes. *Journal of Development Studies*, 46(9): pp.1481–1502.



21. Labour market in the Republic of Armenia (2018), Statistical Committee of the Republic of Armenia, Yerevan, pp. 131-148.
22. Marshall A. (2013). Principles of Economics. Palgrave Macmillan. United Kingdom 759 p.
23. Malo M., Mínguez M. (2018). European Youth Labour Markets: Problems and Policies. Springer; 1st edition, 258 p.
24. Marco C., Künn S. and Schmidl R. (2011). Fighting Youth Unemployment: The Effects of Active Labor Market Policies. IZA Discussion Paper No. 6222.
25. Meer J., West J. (2013). Effects of the Minimum Wage on Employment Dynamics, Texas A&M University, pp.18-26.
26. Melqumyan A. and others (2014). Unemployment and wage inequity in Armenia. Amberd research center, Yerevan, pp. 51.
27. Methodology for Conducting Youth Labour Market Analysis (2017). ILO Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia. – Moscow: ILO. Available at: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_589142.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_589142.pdf)
28. Murtha T. (2018). Youth unemployment, The Bluecoat Press, 168 p.
29. O'Higgins N. (2017). Rising to the youth employment challenge: New evidence on key policy issues, International Labour Organization, 247 p.
30. O'Reilly J. and others (2015). Five Characteristics of Youth Unemployment in Europe: Flexibility, Education, Migration, Family Legacies, and EU Policy. Available at: <https://journals.sagepub.com/doi/full/10.1177/2158244015574962>
31. Parsons T. (1971). The system of modern societies. Prentice Hall, 152 p.
32. Pologeorgis N., Employability, the Labor Force, and the Economy; Available at: <https://www.investopedia.com/articles/economics/12/employability-labor-force-economy.asp> (accessed January 24, 2018)
33. Samuelson P.E (2002). Foundations of the economic analysis. Harvard economic studies, 604 p.
34. Smit A. (2007). An Inquiry into the Nature and Causes of the Wealth of Nations, Metalibri, 754 p.
35. Statistical yearbook of Armenia (2018), Statistical Committee of the Republic of Armenia, Yerevan, pp. 21-31.
36. Study on Labor Market Demand: the perspectives of institutionalization of employer-youth-educational institutions Cooperation (2014); Sociological Research. Available at: [http://www.minsportyouth.am/files/post/1463656793-1%20\(1\).pdf](http://www.minsportyouth.am/files/post/1463656793-1%20(1).pdf)
37. Tolbert P., Hall R. (2008). Organizations: Structures, Processes and Outcomes, Routledge; 10th Edition, 288 p.
38. Veblen T. The Theory of the Leisure Class, Available at: <http://moglen.law.columbia.edu/LCS/theoryleisureclass.pdf>
39. William De Vijlder (2016), Youth unemployment: an important ongoing policy challenge. Available at: <https://economic-research.bnpparibas.com/Views/DisplayPublication.aspx?type=document&IdPdf=29346>
40. Youth labour market analysis: A training package on youth labour market information (2013), International Labor office, Geneva, ILO.
41. Zimmermann, K.F., C. Biavaschi, W. Eichhorst, C. Giulietti, M.J. Kendzia, A. Muravyev, and R. Schmidl (2013), Youth Unemployment and Vocational Training. Foundations and Trends in Microeconomics, 9(1–2): pp.1–157.

# University formation of entrepreneurial competencies among youth

---

Nataliia Savytska, Olena Zhehus

## ABSTRACT

**Purpose.** The purpose of the study is to determine the current changes in educational needs, interests, expectations of university entrants and students, students' satisfaction with higher education institutions in order to substantiate offers for the adaptation of higher education products to market requirements to forming of entrepreneurial competences.

**Approach.** The used methodology is based on the conducted survey of representative sample of university entrants and students. Data was analyzed by using methods of point rating according to 5-point scale. The questionnaire was developed and used in Ukraine. Basing on the theory of generation change, the sample included (N=1400) respondents of different age groups, 16-17 years and 18-23 years, equally divided between the studied groups. Results are substantiated on selected 1361 survey questionnaire.

**Findings.** Taking into account the current trends of digital transformation of business, limitation of entrepreneurial potential for purposes of development of Ukrainian economy increase in role of forming entrepreneurial competences by youth has been established. Within the research it has been substantiated the need of higher education institutions to focus on efforts on development of key soft skills: comprehensive solution to problems. critical thinking, creativity, management of people, coordination with others.

**Originality.** The presented work stresses the change of value orientations in choosing the specialty and higher education institutions, different perception of competence importance by generations Y – students and Z – university entrants. It has been substantiated the key role of higher education in forming of prerequisites to activate youth entrepreneurship and it has also been identified a need to adapt educational programs and to aim them at forming of modern competences.

**Keywords:** youth, entrepreneurship competencies, university.

## **INTRODUCTION**

The modern processes of digital transformation and development of economics of knowledge make the sphere of learning the first sector of social production. According to UNESCO, the global gross-coverage ratio for higher education reached 38% in 2017 against the backdrop of a growing trend towards private-sector education (GEMR 2019). The new 2030 education concept, proclaimed by UNESCO, provides for the provision of quality and accessible education for everybody throughout lifelong learning (Incheon Declaration Education 2030). The World Education Monitor reports note that the Agenda-2030 seeks to ensure gender equality in access to high-quality technical, vocational, higher education, including university education (GEMR, 2019). The task of higher education institutions is the formation of basic skills in the youth (critical thinking, ability to solve tasks in a team, experience in implementing projects, sustainable skills of digital literacy, communication), life settings and behavior patterns that allow you to adapt to the rapidly changing labor market, create ecological innovations, to implement the principles of social equality and economic efficiency (GEMR 2106, GEMR 2017). Achievement of the goals of sustainable development in the field of education is connected, *inter alia*, with the coordination of interests, well-established communication and the availability of institutional and interpersonal trust among key stakeholders: the state, educational institutions, teachers, parents, students, entrants, students, employers (GEMR 2019).

The entrepreneurial activity requires the relevant knowledge and skills that young people can obtain in the process of formal, non-formal and informal education. A key place in the preparation of students for independent entrepreneurship in the formal education sector belongs to higher education institutions. When selecting a higher education institution for study, entrants and their parents hope for the acquisition of the necessary knowledge and skills, as evidenced by the results of the study.

## **THEORIES AND CONCEPTS OF THE RESEARCH**

Basis of the conducted research is three fundamental changes in business environment, cultural, social context of economic activities, and in the sphere of education. The most significant factors of the changes resulting in transformation of educational competences and professional competences of entrepreneurs, to our opinion, are:

- internationalization and regionalization of the global economics causing a need in team work under conditions of multi-disciplinary communication in the project group in the multi-language and multi-cultural environment;
- geographical expansion that intensifies competition over limited resources and customer's loyalty, regularly changes game rules, and thus requires greater focus on customer and flexibility in development of competition strategies;
- automation of routine manual and intellectual labour that releases time for creative work and requires skills of managing intellectual information flows, coordination of interaction and entrepreneurship – ability to analyze information critically, to be inquisitive and to be able study continuously;

- appearance of new management models in business, including electronic business space;
- transfer of inference power from brands to buyers.

The development of entrepreneurship is an important factor in the steady and inclusive growth of the national economy, as evidenced in numerous studies by scholars around the world, among which are Valliere, D., & Peterson, R. (2009), Audretsch, D. B., Belitski, M. and Desai, S. (2015); Justin Doran, Nóirín McCarthy & Marie O'Connor Christian Nsiah (Reviewing Editor) (2018); Folarin Ogunlana (2018), Wang, K.; Yan, W. (2016); Feng-Wen Chen, Long-Wang Fu, Kai Wang, Sang-Bing Tsai, ID and Ching-Hsia Su (2018) etc. One of the main topics enhancing entrepreneurship in the country is the development of youth entrepreneurship. Problems and perspectives of which are considered by the scientists of the countries of the Eastern Partnership within the framework of the program Erasmus+ project "Higher education institutions for youth entrepreneurship". Among the significant publications should be noted Hrosul, V., Dyadyuk, M., Zubkov, S. (2018); Ciloci R., Turcan R., Crucerescu C. (2018); Kolkán A. (2018); Kruceresco K., Ciloci R., Zurcan R. (2018); Didmanidze I., Megrelishvili Z. (2018); Yatsevich N. (2018). The authors, based on empirical studies, have proven that entrepreneurship contributes to economic growth, accelerates the commercialization of knowledge, creates new motivations for development.

Digital revolution and change of generations caused significant impact on transformation of business processes. work is based on the Strauss–Howe generational theory (Howe N., Strauss W. (2000); Howe N., Strauss W. (2003); Howe N., Strauss W. (2007). Preferences and Behaviors of the generation Z are researches by Fromm J. (2017), Nanji A. (2018), Stanley C. (2018) etc. In scientific literature, more attention is paid to the behavior of students of the new generation Z, in particular : Guberman D., Layow E. (2017), Seemiller C., Grace M. (2017), Hampton D. C., Keys Yo.(2017), Caylor B. (2019). This concept adapted to environment of Ukrainian society too. This concept of the research stipulates differentiation of Y generation to which students of 1996 – 2000 years are referred and Z potential university entrant of 2001-2002 years.

The problem of the formation of actual skills of the 21st century was researched by scientists from different countries: USA Wagner T. (2008), UK Archer, W. and Davison, J. (2008); EU member states, OECD countries Voogt J., Pareja Roblin N. (2012); Indonesia I M. Suarta, Fajar Pranadi, I Ketut Suwintana, Ni Kadek Dessy Hariyanti (2017), Australia Lamb St., Doecke Est., Maire Q. (2017), Canada Bates T. (2018), USA Care Est., Kim H., Vista A., Anderson K. (2018).

Our review revealed. Taking into account the changing value priorities and the peculiarities of young people's perception of the digital world, in the educational sphere must-have educational processes are formed around the digitalization, personalization of learning, self-study and career modeling (coaching and mentoring), the use of blend learning: online and traditional forms of learning, case studies, Data Mining, mobile, group training in challenging mode, application of AI, VR, simulators and trainers, growth trend in microelectronics: short time courses, short video clips, small text or visual materials, Blitz testing.

## RESEARCH METHODOLOGY

The purpose of the study is to determine the current changes in educational needs, interests, expectations of university entrants and students, students satisfaction with higher education institutions in order to substantiate offers for the adaptation of higher education products to market requirements.

According to the intended purpose, the main method is descriptive research (questioning) as the most adequate way to describe consumer behavior - applicants and students.

The marketing research of entrants (as potential consumers of educational services) and students (as real consumers of educational services) of Ukrainian universities was conducted to identify the value guidelines of choosing a specialty and institution of higher education for young people. For the study the questionnaires are prepared. The questionnaire used closed questions. Estimates of the surveys importance criteria were calculated using the Likert scale. The selection of judgments for the scale was made during the pilot study.

Based on the developed methodology of the study, a survey of university entrants and students was conducted in January-September 2018 using the offline and online survey method. The sample population was formed in accordance with the developed approach of the world-renowned American Institute of Public Opinion (Gallup Institute), according to which the sampling volumes for the given sample size were determined. For a large general population (over 10,000,000) it is determined that the sampling error will be  $\pm 5\%$  at a sample of 600 units. Proceeding from the fact that the number of students in 2017-2018 in Ukraine it was 1331 thousand (State Service of Statistics of Ukraine) 700 questionnaires were replicated. To ensure 95% reliability level, 700 questionnaires for university entrants were replicated.

The questionnaires offer to evaluate the importance of the factors on the 5-point scale (1 point - "absolutely not important factor" ... 5 points - "very important factor") of the choice of the specialty; factors characterizing education at a higher education institution; factors that make choosing a higher education institution; professional competencies. According to the results of the survey average estimates were calculated and the ranks of the factors and competencies were determined.

The structure of the sample of potential applicants for demographic characteristics consists of 388 women, representing 57.8% of the polled, and 284 men (42.2%) (Figure 1). By the place of residence, the majority of respondents, namely 68.3%, are urban residents, 12.9% are urban-type residents and 18.8% are villagers 16-17 years (2000-2001).

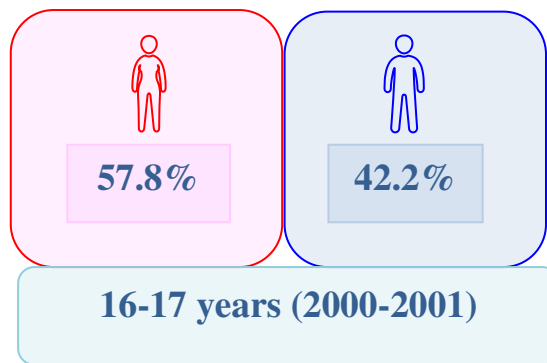


Figure 1. Socio-demographic portrait of entrants (generation Z)

The structure of the sample population on the basis of demographic characteristics consists of 421 women, representing 61.2% of the polled, and 268 men (38.8%) (Figure 2).

