

Youth Entrepreneurship: Social Practices and Risks

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Abstract

The article is devoted to the study of problems and prospects for the development of youth entrepreneurship. The purpose of the publication is as follows: on the basis of the results of the sociological study to analyze the features of the development of youth entrepreneurship in modern Russia. Consideration of the problems of youth entrepreneurship is associated primarily with transformation processes that are becoming more active in modern Russia and other countries of the world. The data from the sociological study are used with application of survey methods and expert interviews in three Russian cities: Moscow, St. Petersburg and Bryansk. The following document analysis techniques are used: traditional (primary) analysis of documents, as well as secondary, comparative analysis. Practically, when working on this project, specialized methods of visual analysis were tested, on the basis of which the sociological portrait of a young entrepreneur was built in social networks.

Keywords: Youth entrepreneurship; Society; Socio-economic relations, Sociological portrait.



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1. Introduction

1.1. Problem Definition

The problem of the development of youth entrepreneurship is still not fully understood and is an important field for the development of various theories. The problem under study is interdisciplinary in nature and implies an appeal to such scientific disciplines as the sociology of entrepreneurship, sociology of financial and banking activities, economic sociology and sociology of labor, sociology of youth (Bolton, 2015). To study the theoretical foundations of entrepreneurial activity, classical works in the field of economic sociology by E. Durkheim, T. Parsons, R. Cantillon, A. Smith, J.B. Sey, the concepts of industrial and post-industrial sociology by E. Mayo, F. Herzberg, D. McClelland, D. McGregor were used. The definition and essence of entrepreneurial activity are disclosed in the works by K. Marx, P. Sorokin, M. Weber.

The problems of formation of institutional-economic structures of economic activity, entrepreneurship as a socio-economic phenomenon are disclosed in the works by Yudina *et al.* (2015). The sociological approach to the study of youth entrepreneurship is revealed in the works by Dolgorukova *et al.* (2017). Nevertheless, the analysis of scientific literature on the subject under investigation reveals the lack of complex works, in which the problem of developing youth entrepreneurship is deeply studied.

The problematic field of research is determined by the fact that, on the one hand, youth entrepreneurship contributes to solving socio-economic problems and increasing the well-being of young people, and on the other hand, high taxes, poorly developed government support for entrepreneurs, significantly reduce the pace of development of youth entrepreneurship.

2. Methods

When working on this study, methods of document analysis, sociological survey, expert survey, as well as visual analysis, were used. The information base of work consisted of regulatory documents, legislative acts regulating entrepreneurial activity. The necessary data were obtained by means of secondary analysis of sociological studies already conducted earlier on the stated topic.

The theoretical and methodological basis of the research was the scientific works of the classics of sociology M. Weber, E. Durkheim, V. Zombrat, in which the analysis of theoretical foundations of entrepreneurship was carried out. Also, the work uses structural functionalism (T. Parsons, S. Eisenstadt, N. Smelzer, E. Durkheim), which is used

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to consider the economic and status positions of young entrepreneur; neo-institutional approach (V.V. Radaev), which allows exploring the rules of behavior that should guide an individual while being in the business environment, as well as the ways to maintain these rules, structural constructivism (P. Burdier).

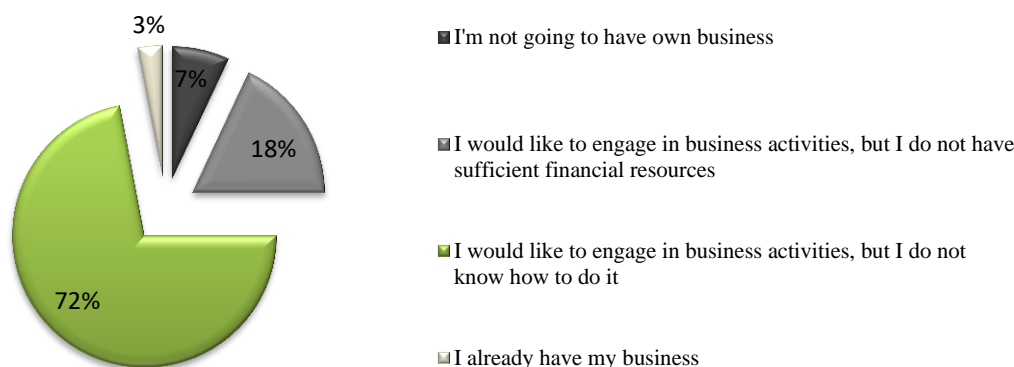
Studying youth entrepreneurship as a social phenomenon involves allocation of its functions: creative-implementation (young people who have creative potential and certain ambitions, through the formation of youth entrepreneurship, implement their ideas, self-actualize, increase their material well-being and benefit society), socially-adaptive (due to the development of youth entrepreneurship, jobs for students appear, internally displaced persons find their place in society, and, in accordance with this, young people are safe from poverty or illegal activities), educational (youth entrepreneurship provides jobs for young professionals without interruption in education, it is also due to this activity that young people learn basic work skills in commercial activities), communicative (youth entrepreneurship contributes to meeting the needs of young people in communication, creating relationships with colleagues), social stabilization (youth entrepreneurship contributes to formation of the owner-entrepreneurs, creating jobs for young people, which is an important aspect for social and political stabilization of the country) (Vinogradova *et al.*, 2016).

