



# Obstacles to the Effective Development of Russian Youth Entrepreneurship in Modern Conditions

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## Abstract

Youth entrepreneurship is a complex phenomenon that requires active development in modern conditions, complicated by the limitations of the coronavirus pandemic and the subsequent post-pandemic recession. The direct relationship between the state of the economy and youth activity is considered in the studies by the researchers from different countries: the USA, UK, Russia, Indonesia, Nigeria, South Africa, and others. The purpose of this article is to reveal the obstacles faced by youth entrepreneurship and to get an answer to the question of which ones are intensifying and which ones are emerging in the context of the coronavirus pandemic. In Russia, this problem is most relevant for the North Caucasian Federal District, based on which the study is based. This article is an attempt to answer the question of what prevents young people from starting their own business and making it successful. To find out the obstacles to youth entrepreneurship, which developed in the socio-economic conditions of the region with a surplus of labor and became more active in the conditions of the current crisis, a questionnaire survey of 257 graduates and young entrepreneurs and personal interviews of 15 respondents were conducted. Based on this, the most significant factors in the opinion of the respondents were identified, and then a set of necessary measures was formed to activate youth entrepreneurship using benchmarking and comparative analysis methods.

**Disciplinary:** Youth Study, Employment Study, Pandemic Crisis Study.

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# 1 Introduction

Youth activity affects the state of the economy in various sectors. The fact that young people are active, ensure self-employment, have a propensity to take risks, and, at the same time, have a certain resilience is noted in several works (Sulphey, 2021; Kim 2008; Iarmosh 2019).

The book "Economics, Education and Youth Entrepreneurship: International Perspectives" to be published by Routledge, as well as several published articles, present the economic role and international perspectives of youth entrepreneurship through the development of business education (Noga & Brzeziński, 2021; Mohamed & Sheikh Ali, 2021, Dzomonda & Fatoki, 2019, Jakubczak, 2015).

It should be emphasized that the creation of a favorable environment for youth entrepreneurship is firstly associated with the development of mentoring and family support, as well as youth policy that contributes to the positive development of youth and society (Shittu, 2017; Manolova, et al., 2019; Kruse, 2019; Rukina, 2018; Sukhoveeva & Andreeva, 2019).

The study of Russian researchers has shown that when making decisions to support youth innovation initiatives, the authorities determine the awareness of the need for innovative companies that meet changing requirements (Tinkov & Alpatskaya, 2020; Albekov et al., 2019; Dolgorukova, 2019; Gazetov, 2018; Vladimirovich et al., 2019; Trushkova et al., 2019).

Several studies have focused on the specific impact of Covid-19 on young people and their businesses in Indonesia, Nigeria, South Africa, and other countries (Diandra & Fahleza 2021; Melugbo et al., 2020; Chauke & Chinyakata, 2020; Flegontov, 2020; Meahjohn & Persad, 2020; Barber & Mostajo-Radji, 2020).

This study aimed to research whether the obstacles arising in front of youth entrepreneurship depend on subjective, ideological factors, and to get an answer to the question of which of them are intensifying and which new ones appear in the context of the coronavirus pandemic. This is linked to questions about the sources of negative factors affecting youth entrepreneurship. They need to be studied to close the gap in the body of knowledge about the research subject development, which determined the research postulations set in the next section.

# 2 Methodology

The article uses methods of statistical analysis of information on the youth employment state in the regions of the Russian Federation to assess the entrepreneurship potential to solve the problems of rising unemployment in the situation of COVID-19 spread.

The methods of questionnaire survey and interviews were used to assess the impact of restrictions on the relevant areas' formation of youth entrepreneurship in a pandemic. The work carried out in the Pacific region (Diandra & Fahleza, 2021, Farhat et al., 2018) was very helpful in the study design using the questionnaire survey method.

The questionnaire was formed based on posing a direct question to the respondent with a request to assess the importance of the factor as an obstacle to the youth entrepreneurship

development, and also whether the coronavirus pandemic has an influence on the negative impact intensification of the factor or not.

These questions are posed to test the following postulations:

**Postulation#1:** Opinions about the nature and significance of negative factors will differ depending on how young people are striving to create their own business and whether they already have their own business.