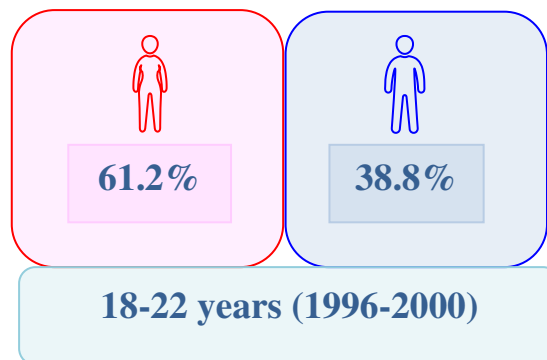


Figure 2. Socio-demographic portrait of students (generation Y – millennial)

By the year of learning 11% are students of the first year, 18% - students of the second year, 22% - students of the third year, 28% - students of the fourth years, 21% - the fifth year students, thus enrolled students of all courses of study. 18-22 years (1996-2000 years of birth). Taking into account the research direction, the survey was attended by students of the specialties "Entrepreneurship", "Marketing", "Economics", "Management".

## ANALYSIS OF THE RESEARCH RESULTS

In the Ukrainian economy there are negative processes, which are characterized by reduction of the number of economic entities. According to the statistical data (of the State Department of Statistics of Ukraine) if in 2010 in Ukraine 2183, 9 thousand entities were operating in Ukraine, then in 2017 only 1805.0 thousand, their number decreased by 27.4%. It should be noted that about 99% of business entities in Ukraine are small business entities, the number of which in 2017 amounted to 1,789.4 thousands. The peculiarity of small business in Ukraine is the predominance in the structure of small business entities of individuals-entrepreneurs, which accounts for more than 80%. Over

the past five years, the contribution to formation of value added of individuals-entrepreneurs (by expense method) has increased from 5 to 7%, in monetary terms, the growth was 157.6% or 96526.3 million UAH. One should note an increase in the share of small businesses in the volume of sales from 21.7% in 2010 to almost 25% in 2017 (Figure 3). In general, the economic scale of small business entities is increasing, attracting more and more resources into the sphere of small business, and interest in small businesses is emerging as an alternative to hiring.

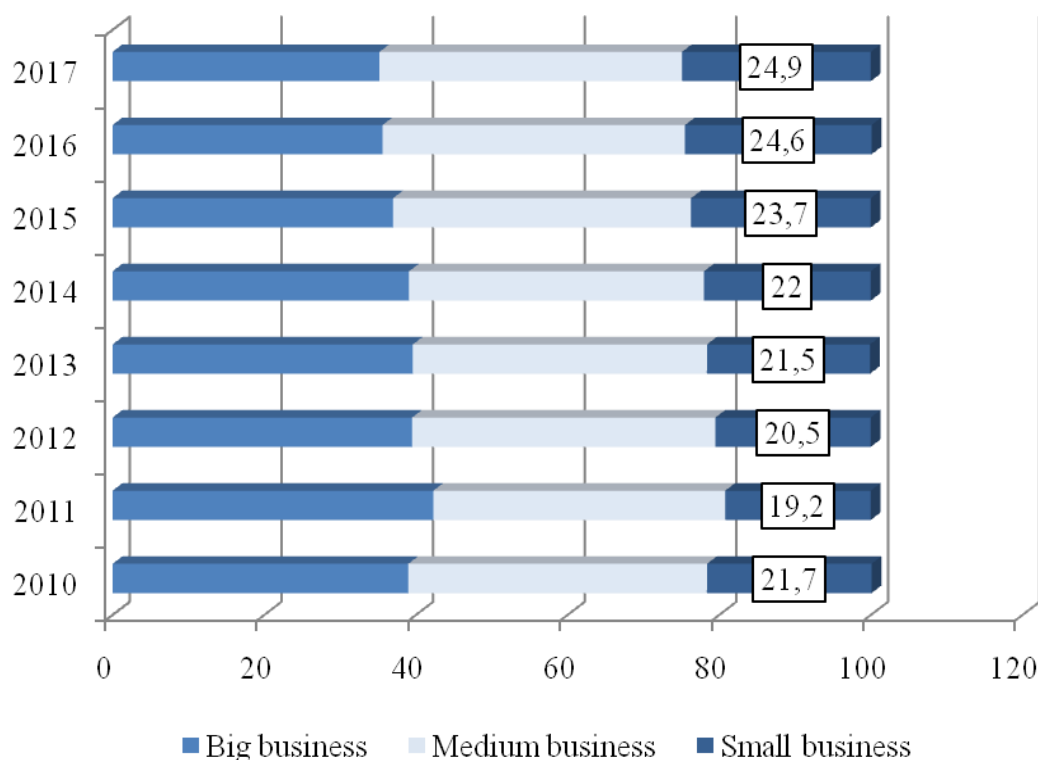


Figure 3. The share of economic entities in the volume of sold products

However, as Figure 4 shows, the number of small businesses in 2010-2012 and 2016-2017 has decreased. In addition, the share of unprofitable small business enterprises grows, if in 2010 they were 56%, then in 2016-2017 – more than 72%, and the amount of losses in 2017 amounted to almost 20972 million UAH (State Service of Statistics of Ukraine). The reason for this situation is not only the consequences of the general economic crisis, but also the lack of knowledge and skills in business management, the use of adaptation methods. Most entrepreneurs are not prepared to respond adequately and quickly to turbulent changes in the external environment.

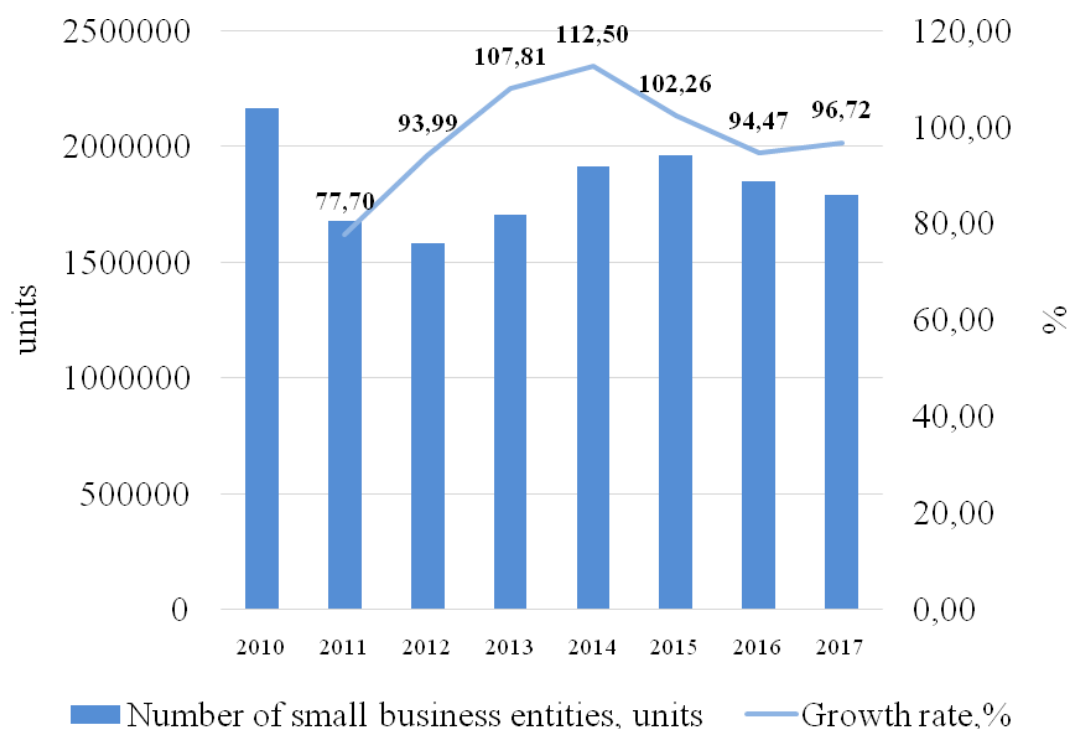


Figure 4. Dynamics of number of small business entities

Taking into account the significant contribution and significant role of small business for the country's economic development, its development is an important and priority direction of state policy. In our opinion, significant untapped potential of small business development is concentrated in the youth sector. According to the results of the sociological study "Youth of Ukraine - 2018", the purpose of which was to identify the main problems of the social situation of Ukrainian youth, its values and preferences, analysis of the forms of youth participation and definition of the role of youth in the processes of state reform, the attitude to education and the choice of profession. For most respondents, 49.9%, the priority of choosing a specialty or profession is its correspondence to their interests, enthusiasm, abilities. One third of the youth (26.8%) chose or plans to choose its last specialty or current profession, because it guarantees earnings, worthy of material remuneration, 22.0% - on the advice of parents, relatives, other people, 15.9% - because it is prestigious (Youth of Ukraine – 2018). It is also established that the financial component of the choice of the specialty or profession among young people of 20-24 years significantly exceeds this factor among young people aged 14-19 years. Young people aged 14-19 also focus more on the prestige of the profession and less on parental advice than representatives aged 20-24. 31.2% of the respondents indicated that they were working or are working during their studies. But if the portion of such respondents aged 20-24 is 36.5%, then the ones aged 14-19 is 19.9%. At the time of training young people predominantly work or worked in private companies (49.5% of those who worked/work during studies). The purpose of work during study for most of the interviewed youth is the desire to make money for themselves (60.3% of those who worked / work during study), as well as help their family (17.9%) and gaining



experience of work. The analysis of age-based differences shows that for young people aged 14-19 and 20-24, who worked / work during study, more specific desire to earn money for themselves (71.8% and 71.0% respectively), while younger adults age groups more often than young people in the younger age groups work or worked while studying to help their family (Youth of Ukraine – 2018). The following conclusions can be drawn from the results of the study:

- changes in value targets orientations and behavior styles of youth of different age groups take place;
- the majority of young people can be classified as economically active, most of them are ready to work while studying;
- want to get practical experience.

Modern youth is characterized by initiative, activity, creativity, and is inclined to self-entrepreneurial activity, but it lacks knowledge and skills to open and effectively manage its own business. In modern conditions, institutions of higher education need to adapt to the changing generations and educational needs that are also transforming.

The economic crisis, one of the consequences of which is the increase in unemployment, causes problems of employment of graduates of higher education institutions. Under these conditions, an alternative becomes a youth entrepreneurship that will allow a young person to develop, present and promote their own project. The success of the project can promote profitable employment, obtaining financial resources for its implementation (for example, in the case of a grant) or individual entrepreneurial activity.

Creation of conditions and stimulation of entrepreneurial activity of youth is one of the priority directions of the state youth policy. In the "Concept of the State Target Social Program" Youth of Ukraine "for 2016-2020" among the main problems that need to be addressed in the youth environment are the following (State Target Social Program "Youth of Ukraine" for 2016-2020 years):

- the lack of motivation and skills for young people to acquire knowledge independently;
- low level of youth employment in the labor market for the chosen profession and practical skills and abilities of young specialists;
- slow pace of entrepreneurship development among youth;
- insufficient use of innovative potential of youth;
- low level of professional orientation of youth;

To overcome them, the Program envisages a concentration of efforts on such priority tasks as employment of young people by creating conditions and implementing measures aimed at stimulating youth self-employment. The realization of this task involves the involvement of young people in entrepreneurship. Implementation of the Program will enable the development of youth entrepreneurship through the improvement of the existing legal framework and the systematization of preferences for young entrepreneurs, the formation of entrepreneurial skills among young people. In this context, it is important to integrate the efforts of the state, higher education and business.

Young people themselves become a powerful human resource in the field of entrepreneurship, while they still dream about their own business, success and wealth, they want to become self-sufficient and independent at the same time. The global impact of the digital revolution 4.0 has affected all spheres of life, predetermine generational transformations that manifest themselves in changes in behavior, outlook, life standards and attitudes of people of different age groups. By the theory of Howe N. and Strauss W. at the end of the early 2000s, a new generation - the Z generation - "centenials" that came to replace the "millennials" - the generation Y (Howe N., Strauss W., 2007 a). The main differences of the new generation Z (Ladika I. 2017) are the combination and indivisibility of the digital and real world, hyperactivity, they prefer social networking rather than personal; better understand of information, know how to find it, divide it, develop visual thinking and negatively treat advertising. They are preparing for the future, 83% agree that it is important for a successful career start. They have no illusions, 64% worry about how successful they will be in the future. The results of sociological research indicate that two thirds of representatives of the generation of "centinials" plan to engage in entrepreneurship, moreover, they still learn to decide what to do, in what field they want to work, how much they plan to earn, so try to learn the necessary skills and abilities (Lisitsina M. (2018). Centenials are conscious, use the Internet more often and better than adults use. They are always online, 86% of them check their phone every hour. They prefer YouTube, 70% watch it from two or more hours each day. They are actively using Facebook, with 71% giving it priority over other social networks.

The labor market is characterized by a quick change in the structure of the workforce under the influence of information and communication technologies and the development of machine intelligence, according to UNESCO research, "by 2020, the shortage of specialists with higher education and qualified qualifications worldwide will be 40 million people, and shortage of workers with a lower level of education - about 95 million people" (GEMR 2016). The Fletcher School at Tufts University, in partnership with MasterCard HBR, analyzed 60 countries by their digital development index (its formation is influenced by four drivers with more than 170 indicators) and identified the leaders: Norway, Sweden, Switzerland, Denmark, Finland, Singapore, South Korea, the United Kingdom, Hong Kong and the United States (The Digital Evolution Index 2017). But taking in consideration the current pace of innovation and constant change, the current status does not provide primacy in the future. Only openness to innovation and change will help build capacity for further growth.