3. Results

3.1. Russian Youth Involvement in Entrepreneurial Activities

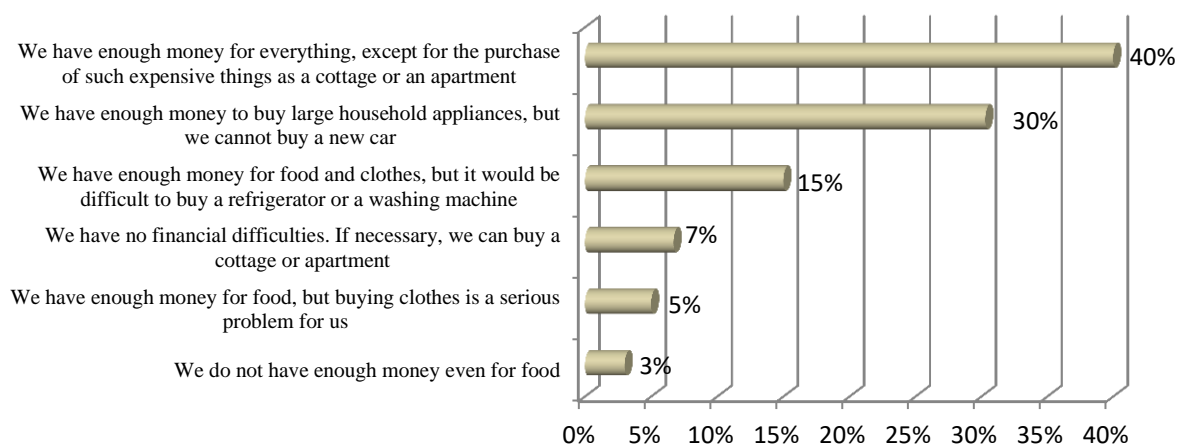
To determine the involvement of young people in entrepreneurial activities, an online survey of young people aged from 18 to 30 years old, living in the territory of three Russian cities (Moscow, St. Petersburg and Bryansk) was conducted. The study involved young people, mostly between the ages of 20 and 25 (86% of the total number of respondents). The majority of the respondents (72%) would like to engage in entrepreneurial activity, but do not know how to do it (Fig. 1).

Figure-1. Distribution of the answers to the question "How do you feel about the opportunity to do business?" (% of the total number of the respondents)



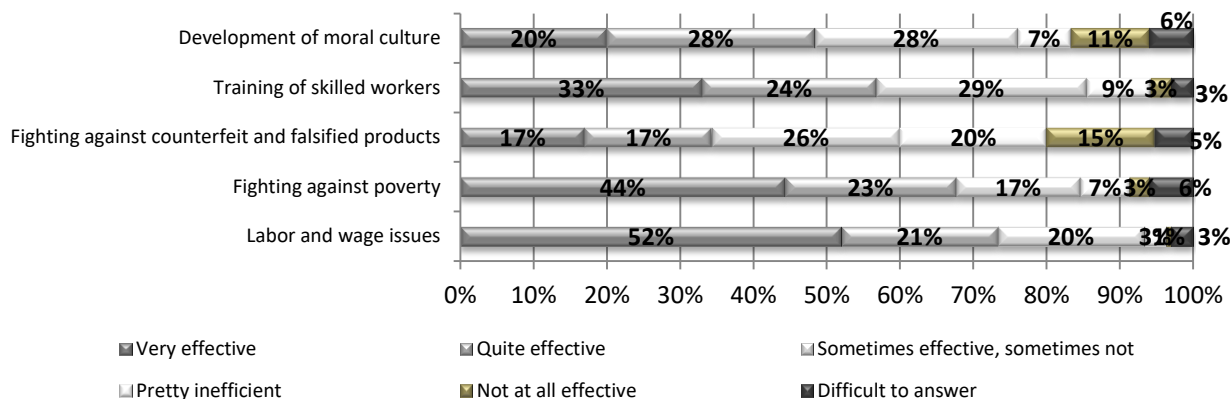
The study revealed the attitude of young people towards entrepreneurs. The majority of the respondents (82%) have a positive attitude towards people who are engaged in entrepreneurial activities, other respondents feel neutral (10%) or negative (8%) towards them (Fig. 2). Such an attitude towards entrepreneurs can be explained by the fact that most young people have acquaintances or relatives who are engaged in entrepreneurial activities. However, among the youth surveyed, the number of entrepreneurs is small – only 3%.