**Postulation#2:** A pandemic/crisis has a stronger impact on factors of a subjective, socio-psychological nature.

**Postulation#3:** The factors of a tougher, objective nature are assessed by young people as more significant.

In order to highlight (propose) the necessary areas of support for youth entrepreneurship in the context of a pandemic and post-pandemic crisis, it is necessary to identify the factors using the methods of statistical analysis, which are the most significant according to the respondents, and then, using benchmarking and comparative analysis methods, to form a set of necessary measures for the development of youth entrepreneurship.

### 3 Result

Entrepreneurship and this should be specially noted, is an important factor in economic stabilization and a way to overcome the problems of youth unemployment. Investigating the issue of the youth employment state in the regions of the Russian Federation, it should be noted that official and, to a greater extent, hidden unemployment is currently growing. Youth unemployment and the employment of young people are becoming a serious state problem (Smirnov et al., 2020). The issue of employment and occupation of young people in regions with a low level of socio-economic development of the territory is very acute.

In the Russian Federation, an unfavorable situation with unemployment was formed earlier in the North Caucasus Federal District, where it (14.8%) is more than 2.5 times higher than the national average (5.9%), which is determined by a pronounced regional differentiation in terms of economic development (Table 1).

To solve the problems of unemployment, it is important to expand the employment opportunities of young people, to take various measures to increase the number of jobs offered. In this regard, it seems relevant to study the problem of youth entrepreneurship as a way to solve the employment problem of young people.

An entrepreneurial decision for a young man who has made a bold choice is a basis for many benefits, both for himself and for society. This is obtaining income, the satisfaction of the leader's own ambitions, the opportunity to realize their knowledge, skills, and ideas, the introduction of innovations in one or another production, financial, social, or other activity. However, at the same time, some young people stop running their businesses faced with emerging problems.

**Table 1:** The number and composition of the labor force in the constituent entities of the Russian Federation at the age of 15 years and older

Region	Number of labor force, thousand people	Including		Level, in %		
		employed	unemployed	labor force participation	employment	unemployment
Russian Federation	75197.1	70741.7	4455.3	62.2	58.5	5.9
Central federal district	21295.4	20384.6	910.8	64.0	61.2	4.3
Northwestern federal district	7458.1	7067.1	391.0	63.7	60.4	5.2
Southern federal district	8170.4	7680.9	489.5	60.0	56.4	6.0
North Caucasian federal district	4632.7	3945.2	687.4	60.7	51.7	14.8
Privolzhsky federal district	14721.9	13974.0	747.9	60.9	57.8	5.1
Ural federal district	6276.4	5926.1	350.3	63.1	59.6	5.6
Siberian federal district	8407.1	7802.6	604.5	60.6	56.3	7.2
Far Eastern federal district	4235.0	3961.2	273.9	64.4	60.3	6.5

(built according to Russian Statistics Committee data: The number and composition of the labor force in the constituent entities of the Russian Federation (2021).

The period of the coronavirus pandemic has become especially difficult for starting a new business among young people.

A survey of the youth audience aged 20-25 and entrepreneurs of different ages made it possible to outline the contours of assessing the current situation in relation to the obstacles for young people in creating their own enterprise and ensuring its sustainable functioning. Table 2 shows the results.

**Table 2:** Obstacles to the effective development of youth entrepreneurship (257 people)

No. it.	Factor formulation	Average score	Rank	Average score	Rank	Average score	Rank	Average score	Rank	Impact of the pandemic
		A		B		C		Total		
1	2	3	4	5	6	7	8	9	10	11
1	Psychological: Negative social attitudes of young people	1.71	2	1.00	10	1.25	8	1.40	5	2
2	Economic: Lack of funds	1.86	1	1.75	2	1.75	3	1.80	1	1
3	Administrative: Excessive administrative barriers	1.57	3	1.50	3	1.25	6	1.47	3	1
4	Political: Mistrust of state structures	1.29	5	1.25	7	2.00	2	1.47	4	2
5	Institutional: Weak government support system	1.00	9	1.50	6	1.75	4	1.33	7	0
6	Integration: Low consolidation of entrepreneurs	1.14	8	1.25	8	1.50	5	1.27	8	1
7	Competent: Low level of professional training	1.43	4	1.50	4	1.25	7	1.40	6	2
8	Cultural: Low development level of entrepreneurial culture	1.14	7	1.50	5	1.00	9	1.20	9	0
9	Competitive (market): Unfair competition from large businesses	1.29	6	2.0	1	2.00	1	1.67	2	2
10	Target: there are no priorities in creating PPPs for youth organizations	0.57	10	1.25	9	0.75	10	0.80	10	0