Modern education should be aimed at lifelong learning and formation of the appropriate type of competences: skills, life settings and behavioral patterns that will meet the needs of the labor market and sustainable and inclusive economic growth on the basis of a cognitive and green economy with a pronounced revolution of generations. Dedication, involvement, social orientation, multidisciplinary and multicompetence will be determined by the profile of a specialist in the near future 2020 - 2030 years.

According to the research data (Incheon Declaration Education 2030), by 2030 education will become a key form of population activity, and lifelong learning through the influence of the revolution of generations and individualization of education will become an urgent

need. The massive demand for skilled workers is gradually changing to personified one which results in the spread of project training and the model of an open university. Copying the traditional lecture format varies to mentoring and coaching, allowing you to build a personal, flexible learning trajectory and focus on your own priorities and entrepreneur skills. Entrepreneurship and creativity have become a limited resource of the innovative economy, as traditional business processes: production, marketing, sales, logistics can be automated. Strategic issues related to the marketing philosophy of business development are difficult to automate, so the task of marketing education is to teach how to change the world, to put forward ideas, to attract people and resources, to overcome obstacles, to intensify relationships and to make dreams come true.

According to the results of the conducted survey, it was established that the main value orientations for choosing the specialty are the potential abilities of realization of abilities and compliance with interests, obtaining knowledge and ensuring a successful career (28.16% have been identified as the most important ones) (Figure 5). At the same time, securing a successful career for students was in the first place, an absolute majority of respondents, namely 55.4%, determined this factor as the most important decision-making factor. Thus, with the successful career and opportunities to realize their abilities, young people associate the choice of specialty for study.

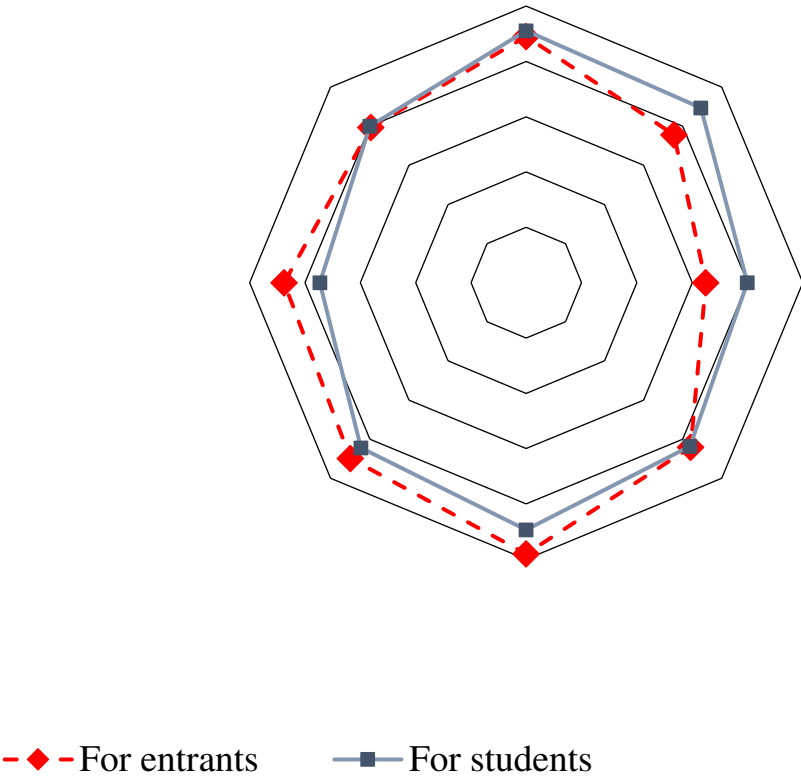


Figure 5. Average estimates of the importance of the factors of the specialty choice

Analyzing the results of the assessment of the importance of the factors characterizing the education at a higher education institution (Figure 6), it was established that for 76.8% of the respondents, the most important were opportunities for internships abroad and for 66.7% - passing of practice which testifies to the attempts to acquire the practical skills and experience to solve professional problems. The priority of internship abroad for entrants also indicates a higher mobility of modern youth, their readiness to acquire knowledge and experience abroad. There should be noted higher importance for entrants characteristics of both educational products themselves and the learning process. For the students who are already studying, the important factors that characterize the education in the HEI are the professional level of teachers, the quality of teaching and the organization of the learning process, only on 4 and 5 places for them were opportunities for internships and internships respectively. Thus, the priority for the direct consumers of educational products of qualitative parameters, which characterize the training in the HEI was revealed.

Taking into account the revealed results for institutions of higher education, it is necessary to strengthen the practical orientation of the educational process and to ensure the improvement of the quality of education in accordance with the needs of educational services users.

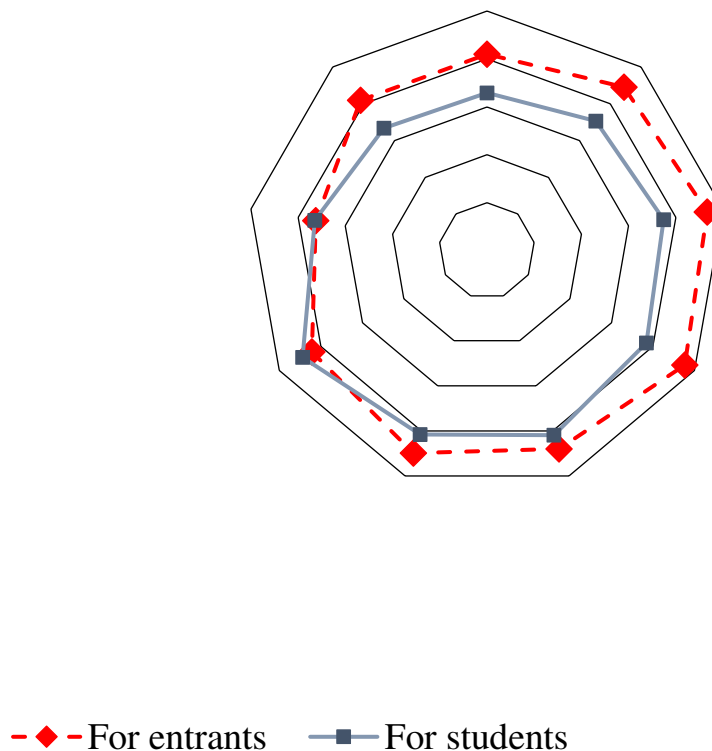


Figure 6. Average estimates of factors characterizing studies in higher education institutions

The main motivators for choosing the HEI for most university entrants are job opportunities, the quality of educational services, specialty offered (Figure 7). The prestige of HEI, the cost of training, the qualifications of teachers, even the image and reputation are secondary factors in the choice of modern entrants. The main motivators for choosing higher education institutions for most students, unlike university entrants, were the tuition fees, specialties offered at the institution, and employment opportunities.

Young people who already study or only plan to study in higher education institutions understand the complexities and problems on the labor market, and before they begin to study they are concerned about professional career. In connection with this, the task of institutions of higher education is not only the provision of their first jobs, but also preparation for independent entrepreneurial activity, as an alternative to employment in enterprises and organizations. At the same time, propaganda of youth entrepreneurship, its advantages and the opportunities that it provides for the self-realization of future specialists plays an important role.

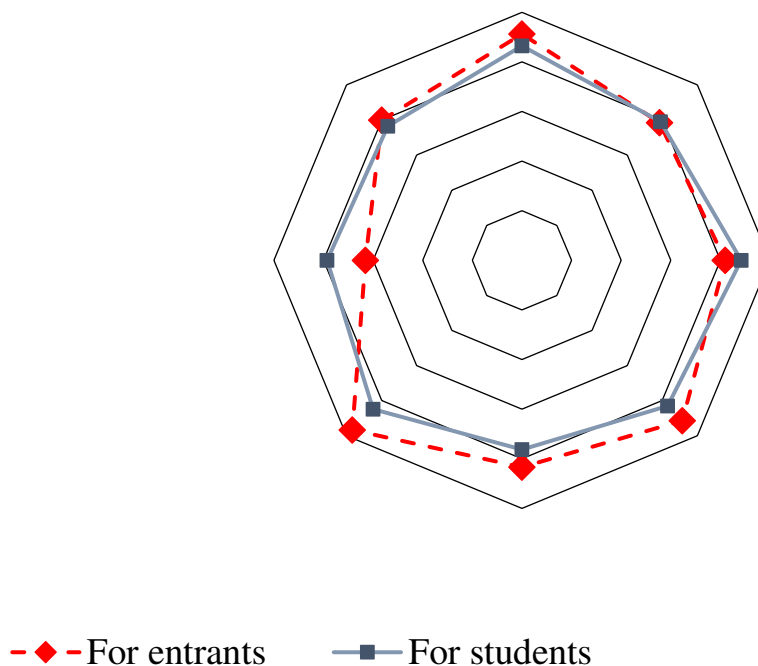


Figure 7. Average estimates of the factors of the choice of institutions of higher education

Modern higher education uses a competence-based approach that facilitated the transformation of educational goals from broadcasting and transfer of knowledge to the formation of a set of professional and general competencies. World Economic Forum in 2015 (World Economic Forum 2015) identified relevant and perspective (by 2020) key competencies of specialists in the XXI century (Figure 8).

Table 1 contains the results of a survey of students and entrants about the importance of skills in the 21st century. It was disclosed that Y generation prefers collective interaction in solving complex problems (Rank skills Comprehensive solution to problems – 1 and

Management of people – 5). Generation Z value individuality and creativity (Rank skills creativity 3).

Table 1

**Priority skills for entrants and students**

<b>Top-5 Skills XXI century</b>	<b>Entrance Rank Skills</b>	<b>Student Rank Skills</b>
1. Comprehensive solution to problems	14	1
2. Critical thinking	5	11
3. Creativity	3	4
4. Management of people	11	5
5. Coordination with others	12	8

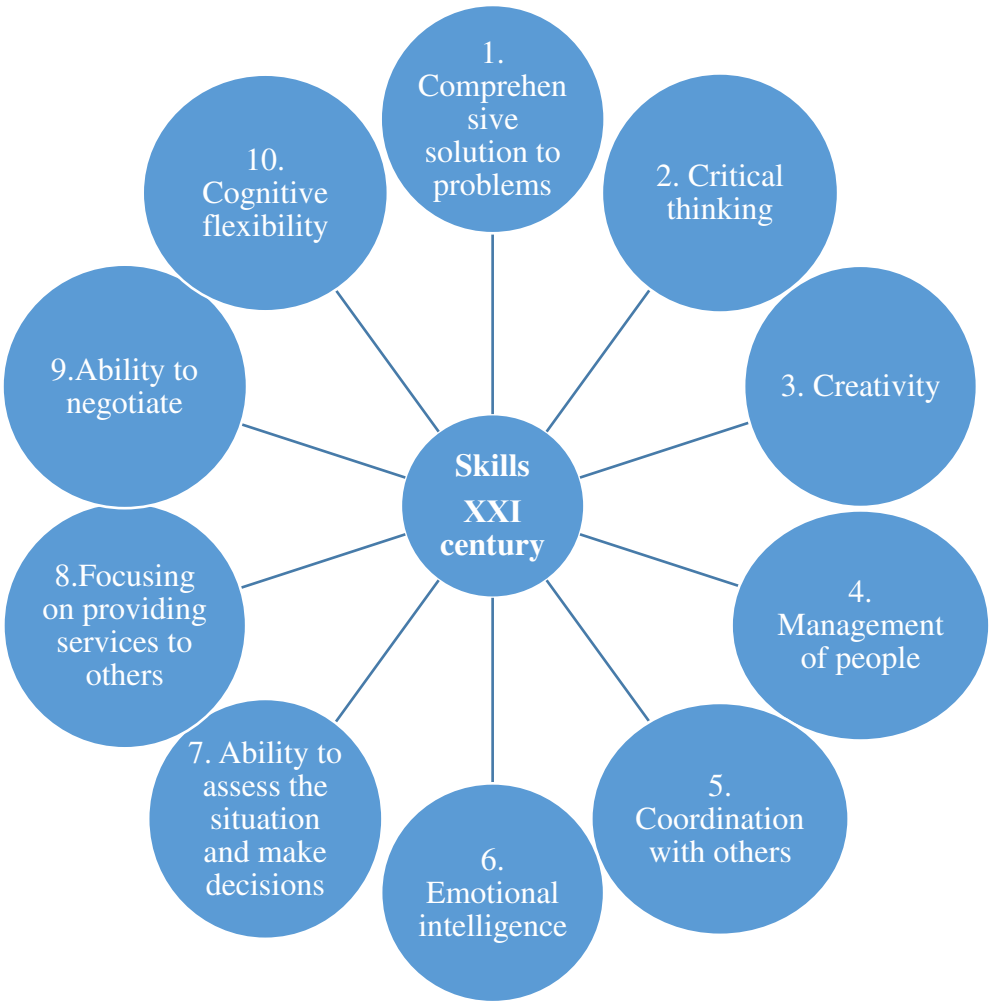


Figure 8. XXI century skills by World Economic Forum 2015

The distinguishing feature in the rating presented in Figure 8 is that the primary task of the specialist is to solve the problems in a comprehensive way, as well as in the growing sense of critical thinking, creativity and emotional intelligence, that is, adaptive skills.