Figure-2. Distribution of the answers to the question "How could you describe the financial situation of your family for the last month" (% of the total number of the respondents)



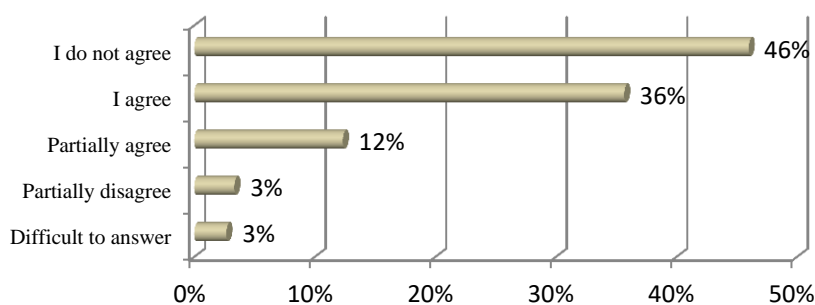
The correlation analysis between the attitude of young people to entrepreneurs and the financial situation revealed a significant strong relationship ($r=0.712$) (r – correlation coefficient). Thus, the better the financial situation of a respondent's family is, the more positively he/she relates to people who are engaged in entrepreneurial activities. It should be noted that the majority of the respondents believe that entrepreneurship is very effective in solving such problems as labor and wages (52%), fighting poverty (44%), and training skilled workers (33%). However, the participation of entrepreneurship in the fight against counterfeit and falsified products was completely ineffective compared to other problems, as 14.7% of the respondents indicated (Fig. 3).

Figure-3. Distribution of the answers to the question "Do you think entrepreneurship is effective in solving the following problems?" (% of the total number of the respondents)



During the survey, the young people were required to define the concept of "entrepreneurial ability". As a result, the following definition was formulated: entrepreneurial abilities are the abilities of people to organize their time, motivate other people, think strategically, be creative, and also find the right connections and have the potential to develop themselves and their business. The study revealed the subjective assessment of the young people of their own knowledge and skills necessary to start their own business. During the survey, only 36% of the respondents agreed with the statement "I already have the necessary knowledge and skills to do business" (Fig. 4). However, if we analyze the respondents' answers for each city, we encounter the following numbers: the young people from Moscow (45%), from St. Petersburg (44%), and from Bryansk (11%) agree with this statement. Therefore, it can be concluded that there is a relationship between the availability of knowledge and skills in the field of entrepreneurship and the city of residence of respondents.

Figure-4. Distribution of answers to the question "Do you agree with the following statement: "I already have the necessary knowledge and skills to do business (small business)" (% of the total number of the respondents)

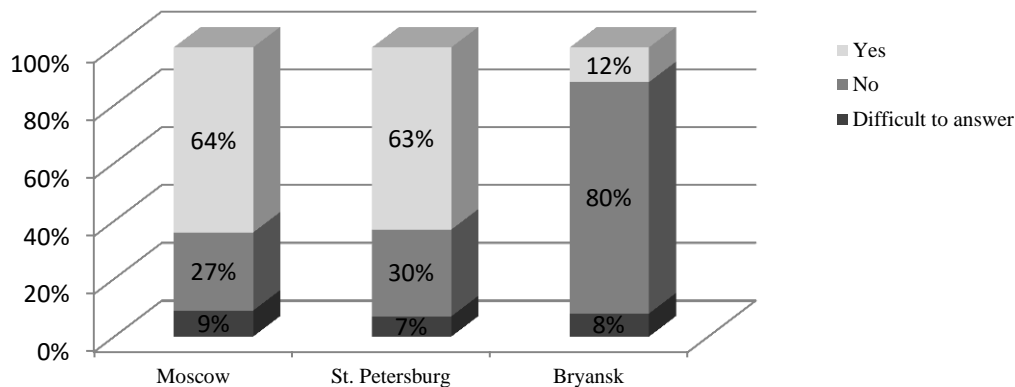


The need for higher education of a person who decided to become an entrepreneur was indicated by 63.9% of the respondents, but despite this, young people point out that education is not the key factor for achieving business success, only 8.2% of the respondents believe that it is necessary to have good education in order to achieve good results in vision of entrepreneurship (Ilina et al., 2016); (Ilina et al., 2017).