Column 2 indicates the barriers to youth entrepreneurship development selected from numerous studies on it, followed by the average score and the ranks that the respondents assigned to one or another obstacle (the higher the rank value, the less significant the factor) respectively, in the columns:

3.4 - young initiative people wishing to become entrepreneurs (A),

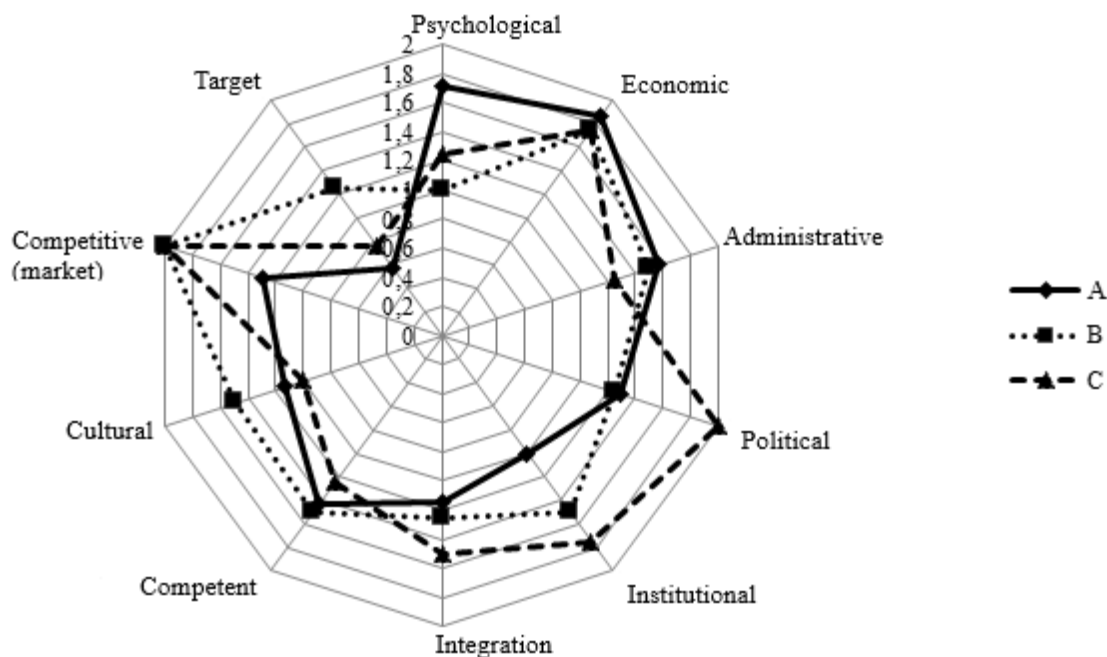
5.6 - young people who do not see themselves in business, but could do it under favorable conditions (B),

7.8 - entrepreneurs who have formed a successful business (C).

9.10 - summary data for the entire sample group.

The last column (11) reflects the opinion of entrepreneurs about the impact of the pandemic on the significance of the listed factors (2 "enhances", 1 "practically does not affect", 0 - "the factor is not an obstacle").

Graphically, the weight of factors that negatively affect youth entrepreneurship development is shown in Figure 1.



**Figure 1:** Diagram of factors hindering youth entrepreneurship (according to the survey of opinions: A - young initiative people wishing to create their own business, B - young people not seeing themselves in business, but are forced to do it, C - entrepreneurs at a young age who have formed successful business.

Postulation#1 was confirmed: "Opinions about the nature and significance of negative factors will differ depending on how young people strive to create their own business, and also whether they already have their own business."