The thematic indicator on digital literacy goes far beyond the ability to use ICT equipment and mobile communications. However, according to UNESCO monitoring of education in high-income countries, three out of ten adults are not able to attach a file to an e-mail message. Even in these countries, programming skills are a minority (GEMR 2019).

Almost all of these competencies are relevant for entrepreneurial activity, the focus of efforts of higher education institutions on their formation is their priority objective. As a result of the research, it was found that, according to the assessments of applicants, the most important competences of higher education specialists were the ability to study and improve themselves, the ability to search and perceive new information, creativity, creative approach, entrepreneurial ability, and ability to think critically (Figure 9).

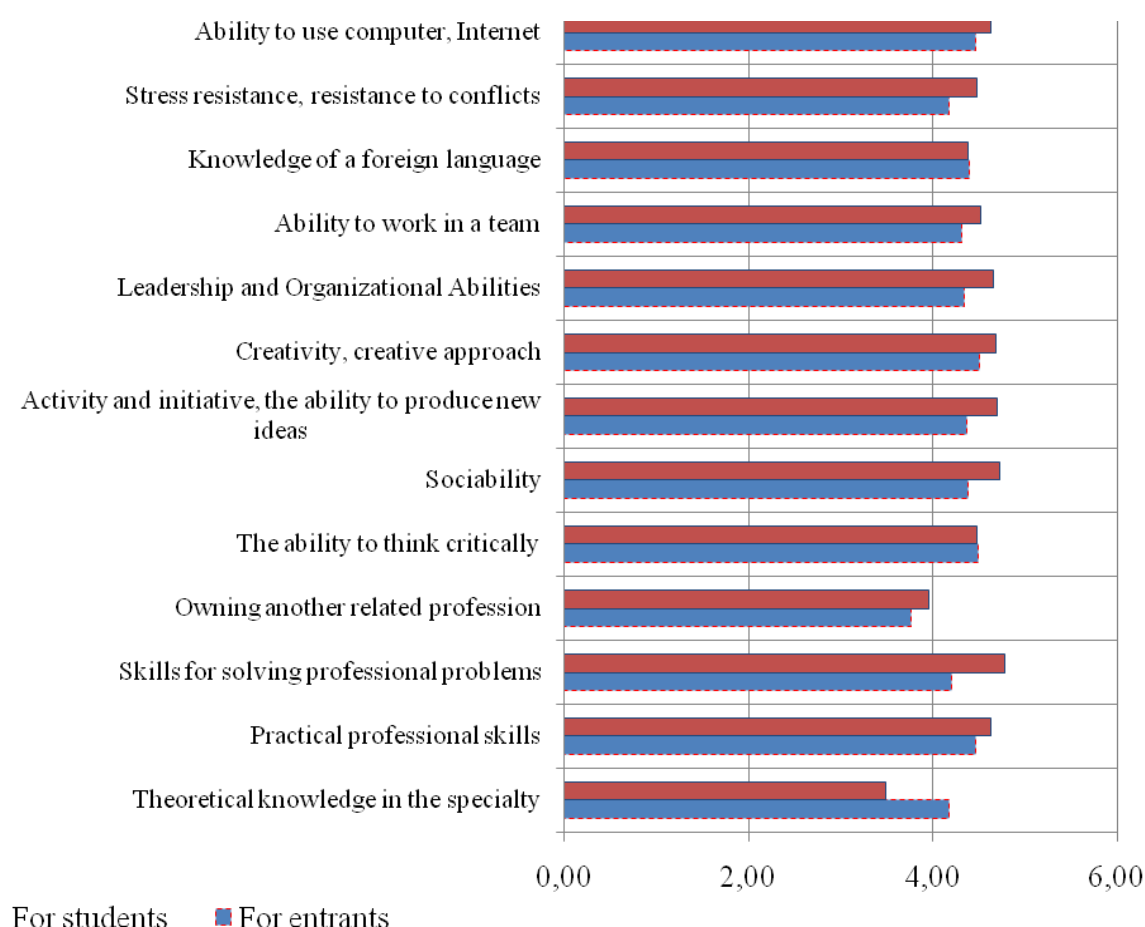


Figure 9. Average evaluations of the importance of competencies

In their turn, students consider the following competencies to be a priority: problem-solving skills, communication skills, activity and initiative, ability to produce new ideas, creativity, creative approach, leadership skills and organizational skills. Both for entrants, and students the importance of practical skills occupy the 6th place, and theoretical knowledge in the specialty - only 17, analytical abilities - 16. Thus, the orientation of young people for the acquisition of so-called soft competencies, which are especially important for entrepreneurial activity, is traced.

In their turn, students consider the following competencies to be a priority: problem-solving skills, communication skills, activity and initiative, ability to produce new ideas, creativity, creative approach, leadership skills and organizational skills. Both for entrants, and students the importance of practical skills occupy the 6th place, and theoretical knowledge in the specialty - only 17, analytical abilities - 16. Thus, the orientation of young people for the acquisition of so-called soft competencies, which are especially important for entrepreneurial activity, is traced.

According to the results of the survey, students evaluated the most the possibilities of obtaining, while studying in institutions of higher education such competencies as entrepreneurial ability, communicability, computer skills, Internet, gadgets; creativity, creative approach; problem solving skills. Along with this, the lowest average grades are characterized by the possibility of acquiring theoretical knowledge in the specialty, possession of another related profession, activity and initiative, ability to produce new ideas.

Analysis of the importance / ability to obtain professional competency for students indicates the greatest discrepancy such as theoretical knowledge on the specialty, practical skills, critical thinking skills, activity and initiative, ability to produce new ideas, creativity, creative approach, leadership qualities and organizational skills, ability to work in a team, the ability to search and perceive new information.

The revealed facts indicate that the main problem of institutes of higher education at this stage is incompatibility of competences of specialists with higher education with modern requirements, since higher education does not ensure relevance of knowledge and professional skills. There is a significant lag in what is being taught, from new knowledge that quickly emerges and is used in one or another professional field. Therefore, the priority task of higher education institutions is to improve educational programs taking into account the current needs, requirements and expectations of students regarding the results of learning.

## **CONCLUSIONS**

University formation of entrepreneurial competencies among youth based on factors of external and internal environment of the educational process. In course of the research it has been established reduction of all types of business entities in Ukraine, including small-sized business entities. Though contribution of small business in volume of products sold, formation of the GDP increased in 2010-2017. Precondition of further economic development of the country is a need to activate entrepreneurial activity. Taking into account economic activity of the youth, pursuance of self-employment, creative potential, ability to generate ideas, speed of perception of everything new, stimulation of youth entrepreneurship development is considered to be a priority.

Interferes with the formation of entrepreneurial skills among youth insufficient integration of efforts made by the state, higher education, and business is observed. As a result of this fact, there are discrepancies between what is studied in higher education institutions, and what is required for successful careers in business.



Impact of the digital revolution, generation change, and appearance of Z generation - "centenials" requires from higher education institutions to use modern training forms: Blend learning, Case study, Data mining, Challenge, Project-based learning, VR, stimulators in the educational processes. Imperative of the time in the concept of long life learning is micro-training and orientation to orientation and entrepreneurial competences.

According to results of enquiry of the sampling population of university entrants (Z generation) and university students (Y generation) in Ukraine, shift of value orientation accents in choosing the specialty for study has been found. It has been established ranking of a specialty and a university for university entrants that ensure mobility and opportunity to acquire practical skills required to solve professional problems in a form of internship, including abroad. Differences in orienting points of university entrants and students were detected. This fact proves dependence on value systems of the particular generation. For modern university entrants identified as the transitional generation from Y to Z, realization of their abilities and interests is becoming more and more essential. In addition, individualism is shown in choosing a profession, social and emotional motivation prevails over fashions and valuables. Requirements of university entrants to good organization, quality, thoroughness of the educational process in the university is increasing. Choosing a higher education institution future students focus their attention on opportunities of employment by their specialty that ensures realization of the entrepreneurial potential in course of their study.

Current conditions of entrepreneurial activity caused a need in forming key competences of university-education professionals with prevalence of soft skills: comprehensive solution to problems, critical thinking, creativity, management of people, coordination with others, emotional intelligence, ability to assess the situation and make decisions, focusing on providing services to others, ability to negotiate, cognitive flexibility.

According to results of enquiry of the university entrants and students significant discrepancy has been established in importance of acquiring skills that influence transformation of the educational service into desired successful carrier in the XXI century. To correct the detected discrepancies it is required to channel efforts to formation of five key competences: comprehensive solution to problems. critical thinking, creativity, management of people, coordination with others.

The obtained results can be used by higher education institutions in the process of value system formation that will facilitate successful experience of study and realization of its results in entrepreneurial carrier and productive life.

## REFERENCES

1. Archer, W., Davison, J. (2009) "Graduate employability: What do employers think and want? The Council for Industry and Higher Education (CIHE)", accessible: [www.cihe-uk.com/docs/PUBS/0802Grademployability.pdf](http://www.cihe-uk.com/docs/PUBS/0802Grademployability.pdf).
2. Audretsch, D. B., Belitski, M., Desai, S. (2015) "Entrepreneurship and economic development in cities", *Annals of Regional Sciences*, No 55 (1). pp. 33-60, accessible: <http://centaur.reading.ac.uk/43286/>

3. Bates T. (2018) “2018 review: 21st century knowledge and skills, accessible: <https://www.tonybates.ca/2018/12/27/2018-review-21st-century-knowledge-and-skills/>.
4. Care Est., Kim H., Vista A., Anderson K. (2018) “Education system alignment for 21st century skills”, accessible: <https://www.brookings.edu/wp-content/uploads/2018/11/Education-system-alignment-for-21st-century-skills-012819.pdf>.
5. Caylor B. (2019) “5 Major Characteristics of Generation Z for Education Marketers”, accessible: <https://www.caylor-solutions.com/5-major-characteristics-generation-z-education-marketers/>.
6. Chen F-W., Fu L-W., Wang K., Tsai S-B., Su Ch-H. (2018) “The Influence of Entrepreneurship and Social Networks on Economic Growth-From a Sustainable Innovation Perspective”, *Sustainability*, No 10 (7), accessible: <https://www.mdpi.com/2071-1050/10/7/2510>.
7. Ciloci R., Turcan R., Crucerescu C. (2018) “Development of Youth Entrepreneurship in R. of Moldova – Comparative Analysis”, *Youth Entrepreneurship in the Eastern Partnership Countries: Experience in Formation and Development Prospects*, Materials International. scientific practice. conf., Batumi, 2018, Batumi Shota Rustaveli State University, Batumi, pp. 57-59.
8. Didmanidze I., Megrelishvili Z. (2018) “Problems and prospects of development of youth entrepreneurship in Georgia”, *Bulletin of the Armenian State University of Economics*, No 3, pp. 163-168.
9. Doran, J., McCarthy, N., & O’Connor, M. (2018) “The role of entrepreneurship in stimulating economic growth in developed and developing countries”, *Cogent Economics & Finance*, No 6, accessible: <https://www.tandfonline.com/doi/pdf/10.1080/23322039.2018.1442093>
10. “Gallup Institute: The Right Analysis”, accessible: <https://www.gallup.com/education/227648/higher-education.aspx>.
11. “Global education monitoring report 2017/8: Accountability in education: meeting our commitments”, accessible: <https://unesdoc.unesco.org/ark:/48223/pf0000259338>.
12. “Global education monitoring report summary 2019: Migration, displacement and education: building bridges, not walls”, accessible: <https://unesdoc.unesco.org/ark:/48223/pf0000265996>.
13. “Global education monitoring report, 2016: Place: inclusive and sustainable cities”, accessible: <https://unesdoc.unesco.org/ark:/48223/pf0000246230>.
14. Fromm J. (2017) “Gen Z is on the rise, here is what you need to know”, accessible: <https://www.forbes.com/sites/jefffromm/2017/01/04/gen-z-is-on-the-rise-here-is-what-you-need-to-know/#4e523c737c39>.
15. Guberman D., Layow E. (2017) “Understanding and Motivating Generation Z Students”, accessible: <https://docs.lib.purdue.edu/cgi/viewcontent.cgi?article=1033&context=impactpres>.
16. Hampton D. C., Keys Yo. (2017) “Generation Z students: Will they change our nursing classrooms?”, accessible: <http://www.sciedu.ca/journal/index.php/jnep/article/view/10464>.
17. Howe N., Strauss W. (2000) *Millennials Rising: The Next Great Generation* Vintage Books, 2000, 415 p.
18. Howe N., Strauss W. (2007 a) “The Next 20 Years: How Customer and Workforce Attitudes Will Evolve”, *Harvard Business Review* July–August 2007, accessible: <https://hbr.org/2007/07/the-next-20-years-how-customer-and-workforce-attitudes-will-evolve>