In the course of study, the survey revealed the respondents' opinion on the problems of youth entrepreneurship development. The majority of the respondents (68%) consider the lack of knowledge and experience among people who want to start their own business to be the main problem of the development of this activity. Also, young people point out the rather high influence of economy and the labor market on the development of youth entrepreneurship. The majority of the respondents (51%) believe that personal business qualities contribute to the development of youth entrepreneurship. In turn, the next most popular answer was "positive attitude of friends around towards this issue"; 17% of the respondents chose it. In the opinion of the respondents, in addition to the lack of knowledge and experience, the lack of financial resources impede the development of this activity. The state support is of great importance for the development of youth entrepreneurship. Effective measures of state support for entrepreneurship, in the opinion of young people, are tax cuts (35.7%), partial compensation for costs incurred through grants and subsidies (17%), and preferential loans (13.7%). We analyzed the answers to the question: "Do you know about the

existence of any organizations in your city that assist youth entrepreneurship" (Fig. 5). Young people living in large cities are more informed about organizations that support young entrepreneurs.

Figure-5. Distribution of answers to the question "Do you know about the existence in your city of any organizations that assist youth entrepreneurship" (% of the total number of the respondents in Moscow, St. Petersburg and Bryansk)



The majority of young people (80%) believe that Russia needs to create special conditions for the development of youth entrepreneurship. On the basis of the respondents' answers, proposals have been made for the creation of conditions specifically for the development of entrepreneurship in the youth environment:

- Creation of specialized educational institutions for entrepreneurship education for young people;
- Introduction of specialized additional courses on the development of own business to the educational process of higher education institutions;
- Creation of Youth Entrepreneurship Development Centers, summer schools for students and schoolchildren;
- Conducting training and master-classes for start-uppers.

3.2. Social Risks of Youth Entrepreneurship Development in Russia

Within the study, ten young entrepreneurs who had been developing their business for more than 3 years were in-depth interviewed. Among the negative sides, the young entrepreneurs identified unstable income, too high competition, which makes it necessary to constantly develop their business, to invent something new. Also, one of the experts drew attention to the fact that many people, starting a business, only want to earn as much money as possible and nothing more, they do not want to realize themselves, they are driven only by material gain. This leads to the sale of substandard products and provision of services at a low level, even fraud and deception.

As for the factors, determining the development of youth entrepreneurship in Russia in the short term (2-3 years), we can distinguish four groups: state support, stability of economic development, development of educational infrastructure for young start-uppers, and active participation of the country in global economic processes (Yudina *et al.*, 2017). Most experts highlight economic stability as the determining factor for business development in Russia. This is largely a result of the crisis when not only the performance and other personal qualities of an entrepreneur are sidelined, but state support is often not very effective.

Among the main problems in the development of youth entrepreneurship, experts named the following: high taxes, corruption, lack of knowledge among people who want to start their own businesses, high rent. According to the results of the study, it is possible to identify areas of business activity that, according to experts, will cause interest among young people in the near future: service sector, innovative business (I-technologies, internet marketing). This can be attributed to the fact that these areas of entrepreneurial activities provide young people with the opportunity to combine creative self-realization and profit-making, and these areas require less expenditure than, for example, the construction business (Rudenko *et al.*, 2015). The main problems faced by young entrepreneurs at the beginning of their activities are the lack of start-up capital, the volatility of customer flow, the difficult process of setting up an individual enterprise, the need for budget planning. As a result of the study, it can be noted that the sources of start-up capital for opening a business for young people are mainly personal savings, grants from the state, as well as loans from banks. Despite the fact that experts are aware of state projects to support youth entrepreneurship, the majority of young entrepreneurs do not want to participate in state programs related to receiving grants, arguing that this would slow down their business, they would have to report to the state for their work. Many entrepreneurs noted the incompetence of state experts in the field of innovative projects (Terentyeva *et al.*, 2016); (Zayernyuk *et al.*, 2016).