19. Howe N., Strauss W. (2003) *Millennials Go to College: Strategies for a New Generation on Campus : Recruiting and Admissions, Campus Life, and the Classroom* American Association of Collegiate Registrars and Admissions Officers, 2003, 100 p.
20. Howe N., Strauss W. (2007) *Millennials Go to College Life* Course Associates, 2007, 228 p.
21. Hrosul, V., Dyadyuk, M., Zubkov, S. (2018), "Potential of youth entrepreneurship in Ukraine and its development in the context of European integration processes", *Messenger of Armenian State University of Economics*, No 3, pp. 109-120, accessible: <https://asue.am/upload/files/science/banber/2018-year-3/11-B-2018-3-10.pdf>
22. "Incheon Declaration Education 2030: Towards inclusive and equitable quality education and lifelong learning for all", accessible: <https://unesdoc.unesco.org/ark:/48223/pf0000233813?posInSet=3&queryId=N-EXPLORE-2dd1f48d-4663-4581-91a0-c604fb7f43f5>.
23. Kolkan A. (2018) "Danish Experience in the Development of Youth Entrepreneurship in the System of Higher Education", *Youth Entrepreneurship in the Eastern Partnership Countries: Experience in Formation and Development Prospects*, Materials International. scientific practice. conf., Batumi, 2018, Batumi Shota Rustaveli State University, Batumi, pp.96-99.
24. Kruceresko K., Ciloci R., Zurcan R. (2018) "The Aspects of Development of Youth Entrepreneurship in Moldova in the Context of European Integration", *Bulletin of the Armenian State University of Economics*, No 3., pp. 121-133.
25. Ladyka I. (2017) "Children of the XXI century: acquaintances, centenials!", accessible: <http://studway.com.ua/centenial/>
26. Lamb St., Doecke Est., Maire Q. (2017) "Key Skills for the 21st Century: an evidence-based review", accessible: <https://education.nsw.gov.au/our-priorities/innovate-for-the-future/education-for-a-changing-world/research-findings/future-frontiers-analytical-report-key-skills-for-the-21st-century/Key-Skills-for-the-21st-Century-Analytical-Report.pdf>
27. Lisitsina M. (2018) "The new generation: who's so much a penny", available at: <https://heroine.ru/novoe-pokolenie-kto-takie-centenialy/>
28. Nanji A. (2018) "Getting to Know Gen Z: Beliefs, Preferences, and Behaviors", accessible: <https://www.marketingprofs.com/charts/2018/33740/getting-to-know-gen-z-beliefs-preferences-and-behaviors>.
29. Ogunlana F. (2018) "The role of entrepreneurship as the driver of economic growth", Thesis, Centria university of applied sciences, April 2018, 48 p.
30. Seemiller C., Grace M. (2017) "Generation Z: Educating and Engaging the Next Generation of Students", accessible: <https://journals.sagepub.com/doi/abs/10.1002/abc.21293?journalCode=acaa>.
31. Stanley C. (2018) "5 Gen Z purchasing trends: why they can't go ignored", accessible: <https://revelsystems.com/blog/2018/04/16/5-gen-z-purchasing-trends/>
32. State Service Of statistics Of Ukraine, accessible: <http://www.ukrstat.gov.ua>.
33. State Target Social Program "Youth of Ukraine" for 2016-2020 years, accessible: <https://zakon.rada.gov.ua/laws/show/148-2016-%D0%BF>.
34. Suarta I M., Pranadi F., Suwintana I K., Hariyanti Kadek Dessy N. (2017) "Employability Skills Required by the 21st Century Workplace: A Literature Review of Labor Market Demand Advances in Social Science, Education and Humanities Research, volume 102 1st International Conference on Technology and Vocational Teachers (ICTVT 2017)", accessible: [https://www.researchgate.net/publication/320469836\\_Employability\\_Skills\\_R](https://www.researchgate.net/publication/320469836_Employability_Skills_R)

equipped\_by\_the\_21st\_Century\_Workplace\_A\_Literature\_Review\_of\_Labor\_Market\_Demand.

35. “The Digital Evolution Index 2017”, accessible: <https://newsroom.mastercard.com/press-releases/singapore-uk-new-zealand-and-uae-among-worlds-stand-out-digital-economies/>
36. Valliere, D., & Peterson, R. (2009), “Entrepreneurship and economic growth: Evidence from emerging and developed countries”, *Entrepreneurship & Regional Development*, No 21, pp.459–480.
37. Voogt J., Pareja Roblin N. (2010), “21st century skills. – Universitet Twente, 2010”, accessible: [http://archieff.kennisnet.nl/fileadmin/contentelementen/kennisnet/Bestanden\\_Fed do/21st-Century-Skills.pdf](http://archieff.kennisnet.nl/fileadmin/contentelementen/kennisnet/Bestanden_Fed do/21st-Century-Skills.pdf)
38. Voogt J., Pareja Roblin N. (2012), “A comparative analysis of international frameworks for 21st century competences: Implications for national curriculum policies”, *Journal of Curriculum Studies*, 44:3, pp. 299-321.
39. Wagner T. (2008), *The Global Achievement Gap: Why Even Our Best Schools Don’t Teach the New Survival Skills Our Children Need – And What We Can Do About It*, Basic Books, 315 p.
40. Wang, K.; Yan, W. (2016), “The Effect of Entrepreneurship on Economic Growth. *Res. Econ. Manag.*, 37, pp. 12–19.
41. “World Economic Forum 2015: New Vision for Education Unlocking the Potential of Technology”, accessible: [http://www3.weforum.org/docs/WEFUSA\\_NewVisionforEducation\\_Report2015.pdf](http://www3.weforum.org/docs/WEFUSA_NewVisionforEducation_Report2015.pdf).
42. Yatsevich N. (2018) “Institutional environment of support of small business in the Republic of Belarus”, *Youth Entrepreneurship in the Eastern Partnership Countries: Experience in Formation and Development Prospects*, Materials International. scientific practice. conf., Batumi, 2018, Batumi Shota Rustaveli State University, Batumi, pp. 92-95.
43. “Youth of Ukraine – 2018. Sociological study”, accessible: [http://www.dsmsu.gov.ua/media/2019/01/08/9/Molod\\_Ykrayini-2018-converted.pdf](http://www.dsmsu.gov.ua/media/2019/01/08/9/Molod_Ykrayini-2018-converted.pdf).

# Quality assessment of the youth entrepreneurship strategic adaptation program in the retail

---

Viktoriia Hrosul, Serhii Zubkov, Tymur Askerov, Nina Yesinova

## ABSTRACT

**Purpose.** This research purpose is key aspects identifying and the methodological tools for quality assessment of the youth entrepreneurship strategic adaptation program in the retail sphere substantiation.

**Methodology.** The authors use quantitative research empirical method, namely questionnaires; methods of generalization and systematization, grouping, comparative analysis, hierarchy analysis, integral and results interpretation were used for empirically processing and analyzing of data.

**Findings.** In the course of the research, conclusions were made about the main problems of forming strategic adaptation program of youth businesses operating in the field of retail trade. It is determined that the main problems of youth entrepreneurship strategic adaptation are related to the lack of financial opportunities to attract specialists in strategic management and lack of experience in forming strategic adaptation program and its quality assessment.

**Originality.** In the research work key parameters of the youth entrepreneurship in the retail sphere strategic adaptation program are identified, strategic adaptation program for LLC "Perspectiva" is developed and methodological tools for assessing the quality of its formation and implementation are substantiated. The results of the study can be the basis for increasing the level of adaptability of youth businesses to environmental conditions and youth entrepreneurship economic efficiency overall level.

**Keywords:** youth entrepreneurship, adaptation, strategic adaptation program.

## INTRODUCTION

Trends in the development of the innovative knowledge economy and the new creative class as its locomotive increase the importance and significance of entrepreneurial youth activity, which plays the role of one of the main catalysts of this process. Youth entrepreneurship is an element of increasing youth employment and creating new small businesses and additional working places. The development of youth entrepreneurship is one of the most important areas of economic policy. Youth support brings many dividends to the local communities and to the society as a whole. Thanks to their own entrepreneurial skills, creativity, innovation and active public position, youth can plan, demand for participation and active participants in the process of the world transforming into a fairer and more equal (The situation of youth in Ukraine, 2019).

According to the results of sociological research, 32.6% of the Ukrainian youth wants to become an entrepreneur, but they are hindered by various circumstances (Youth of Ukraine, 2018). They believe that they have the opportunity to succeed in life, and youth entrepreneurship is an element of increasing employment among youth and creating new small businesses and additional working places.

An important tool for the development of not only youth work, but also youth entrepreneurship, youth employment in Ukraine, are the programs of the European Union "Erasmus +" (Erasmus +, 2019) and "EU4 Youth" (EU4Youth, 2019), which make it possible to obtain additional EU funding and support more diverse projects. Among the system of measures aimed at the development of youth entrepreneurship, promotion of employment, Ukraine is actively implementing: the creation of youth centers that provide young entrepreneurs with consulting and methodological services; competitions for youth business ideas and projects; creation and support of youth business incubators, exhibitions for start-up entrepreneurs.

The importance of the development of youth entrepreneurship in the economic development of Ukraine is due to the following: youth entrepreneurs interested in creating a healthy, civilized economic environment based on healthy competition and the ability to maximize their creative potential; by their activity young entrepreneurs create material goods, represent a real, socially active force of society. It should be noted that such success is achieved mainly due to their own efficient work of entrepreneurs, and not due to the exceptionally advantageous market position or access to the country's resources. Youth entrepreneurship is also interested in increasing consumer demand, increasing incomes, increasing the volume of goods and services produced, and creating jobs.

At the same time, the success of modern youth entrepreneurship depends on the level of adaptation of its activities to market conditions. To achieve strategic goals, young entrepreneurs must adequately assess the internal adaptability of their business and strategic actions aimed at creating and maintaining the necessary competitive advantage. Therefore, the success of the adaptation potential of the youth enterprise is determined by a clearly defined action plan, which is focused on achieving strategic goals and will meet the criteria of reality of implementation, efficiency and reliability of the results.

The purpose of this research is to identify key aspects and substantiate the methodological tools for assessing the quality of the program of strategic adaptation of youth entrepreneurship in the retail sphere.

The authors set the following tasks to achieve the objectives of the study:

- determination of parameters of quality assessment of the program of strategic adaptation of youth entrepreneurship in the retail sphere on the basis of a survey of youth entrepreneurs (questionnaire);
- development of methodological tools for assessing the quality of the program of strategic adaptation of youth entrepreneurship in the retail sphere;
- practical approbation of methodical tools in the activity of the subject of youth entrepreneurship in the retail sphere.

## **LITERATURE REVIEW**

The theory of adaptive enterprise management is the subject of active scientific discussions of researchers around the world, as evidenced by a large number of scientific publications and monographs ("The practice of adapting enterprises to changing environments" (Dorofeeva, 2012), "Adaptive models in decision making" (Kizim et al., 2007); "Problems of adaptation of enterprises to environmental conditions" (Kuzkin, 2008), etc.

The formation of the theory of adaptation began in the 90s of the XX century, when the dominant idea of the theory of management was "adaptation as a means of ensuring sustainable operation." A prerequisite for the emergence of the theory of adaptive management, as noted in the study (Petrenko, 2011) is the complexity, uncertainty and mobility of the environment, which brings to the fore the problem of adaptation of enterprises to such conditions. Scientific research is being actively conducted in the field of organizing the interaction of business entities with the environment.

The study of the economic entities adaptation processes in various spheres of economic activity is the result of active research (Bincharovskaya, 2018; Biloshkurskaya, 2010; Duncan, 1972; Nelson et al., 2007; Kucherenko, 2010).

Emphasizing the importance of adaptation to ensure the viability and development of economic entities, Akoff R. (Akoff et al., 2007) notes that adaptation is a reaction to changing conditions that counteracts the actual or possible reduction in the system efficiency. Changes can be internal or external. Adaptive response can be of two types. The first type is passive adaptation, when the system changes its behavior in order to increase the efficiency of its activities. The second is active adaptation, when the system changes the environment so that its activities are effective; Onysko S. (Onysko, 2003) offers an adaptive approach to management, which is correlated with the development and implementation of the most effective strategies for reflecting the company's impact and its network structures of environmental influences. The main measures of adaptive management are: providing high maneuverability and flexibility of the goals of the enterprise development strategy due to the processes of active and passive adaptation in

enterprise management, optimization of the level of risk decision-making, maneuvering resources; the model of adaptation processes diagnostics of enterprises' functioning mechanism is offered.

In the work (Krysko, 2009) the domestic enterprises macroenvironment analysis is carried out and adaptation trends to market economy level increasing are offered: foreign economic activity activization; transition to organizational management new forms; formation of industrial and financial groups to increase resistance to the external fluctuations; the work (Shevchenko, 2015) defines the essence and place of adaptation in the system of economic concepts; Voronkova A. considers adaptation through the prism of industrial enterprise competitiveness potential providing (Voronkova, 2000); in the study Melnyk M. (Melnyk, 2016) adaptation is considered as means of enterprise's economic security providing; scientific researches of Galushko E. and Galushko S. are devoted to substantiation of the organizational and economic mechanism of enterprise's adaptation (Galushko et al., 2012); Goncharova V. et al. offer methodological tools for enterprise management in conditions of environmental instability (Goncharov et al., 2006); in the work (Orlova, 2014) of enterprises' adaptation strategic model to environmental conditions is proposed; scientific research (Shemayeva, 2007) examines the concept of interaction of the enterprise with the subjects of the external environment, based on reflexive management; in the work (Zaitseva et al., 2017) mechanisms for adapting enterprises in terms of socioeconomic changes and financial turbulence offer is offered.

The study (Sokolova, 2006) proposes an approach to the formation of a strategic model of enterprise adaptation on the base of its adaptability determining with two parameters use – competitiveness and financial attractiveness. The developed recommendations in the work (Sokolova, 2006) about assessing the effect of the implementation of adaptation measures at the enterprise are based on three key factors: 1) the feasibility and cost-effectiveness of adaptation measures; 2) proper staff motivation; 3) adaptation system functioning quality assessment; Rozman A. and Denisenko I. argue that the mechanism of managing the adaptability of the enterprise is a set of elements of the management system (principles, methods, resources), which has purposeful effect on the factors on which the activities effectiveness depends,

Stepanova Yu. (Stepanova, 2018) offers an approach to determining the enterprise adaptation efficiency, the algorithm for its calculation and interpretation of its possible quantitative values. Planned and actual results and effectiveness of adaptation are described by scientists with the help of indices of the state of the enterprise. The adaptation planned result is achieved under conditions of minimal inconsistency of the current state of the enterprise according to the external environment. This is determined by equating the desired values of indicators to the actual.

## **RESEARCH METHODOLOGY**

Both general scientific (theoretical and empirical) and special methods of scientific research were used in the research. Methods of analysis and generalization, deduction and



induction were used in the developed questionnaire to determine the content and features of the program of strategic adaptation of youth entrepreneurship in the retail sphere and to determine the main parameters for assessing its quality.

The authors use methods of generalization and systematization, grouping - to determine the elements adaptation programs; determination of directions of quality assessment of the program of strategic adaptation of youth entrepreneurship in the retail sphere; method of analysis of hierarchies – to assess the determinant parameters in terms of strategic adaptation programs (purchase, delivery, storage and implementation); comprehensive integrated assessment – to obtain a generalized assessment of the quality of the formation of the program of strategic adaptation; quality assessments of the strategic adaptation program according to the criteria of "reliability", "flexibility" and "effectiveness"; graphic method – to establish the relationship between the parameters of quality assessment of the program of strategic adaptation of youth entrepreneurship in the field of retail trade; tabular – to illustrate empirical data.

The methodological tools developed by the authors to assess the quality of the strategic program of adaptation of youth entrepreneurship in the retail sphere include the following stages:

Stage 1. Determining the parameters of strategic adaptation program assessment of the retail enterprise and the key areas: identification, integration, resource provision.

Step 2. The significance of the quality indices of the strategic adaptation program  $S$  ( $Z_i, D_i, H_i, R_i$ ) is determined on the base of the ratio of the  $i$ -th determinant parameter  $\{I^D, I^I, I^M\}$  to its reference value according to the following formulas (11-12):

$$s_i^Z = \frac{Z_i^d}{Z_0^d}, \quad \text{where} \quad Z_i^d = l_i^d \times w_i^d \quad Z_0^d = l_0^d \times w_0^d \quad (1)$$

$$s_i^Z = \frac{Z_i^i}{Z_0^i}, \quad \text{where} \quad Z_i^i = l_i^i \times w_i^i \quad Z_0^i = l_0^i \times w_0^i \quad (2)$$

$$s_i^Z = \frac{Z_i^m}{Z_0^m}, \quad \text{where} \quad Z_i^m = l_i^m \times w_i^m; \quad Z_0^m = l_0^m \times w_0^m \quad (3)$$

$$s_i^D = \frac{D_i^d}{D_0^d}, \quad \text{where} \quad D_i^d = l_i^d \times w_i^d; \quad D_0^d = l_0^d \times w_0^d \quad (4)$$

$$s_i^D = \frac{D_i^i}{D_0^i}, \quad \text{where} \quad D_i^i = l_i^i \times w_i^i; \quad D_0^i = l_0^i \times w_0^i \quad (5)$$

$$s_i^D = \frac{D_i^m}{D_0^m}, \text{ where } D_i^m = l_i^m \times w_i^m; \quad D_0^m = l_0^m \times w_0^m \quad (6)$$

$$s_i^H = \frac{H_i^d}{H_0^Z}, \text{ where } H_i^d = l_i^d \times w_i^d; \quad H_0^d = l_0^d \times w_0^d \quad (7)$$

$$s_i^H = \frac{H_i^i}{H_0^i}, \text{ where } H_i^i = l_i^i \times w_i^i; \quad H_0^i = l_0^i \times w_0^i \quad (8)$$

$$s_i^H = \frac{H_i^m}{H_0^m}, \text{ where } H_i^m = l_i^m \times w_i^m; \quad H_0^m = l_0^m \times w_0^m \quad (9)$$

$$s_i^R = \frac{R_i^d}{R_0^Z}, \text{ where } R_i^d = l_i^d \times w_i^d; \quad R_0^d = l_0^d \times w_0^d \quad (10)$$

$$s_i^R = \frac{R_i^i}{R_0^i}, \text{ where } R_i^i = l_i^i \times w_i^i; \quad R_0^i = l_0^i \times w_0^i \quad (11)$$

$$s_i^R = \frac{R_i^m}{R_0^m}, \text{ where } R_i^m = l_i^m \times w_i^m; \quad R_0^m = l_0^m \times w_0^m \quad (12)$$

where  $s_i^D$ ,  $s_i^H$ ,  $s_i^R$ ,  $s_i^Z$ , – quality coefficient of the strategic adaptation program development on the base of the selected subgroups according to the certain determinant parameters;

$l_i^i$ ,  $l_i^d$ ,  $l_i^m$  – determinant parameter significance  $\{I^D, I^I, I^M\}$  by the paired comparison method;

$w_i^i$ ,  $w_i^d$ ,  $w_i^m$  – the determinant parameter point assessment in the perspective of purchase strategic program, delivery strategic program, storage strategic program, selling strategic program is determined;

$w_0^i, w_0^d, w_0^m$  – the reference value of determinant parameter point assessment in the perspective of purchase strategic program, delivery strategic program, storage strategic program, selling strategic program is determined;

$D_i^i, Z_i^i, H_i^i, R_i^i$  – the determinant parameter weighted assessment in the perspective of purchase strategic program, delivery strategic program, storage strategic program, selling strategic program is determined;

$D_i^i, Z_i^i, H_i^i, R_i^i$  – the reference value of determinant parameter weighted assessment in the perspective of purchase strategic program, delivery strategic program, storage strategic program, selling strategic program is determined.

Stage 3. It provides determination of the generalized determinant parameter  $\{I^D, I^I, I^M\}$  for youth entrepreneurship adaptation strategic programs in the field of retail trade by parameters: purchase, delivery, storage, selling by formulas (13-16):

$$I^D = \frac{\sum_{i=1}^n l_i^d \times w_i^d}{\sum_{i=1}^n l_0^d \times w_0^d} \quad (13)$$

$$I^M = \frac{\sum_{i=1}^n l_i^m \times w_i^m}{\sum_{i=1}^n l_0^m \times w_0^m} \quad (14)$$

$$I^I = \frac{\sum_{i=1}^n l_i^I \times w_i^I}{\sum_{i=1}^n l_0^I \times w_0^I} \quad (15)$$

$$Q^{Z,D,H,R} = \sqrt[3]{I^I \times I^M \times I^D} \quad (16)$$

where  $Q_i^j$  – group quality coefficient for each adaptation program according to certain determinant parameters.

Stage 4. At the fourth stage the general integral quality coefficient of youth entrepreneurship of strategic adaptation program formation in the field of retail trade is calculated ( $I^F$ ) by the formula:

$$I^F = \sqrt[4]{F^Z \times F^D \times F^H \times F^R} \quad (17)$$

Stage 5. Qualitative interpretation of the integral coefficient obtained value on the basis of analytical grouping method according to Sturges (Sturges, 1926), and interval scaling results are presented in table 1.

Table 1

**The quality assessment scale of the retail enterprise strategic adaptation program formation**

Range of integral coefficients values change	Integral linguistic rating
more than 0.75	High enough
from 0.63 to 0.74	High
from 0.49 to 0.62	Average
from 0.35 to 0.48	Low
from 0 to 0.34	Very low

*Source: developed by the authors on the basis of their own calculations results*

Stage 6. Assessment of the developed program implementation.

It is proposed to assess the implementation of the actual level of quality of the youth entrepreneurship strategic adaptation program in the field of retail within each selected program on the basis of generalized integrated indicator calculation which includes three key indices, namely reliability, flexibility and performance indices. We believe that the system of assessment indices of each strategic adaptation formed program, namely the purchase program, delivery program, storage program, implementation program, should objectively characterize all aspects of the management system of selected programs, and provide an opportunity to draw conclusions about the complexity of management and their effect on the forecast adaptation strategy management results.

The Reliability Index (RI) determines the adaptation managers' ability to perform all planned activities of the strategic adaptation program under the presence of allocated resources and it is calculated by formula 18:

$$I_N = 1 - \frac{\sum_{y=1}^Y \sum_{b=1}^B Q_{yb}^N}{\sum_{y=1}^Y \sum_{b=1}^B Q_{yb}} ; I_N \rightarrow 1 \quad (18)$$

where  $Q_{yb}$  – number of activities which are planned in the strategic adaptation program of the retail enterprise;

$Q_{yb}^N$  – the implemented measures number of the strategic adaptation program, for which the allocated resources were used in excess of the norm.

Determining the performance index ( $I_R$ ) of the strategic adaptation program is mandatory, because it is possible to conclude on its calculation base the program's accuracy degree in a given period of time under specific conditions; it is characterized by management goals achieving or approaching level (formula 19):

$$I_R = \frac{\sum_{y=1}^Y \sum_{b=1}^B Q_{ij}^R}{\sum_{y=1}^Y \sum_{b=1}^B Q_{yb}} ; I_R \rightarrow 1 \quad (19)$$

where  $Q_{yb}^R$  – the implemented measures number of the strategic adaptation program by the youth entrepreneurship subject;

$b$  – number of strategic adaptation program sections;

$y$  – activities number in each section of the strategic adaptation program.

Flexibility index ( $I_G$ ) determining provides an opportunity to make conclusions about the timeliness and efficiency of the strategic adaptation program, as well as to determine the level of business processes stability (formula 20):

$$I_G = 1 - \frac{\sum_{y=1}^Y \sum_{b=1}^B Q_{yb}^G}{\sum_{y=1}^Y \sum_{b=1}^B Q_{iyb}} ; I_G \rightarrow 1 \quad (20)$$

where  $Q_{yb}^G$  – number of the strategic adaptation program measures, which were performed with implementation deadline deviation.

## RESULTS

### Respondents' profile

935 questionnaires suitable for analysis are obtained, which indicates the representativeness of the study for determining the main parameters of the strategic program assessment. Among the respondents are young entrepreneurs engaged in retail aged 20 to 35, of which 61% – women, 39% – men; 23% have completed secondary education, 31% have profile secondary education, 46% have higher education; 64% of respondents carry out business activities in cities, 36% of respondents carry out business activities in rural areas.

Based on the above, the authors believe that the target audience has been reached, and the respondents are a representative sample.

Answering the question "The need to create a quality business adaptation program", 34% of youth indicate that they are interested in creating a program of strategic adaptation of their business to the environment, 27% think about creating a strategic adaptation program, but are not confident in developing it, 23% are interested in assessing the level of actual implementation of the developed adaptation program, 16% are not interested in the question implementation of the program of strategic adaptation in the activity of the retail enterprise.

### **Determining the parameters of youth businesses in the retail sphere strategic adaptation program quality assessment.**

According to the results of the survey of young entrepreneurs engaged in retail, a system of parameters for strategic adaptation program assessment (Figure 1) was formed according to the following criteria: identification (requirements for building a strategic adaptation program for business processes), integration (future orientation taking into account adaptation changes, which occur in the external environment) and resource provision (availability of resources necessary for the implementation of the strategic adaptation program).