3.3. The Main Features of the Sociological Portrait of a Young Entrepreneur

The main features of a sociological portrait of a young entrepreneur were identified on the basis of applying the method of sociological survey and visual analysis of profiles of entrepreneurs aged 18 to 30 years on Instagram. Selected for the study, young entrepreneurs are actively on their Instagram profiles, post photos 2-3 times a week. The following common features of the Internet image of a young entrepreneur were identified:

- adherence to a healthy lifestyle (involvement in various sports: football, hockey, yoga, karate; critical attitude to bad habits: smoking, alcohol);

- active citizenship (in the profiles of young entrepreneurs, participation in patriotic events is demonstrated, posts of patriotic content for Victory Day, national holidays are lined up, participation in elections is noted);
 - corporate social responsibility (participation in charity events; financial assistance to children with serious diseases, etc.);
 - unofficial, friendly type of communication with Internet audiences (everyday communication; active use of smiles and pictures for Internet communication).
- Activity and creativity (hobbies, traveling are actively discussed).

4. Discussion

The problem of youth entrepreneurship is considered by many researchers in the context of the development of the innovative economy, small business in general (Bocharova, 2014); (Goncharov, 2015). Great importance is given to the socio-demographic characteristics of the social group of young entrepreneurs, the problems of state support of youth entrepreneurship (Kaurova, 2015). Analysts of the All-Russian Public Opinion Research Center (APORC) conducted a study, the results of which show that 67% of young people who plan to engage in entrepreneurial activities belong to the age group of 18-24 years (Entrepreneurship and self-employment in Russia). The APORC analysts conducted a study that combined the proposals from Skolkovo entrepreneurs to the Russian authorities in three blocks: 1) financial support for entrepreneurship (tax cuts (36%), lower rates on loans (12%), support and subsidies (7%)); 2) administrative regulation (simplified reporting/bureaucracy (10%), independent court (7%), reduced audits (5%)); 3) educational and consulting support for entrepreneurs (introduction of the subject "Entrepreneurship" in schools and universities (5%), educational programs and consultations for entrepreneurs (5% each)) (Entrepreneurship and self-employment in Russia). Annual surveys and sociological studies show that the percentage of young people who want to develop their own business is several times higher than the share of those who have already created their own business. According to ICSI, 78% of respondents consider opening a small business to be an excellent way of self-realization, 60% prefer having their own business, hoping for a higher level of income compared to employment. However, today only 3% of young people have their own business (Daliboshko, 2017). Against the background of international comparisons, the Russian business climate for young people looks unattractive. Russian companies are much more likely to face difficulties and barriers in doing business. This is confirmed by the data obtained in the course of the presented research. Young Russians are aware of the many risks associated with the development of their business (Fomicheva et al., 2017). The World Bank conducted research that proved that if small and medium businesses account for less than 40% of GDP in a country, then investments in the economy of the given country do not lead to the necessary planned economic effect (Jakubczak, 2015). All this once again proves the importance of supporting small and medium businesses. The necessary strategic resource for the development of small and medium-sized businesses is youth entrepreneurship (Merenkov, 2014).

5. Conclusions

Youth entrepreneurship in modern conditions is the most important factor in the development of an innovative economy. This is due to the fact that, on the one hand, entrepreneurship, as a type of economic activity, contributes to the improvement of product quality due to high competition, increasing the well-being of the population, solving problems related to social security, unemployment, and also contributes to the formation of the middle class (Zayernyuk et al., 2017); (Zaernjuk et al., 2014). Young people, as a social group, have high mobility, extraordinary thinking, are ready for change, can take risks. Thus this social group has significant potential for the development of innovative, high-tech enterprises (Lin, 2015).

Currently, the legislation of many countries lacks the wording "youth entrepreneurship", for this reason, it is difficult to establish criteria for classifying the subjects of medium and small businesses as youth entrepreneurship (Mityushina et al., 2017).

According to the results of empirical research, it becomes clear that young people, in general, have a positive attitude towards entrepreneurial activity and entrepreneurs. However, there is a low degree of youth involvement in entrepreneurial activities; young people lack knowledge and skills in this field of activity. The main factors affecting the success of entrepreneurial activities are state support, the stability of economic development, development of educational infrastructure for entrepreneurs, as well as the involvement of the regional economy in global economic processes. According to experts, the main problems in the development of youth entrepreneurship are high taxes, inability to borrow start-up capital, corruption, lack of knowledge among people who want to start a business, high rent, as well as imperfect business legislation.

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