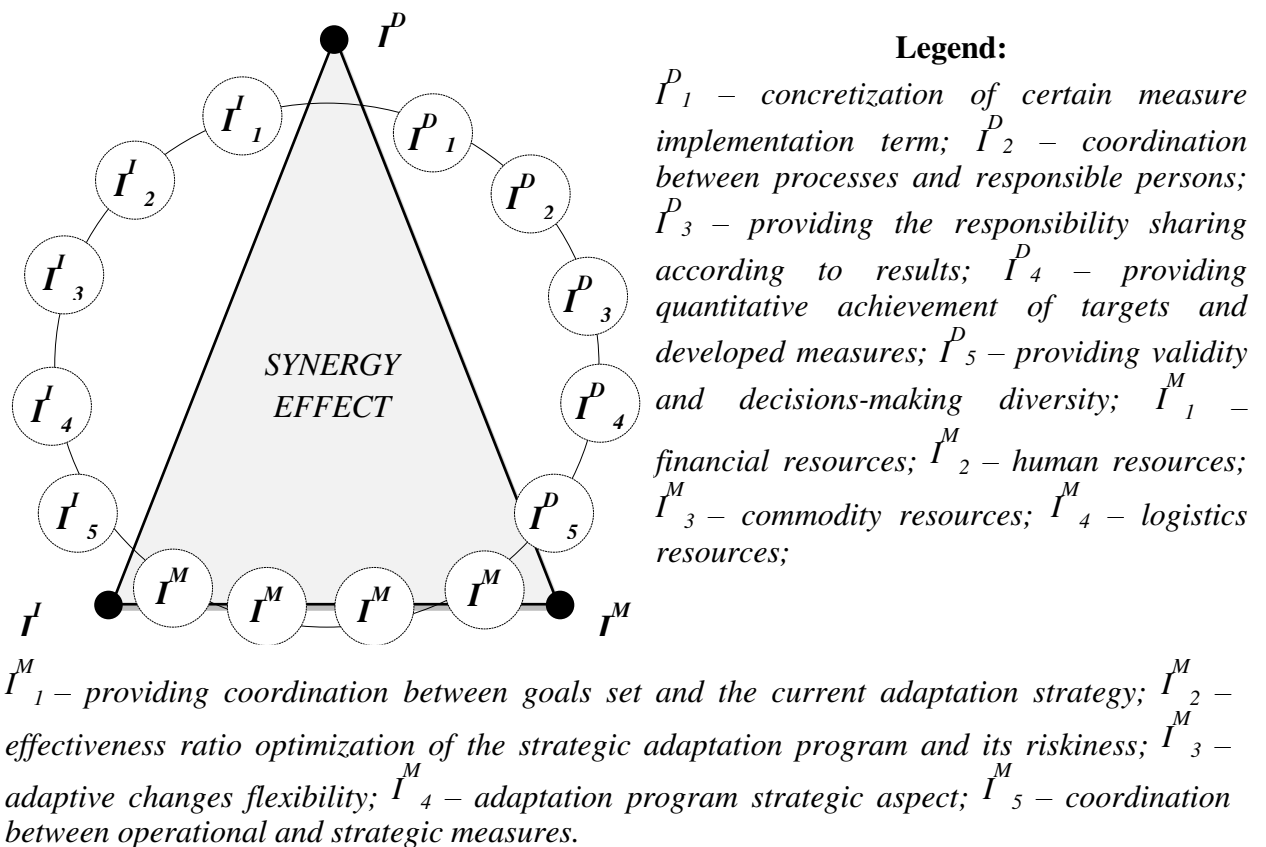


Figure 1. Quality assessment parameters for the strategic adaptation program of youth entrepreneurship in the retail trade field

Source: it is formed on the base of youth entrepreneurs, who are engaged in retail trade activities, survey results

## Youth entrepreneurship entity strategic adaptation program and its formation quality assessment.

Developed methodological tools practical testing for strategic adaptation program quality assessment is carried out on the example of youth entrepreneurship entity, which operates in the retail sphere (LLC «Perspective»). Strategic adaptation program is presented in table 2.

Table 2

### Strategic adaptation program of LLC «Perspective»

No.	Activities	Implementation period	Responsible Department
<b>Section 1. Purchase program</b>			
1.	Study and forecasting of consumer demand	October 2019	Marketing department
2.	Market attractiveness research	October 2019	Marketing department
3.	Study of the competitive strength of the enterprise	October 2019	Strategic planning group
4.	Determining the need for goods	November 2019	Commercial department
5.	Analysis and generalization of data on the study of consumer demand and requirements for the range and quality of goods	November 2019	Marketing department
6.	Identification and study of sources of purchase, selection of suppliers	November 2019	Commercial department
7.	Planning the purchase of goods, taking into account the requirements of potential consumers to the quality of goods	November 2019	Commercial director
8.	Collection, processing and analysis of consumer calls about the behavior of the product during its consumption	November 2019	Marketing department
9.	Research of the range of goods of suppliers	December 2019	Support department
10.	Study of the stability of the supplier in the market	December 2019	Security department
11.	Rationale and choice of method of purchasing goods	December 2019	Support department
12.	Selection of suppliers and preparation of pre-contractual requirements for them	systematically	Support department
13.	Drawing up orders and orders for the supply of goods	systematically	Construction department
14.	Clarification of the expanded range of delivered goods	January 2019	Support department
15.	Acceptance of goods and their payment to suppliers	constantly.	Support department
16.	Control over the progress of wholesale purchase	constantly	Support department

No.	Activities	Implementation period	Responsible Department
17.	Formation of current and future policy of the enterprise in the field of assortment and quality of goods on the basis of researches.	March 2019	Marketing department
<b>Section 2. Delivery program</b>			
1.	Signing a contract for the delivery of goods	January 2019	Logistics service
2.	Determination of methods of acceptance of goods by quality	January 2019	Logistics service
3.	Optimization of batch supply of the product range	January 2019	Support department
4.	Discussion of the exact time of delivery of goods, depending on the current presence of the driver and the number of orders received	constantly	Logistics service
5.	Use of an electronic map and automated formation of a route taking into account cargo parameters	constantly	Logistics service
6.	Acceptance of goods on the invoice	constantly	Logistics service
7.	Evaluation of delivery efficiency and prevention of violations on time	constantly	Logistics service
8.	Logistics cost analysis	February 2019	Logistics service
9.	Finding ways to reduce costs in the logistics chain	March 2019	Logistics service
10.	Organization of an effective system of warehousing of goods at the enterprise	constantly	Logistics service
11.	Analysis of inventories of the enterprise using ABC and XYZ-analysis	constantly	Logistics service
12.	Development of inventory management strategies	October 2019	Logistics service
13.	Updating the range to meet unsatisfied demand and new customer requests and requirements	June 2019	Category managers
14.	Study of the position of goods in relation to competing counterparts in different segments	June 2019	Category managers
15.	Develop more advanced positioning methods to gain a competitive advantage in each of the segments	June 2019	Category managers
16.	Analysis of the profitability of sales of a particular product (product group)	July 2019	Category managers
17.	Regulation of the process of managing the range and quality of goods at the enterprise	July 2019	Marketing department
18.	Development of a strategy for product range and quality management	July 2019	Category managers



No.	Activities	Implementation period	Responsible Department
<b>Section 3. Storage program</b>			
1.	The choice of forms and methods of storage taking into account the specifics of goods	constantly	Storage
2.	Introduction of modern methods of storage of goods	constantly	Commercial Director
3.	Find ways to reduce storage costs	March 2019	Commercial Director
4.	Organization of an effective system of warehousing of goods at the enterprise	constantly	Storage
5.	Carrying out control over the availability of stocks in the warehouse, ie inventory	constantly	Storage
6.	Ensuring the selection of goods on customer orders	constantly	Construction department
7.	Complete set and packing of the selected goods	constantly	Construction department
<b>Section 4. Selling program</b>			
1.	Development of sales forecasts by segments of the target market	July 2019	Sales department
2.	Development of sales strategy	July 2019	Sales department
3.	Planning the volume and structure of sales in the range and in general for the enterprise	August 2019	Commercial Director, Sales Department
4.	Development of plans for the volume and structure of receipt of goods at the enterprise	August 2019	Commercial Director, Sales Department
5.	Evaluation of the effectiveness of sales promotion measures	May 2019	Marketing department
6.	Analysis of alleged errors in sales promotion and advertising	May 2019	Marketing department
7.	Formation of a sales plan	August 2019	Commercial Director, Sales Department
8.	Development of an action plan to improve and expand the use of merchandising measures in the enterprise	August 2019	Commercial Director, Sales Department
9.	Organization of effective merchandising	August 2019	Commercial Director, Sales Department
10.	Analysis of the effectiveness of sales activities	August 2019	Strategic planning group

*Source: compiled by the authors according to LLC "Perspektiva"*

The generalized results of determining the level of quality of the formation of the strategic adaptation program for LLC "Perspektiva" are presented in table 3.

Table 3

**The value of the integrated coefficient of level assessment formation of a strategic program adaptation of LLC "Perspectiva"**

<b>Components of the general adaptation program</b>	<b><i>ID</i></b>	<b><i>II</i></b>	<b><i>IM</i></b>	<b><i>Qij</i></b>
Z-purchase program	0.69	0.68	0.71	0.70
D-delivery program	0.60	0.68	0.64	0.64
H-storage program	0.80	0.77	0.68	0.75
R-selling program	0.82	0.87	0.88	0.85
<i>Integral quality factor of strategic adaptation program (<math>I^F</math>) formation</i>				<b>0.73</b>

*Source: Authors' data (calculated according to Perspektiva LLC)*

According to the results of the calculations, the following conclusions were made: the quality of the strategic adaptation program formation for LLC "Perspectiva" is at a high level (integrated coefficient of strategic adaptation program quality formation ( $I^F$ ) makes 0.73). The analysis of the obtained results also shows that the quality of the development of the purchase program (0.7) and storage (0.75) is at a high level; the problematic parameters of the implementation of measures are the low provision of responsibility for the results and the lack of agreement between the processes and those responsible. The program implementation quality for all determinants is at high enough level, we can conclude that this program that corresponds to the relevant key business process of the enterprise is the driver of enterprise development and the basis for enterprise adaptation strategy planning.

The results of the strategic adaptation developed program implementation assessment.

The calculation results of level assessment indices of actual implementation of the developed and proposed strategic adaptation programs implementation for LLC "Perspectiva" are shown in table 4.

Table 4

**Assessment of the level of actual implementation of the program of strategic adaptation of LLC “Perspektiva” developed and proposed for implementation**

Components of the general adaptation program	Activities				<b>I<sub>N</sub></b>	<b>I<sub>G</sub></b>	<b>I<sub>R</sub></b>
	Plan	Implemented					
		Fact	including				
			The number of measures of the strategic adaptation program implemented with deviation of the implementation deadline ( <i>Q<sup>G</sup></i> )	the number of implemented measures of the strategic adaptation program, for which the allocated resources were used in excess of the norm ( <i>Q<sup>N</sup></i> )			
Z-purchase program	17	13	4	3	0.82	0.76	0.76
D-delivery program	18	14	2	4	0.78	0.89	0.78
H-storage program	7	6	5	2	0.71	0.29	0.86
R-selling program	10	7	2	1	0.90	0.80	0.70
<i>In general, the program of strategic adaptation</i>	<b>52</b>	<b>40</b>	<b>13</b>	<b>10</b>	<b>0.80</b>	<b>0.68</b>	<b>0.77</b>

*Source: Authors' data (calculated according to LLC “Perspektiva”)*

The assessment results of the actual implementation level of the strategic adaptation program developed and proposed for implementation for LLC “Perspektiva” show that out of 52 planned measures, 40 were implemented. The degree of implementation of the strategic adaptation program is 77%. Considering the efficiency ratio within each program it is seen that the lowest value of the efficiency ratio is set for the implementation program, and the highest – 0.86 – for the storage program.

The obtained value of the reliability factor for the whole program of strategic adaptation was 0.8, i.e. 40 measures were performed with more than normal consumption of resources by only 25%, which indicates a high value of the reliability of the formed program.

The table 3 data show that out of 40 implemented measures of the strategic adaptation program, 32.5% were implemented in violation of the established deadline. The flexibility ratio for the entire program was 0.68. The highest value of the flexibility factor was set during delivery program implementation (0.89), and the lowest – during storage program implementation (0.29).

Thus, we can draw a generalized conclusion that the strategic adaptation formed program is effective, reliable, flexible, and its components fully meet the strategic development goals of LLC "Perspectiva".

## CONCLUSIONS

The authors made the following conclusions for the research work objectives implementation.

1. Entrepreneurs who are representatives of the youth entrepreneurship in the retail sphere believe that the presence of strategic adaptation program helps to increase of the enterprise's economic efficiency level and provides maximum effect from the existing system of adaptation capacity management with minimal losses.
2. The main dominant of the successful adaptation of youth entrepreneurship in the retail sphere is the presence of strategic adaptation program, which contains a list of adaptation measures for the following components: Z-purchase program; D-delivery program; H-storage program; R-selling program.
3. The main parameters of assessing the quality of the strategic adaptation program of youth entrepreneurship in the retail sphere are the following: specification of the deadline for the implementation of particular measure; the presence of agreement between the processes and those responsible; providing the sharing of responsibility for the results; providing the quantitative achievement of the established targets and developed measures; ensuring validity, multivariate decision-making; financial resources; human resources; commodity resources; logistics resources; providing consistency between the set goals and the current adaptation strategy; optimization of the ratio of the effectiveness of the implementation of the strategic adaptation program and its riskiness; flexibility to adaptive changes; the presence of a strategic aspect of the adaptation program;
4. The proposed methodological tools for assessing the quality of the program of strategic adaptation of enterprise in the retail sphere, which is based on determining the performance index of the strategic adaptation program and allows to comprehensively identify the "narrow places" in the program of adaptation of subject of youth entrepreneurship LLC "Perspectiva" by the key business processes (purchase, delivery, storage, selling) according to the parameters (identification, integration, resource supply) and determine the priorities of the retail enterprise development with taking into account the real possibilities. It requires the methods development for identifying and assessing the adaptive capabilities of youth entrepreneurship in the retail sphere, which will be the result of further research in this area.

## REFERENCES

1. Duncan, R. (1972). Characteristics of organizational environments and perceived environmental uncertainty, *Administrative Science Quarterly*, 17 (2), pp. 313–327.

2. EU4Youth: From employment to stability in Armenia, Belarus and Ukraine. URL: <https://www.euneighbours.eu/ru/east/stay-informed/projects/eu4youth-ot-trudoustroystva-k-stabilnosti-v-armenii-belarusi-i-ukraine>
3. Nelson, D., Edger, W., Brown, K. (2007). Adaptation to Environmental Change: Contributions of a Resilience Framework. *Annual Review of Environment and Resources*, 32, pp.395–419;
4. Sturges, H. (1926). The Choice of a Class Interval. *Journal of the American Statistical Association*, 21 (153), pp. 65-66.
5. Zaitseva, O., Tanklevska, N., Kyrylov, Y. (2017). Management of conscious adaptive organizations in the context of socioeconomic changes and financial turbulence, *Scientific Bulletin of Polissya*, 4 (12), pp. 36-39.
6. Acoff, R., Magidson, J., Addison, G.J. (2007). Idealized design: how to prevent tomorrow's crisis today. Creating the future of the organization. Dnipropetrovsk, Balance Business Books.
7. Biloshkurska, N. (2010). Models of adaptive behavior and their role in the formation of economic security of the enterprise. *Actual problems of economy*, 12, pp. 101–105.
8. Bincharovska, T. (2018). Directions of adaptation of the analytical apparatus of agricultural enterprises to the requirements of the land market. *Economic Analysis*, 28, 1, pp. 294-302.
9. Voronkova, A. (2000). Strategic management of the competitive potential of the enterprise: diagnostics and organization. Luhansk, East Ukrainian National University Publishing House.
10. Galushko, E., Galushko, S. (2012). Substantiation of the organizational and economic mechanism of adaptation of the enterprise. *Bulletin of SevNTU*, 130, pp. 43-47.
11. Goncharov, V., Solokha D., Priputen V. (2006). Organization of management of effective development of industrial enterprises in the conditions of the market competitive environment. Donetsk, SPD Kupriyanov V.
12. Dorofeeva, V. (2012). The practice of adapting enterprises to the changing environment. Saarbrücken, Germany: OmniScriptum GmbH & Co. KG
13. Erasmus+. URL:[https://ec.europa.eu/programmes/erasmus-plus/node\\_en](https://ec.europa.eu/programmes/erasmus-plus/node_en)
14. Kizim, N., Klebanova, T. (2007). Adaptive models in decision making systems. Kharkiv, INZHEK Publishing House.
15. Krisko, J. (2009). Adaptation of the enterprise to changes in the external environment through the mechanism of restructuring. *Galician Economic Bulletin*, 2, pp. 38-42.
16. Kuzkin, E. (2008). Problems of adaptation of enterprises to environmental conditions. Kyiv: Foreign Trade.
17. Kucherenko, V. (2010). Adaptation of food industry enterprises to changing economic conditions. *Economics of the food industry*, 4, pp. 5-7.
18. Melnik, M. (2016). Adaptation of the enterprise as a means of ensuring its economic security. *Bulletin of the Volodymyr Dahl East Ukrainian National University*, 6, pp. 87-90.
19. Youth of Ukraine - 2018 (2018). The results of a representative sociological study. Kyiv, State Enterprise "Editorial Board of the Information Bulletin", Official Gazette of the President of Ukraine, 72 p.
20. Onysko, S. (2003). Adaptation of agricultural producers to the market environment. *Economics of APK*, 8, pp.128-132.
21. Orlova, E. (2014). Strategic model of adaptation of industrial enterprises to the conditions of the external environment. *Economic analysis: theory and practice*, 38 (389), pp. 12-21.

22. Petrenko, O. (2011). Analysis of modern approaches to determining the types of adaptation of the enterprise. *Development Management*, 4 (101), pp. 115-117.
23. Rozman, A., Denisenko, I. (2014). Mechanism of management of adaptability of business model of the enterprise of retail trade. *The Economist*, 4, pp. 56-60.
24. Sokolova, L. (2006) Organizational and economic support of adaptation of enterprises to the uncertainty of the business environment. Donetsk, DonNUET.
25. The situation of youth in Ukraine (2019). Analytical Report prepared by the UN Working Group on Youth, Kyiv, 79 p.
26. Stepanova, Yu. (2013). The effectiveness of the adaptation of the enterprise in ensuring its economic security. *Economy. Management. Entrepreneurship*, 25 (1), pp. 159-168.
27. Shevchenko, V. (2015). The place of adaptation in the system of economic concepts. *Scientific works of DonNTU. Series: Economic*, 1, pp. 78-88.
28. Shemaeva, L. (2007). Management of strategic interaction of the enterprise with the external environment, Kharkiv: KhNEU Publishing House.

# Authors

---

**Tymur Askerov**

**Kharkiv State University of Food Technology and Trade**

E-mail: timuraskerov@gmail.com

Brief professional biography:

Graduate student of the Department of Economics and Management. Research interests are related to aspects of managing the adaptive capacity of retail enterprises. Author of 8 scientific articles.

**Inna Baikova**

**Belarusian Trade and Economics University of Consumer Cooperatives**

e-mail: ipboykova@gmail.com

Brief professional biography: Senior Lecturer of the Department of Economic and Law Disciplines, PhD in Economics. Coordinator and participant of international and domestic projects of the Center of Business Education for establishment and development of infrastructure for the support of private business enterprises. Co-founder of the International Program “Youth and Entrepreneurship” in the Republic of Belarus. Head of start-up school “Gomel”, supervising activities of more than 15 start-ups. Author of 19 scientific articles in peer-reviewed publications, 2 monographs and 10 educational learning materials.

**Tatiana Bucos**

**Academy of Economic Studies of Moldova**

e-mail: bucos.tatyana@gmail.com

Brief professional biography: Associate professor at the Department of Economic Theory and Policies, PhD in Economics, Associate professor.

**Rafael Ciloci**

**Technical University of Moldova**

e-mail: ciloci.rafael@yahoo.com

Brief professional biography: Associate professor, PhD in Economics, Dean at the Faculty of Economical Engineering and Business, Technical University of Moldova.

Coordonator and participant of more then 10 international projects, including Coordinator of International Center of Entrepreneurship at the Technical University, visiting professor at some universities of Lithuania and Poland. Author of more then 50 scientific articles and 2 handbooks.

**Cornelia Crucerescu**

**Technical Univerity of Moldova**

email: cornelia.crucerescu@emin.utm.md

Brief professional biography: Associate Professor at the Department of Economy and Management PhD in Economics, Associate professor.

**Diana Galoyan**

**Armenian State University Economics**

e-mail: dianagaloyan@yahoo.com

Brief professional biography: Head of the Chair of International Economic Relations, ASUE, Doctor of Sciences, professor. Along with teaching career has been working as a researcher for many years both at RA National Academy of Science, and “Amberd” research Centre of ASUE. Specifying on international economics made it unavoidable on carry out researches on competitiveness, marketing, entrepreneurship, business conditions, capital mobility, etc. Author of more than 50 scientific articles and 12 manuals.

**Victoria Hrosul**

**Kharkiv State University of Food Technology and Trade**

E-mail: viktoriagrosul@gmail.com

Brief professional biography:

Head of the Department of Economics and Management, Doctor of Sciences in Economics, Professor. The main scientific interests consist in the research and improvement of financial and economic aspects of the development of business entities in the consumer market and the management of the effectiveness of their activities. Author of more than 200 scientific articles, 20 monographs and 23 manuals.

**Larisa Kaznachevskaya**

**Belarussian Trade and Economics University of Consumer Cooperatives**

e-mail: kaznachevskaya@inbox.ru



Brief professional biography: A.o. Head of the Foreign Languages Department, senior teacher. Main scientific interests are pedagogy, methods of teaching foreign languages, urban cultural environment, youth entrepreneurship development. Author of more than 30 scientific publications, 2 manuals.

**Victoria Kuzmenka**

**Belarusian Trade and Economics University of Consumer Cooperatives**

e-mail: viklkuz\_20@mail.ru

Brief professional biography: Associate Professor of the Department of Marketing, PhD in Economics, Associate Professor.

The main research interests lie in studying and improving marketing aspects of activity of business entities. Author of more than 40 scientific articles, 3 monographs and 3 manuals recommended for use in the educational process by the Ministry of Education of the Republic of Belarus.

**Nataliia Savytska**

**Kharkiv State University of Food Technology and Trade**

E-mail: natalisavitska2010@gmail.com

Brief professional biography:

Head of the Department of Marketing and Commercial Activity, Doctor of Sciences in Economics, Professor. The main scientific interests consist in the research and improvement methodology of economic and managerial science; marketing researches; analytical marketing; behavioral marketing; trade marketing. Author of more than 200 scientific articles and 10 monographs.

**Zoya Tadevosyan**

**Armenian State University Economics**

e-mail: zoyatad@yahoo.com

Brief professional biography: Professor at the Chair of International Economic Relations, ASUE, Doctor of Sciences, professor.

Accumulated teaching experience in International Economics in ASUE along with the career of a researcher. Has been involved in several scientific activities. Author of more than 50 scientific articles and 7 manuals.

**Iryna Trusevich****Belarusian Trade and Economics University of Consumer Cooperatives**

e-mail: trusevich@mail.ru

Brief professional biography: Dean of the Faculty of Qualification Improvement and Personnel Retraining, PhD in Economics, Associate Professor. Head of the Center of Business Education of the University, activities of which are aimed at implementation of domestic and international projects for establishment and development of infrastructure for the support of small and medium entrepreneurship in Belarus.

Coordinator of the International Programme “Youth and Entrepreneurship” in the Republic of Belarus. Author of more than 50 scientific articles and 15 manuals. Successful business coach in the field of project activities, business analysis, computer information technology.

**Rina Turcan****Technical University of Moldova**

e-mail: rina.turcan@emin.utm.md

Brief professional biography: Associate professor at Department of Economy and Management, PhD in Economy, Chef of Department Economy and Management.

Member of Educational Center of Entrepreneurship. Member of MEEETA II project „Activity entrepreneurship training and the employment”, implemented by Winrock Moldova with financial support of the Foundation Liechtenstein Development Service.

Author of 49 scientific articles in peer-reviewed publications, 1 monograph and 11 educational learning materials.

**Natallia Yatsevich****Belarussian Trade and Economics University of Consumer Cooperatives**

e-mail: natyatsevich@yandex.ru

Brief professional biography: Associate professor of the Department of World and National Economy, PhD in Economics. Main scientific interests related to competition and cooperation in entrepreneurship, competitive strategies. Author of 90 scientific publications, including 2 monographs, 32 manuals.

**Nina Yesinova****Kharkiv State University of Food Technology and Trade**

E-mail: nisata@rambler.ru

Brief professional biography:

Professor of the Department of Economics and Management, PhD in Technics, Associate Professor. A range of scientific interests is associated with the problem of youth at labor market. Author of more than 147 scientific articles and 1 monograph.

**Olena Zhehus**

**Kharkiv State University of Food Technology and Trade**

E-mail: elena.jegus@gmail.com

Brief professional biography:

Professor of the Department of Marketing and Commercial Activity, Doctor of Sciences in Economics, Associate Professor. The main scientific interests consist in the research and improvement of various aspects of marketing management of enterprises. Author of more than 100 scientific articles and 10 monographs.

**Serhii Zubkov**

**Kharkiv State University of Food Technology and Trade**

E-mail: s.zubkov@hduht.edu.ua

Brief professional biography:

Professor of the Department of Economics and Management, PhD in Economics, Associate Professor. A range of scientific interests is associated with the strategic aspects and formation of business models of the enterprise. Author of more than 50 scientific articles and 7 monographs.

The monograph presents the results of a study of the state of youth entrepreneurship in the Eastern Partnership countries, conducted by a consortium of 7 universities:

RISEBA University of Applied Sciences  
3, Meza str., Riga, LV-1048, Latvia  
<http://www.riseba.lv>

Kharkiv State University of Food Technology and Trade  
333, Klochkivska str., Kharkiv, Ukraine, 61051, Ukraine  
<http://hduht.edu.ua>

Armenian State University of Economics  
128, Nalbandyan str., Yerevan, 0025, Armenia  
<http://asue.am>

Academy of Economic Studies of Moldova  
61, Banulescu Bodoni str., Chisinau, MD 2005, Moldova  
<http://ase.md>

Technical University of Moldova  
168, Stefan cel Mare str., Chisinau, MD 2004, Moldova  
<http://utm.md>

Belarusian Trade and Economics University of Consumer Cooperation  
50, Prospekt Oktyabrya, Gomel, 246029, Belarus  
<http://i-bteu.by>

Batumi Shota Rustaveli State University  
35, Ninoshvili str., Batumi, 6010, Georgia  
<http://bsu.edu.ge>

 **RISEBA**

ISBN 978-9984-705-46-0



9 789984 705460