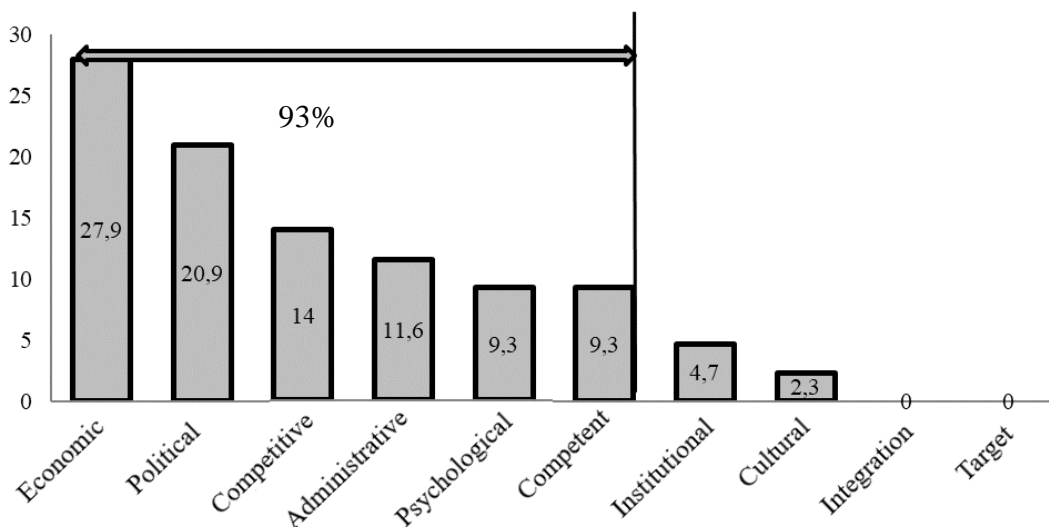
Analysis of the data obtained shows that the opinions of young entrepreneurs in the assessment of subjective factors differ significantly. Young start-up entrepreneurs highly appreciate the personal desire to create a successful business and consider this desire to be absolutely necessary.

Young people starting a business "under the pressure of circumstances" consider the availability of financial means, socio-cultural and competence level, knowledge of the business that they intend to open for self-sufficiency as the most important factors.

All groups of young people equally estimate the tough competition from large businesses and the lack of funds for starting and running a business. All groups of entrepreneurs also assess administrative barriers and distrust of the state approximately the same and at an average level of significance.

Postulation#2 was confirmed in the questionnaire. According to the respondents, a pandemic/crisis has a stronger impact on factors that are wholly or partially subjective, which is reflected in Table 2 (column 11). In support of Postulation#3, the study showed that respondents mostly attribute the problems that are caused by the characteristic shortcomings of entrepreneurship to the main problems hindering the development of youth entrepreneurship, which intensified in the context of the socio-economic crisis associated with the pandemic: lack of financial resources, distrust to state structures, unfair competition from a large business.

Each of the factors identified in the study is assessed by young entrepreneurs in different ways, therefore, to highlight those that require actively targeted impact to overcome the negative impact of the pandemic, those that determine the situation by 90 percent or more are selected (Figure 2).



**Figure 2:** The most priority factors hindering the development of youth entrepreneurship

Economic problems and a lack of financial resources are in the first place in terms of importance; they require diversification of funding sources for supporting youth entrepreneurship: soft loans; funds from budgets of different levels of the budget system; target program budgeting; development of a public-private partnership mechanism; funds of the non-state sector; investments of private investors, especially in priority areas of innovative business that ensure the economy's development of the country and the region (Golovina et al., 2017; Arsenyev et al., 2016).

To overcome the negative impact of excessive administrative barriers and mistrust to state structures, it is important to establish clear and simple rules for the work of state bodies with small youth enterprises, which will be supported by the responsibility of the state authorities themselves for their successful functioning in their subordinate sectors.

For the factors of fierce competition on the part of large businesses to not so significantly affect the state of youth business, one can choose two strategies of behavior in the market: 1) a "niche" strategy that provides for the occupation of an own "narrow" niche, which is of little interest to large business; 2) a strategy of cooperation with large business, the framework of which is determined by its needs, and, as a rule, give a synergistic effect (Golovina et al., 2017; Lewis & Massey, 2018; Ogamba, 2019; Andaleeb, 2019).

The study of the best practices of Russian regions shows that to reflect the negative impact of psychological (negative social attitude of young people) and competence-based (low level of professional training) factors, the project "Popularization of entrepreneurship", implemented in the Rostov region, is effective (Albekov et al., 2019; Sukhoveeva & Andreeva, 2019). The determined goal within the framework of this project is the formation of a positive entrepreneurship image among the population, the involvement of various target groups of citizens in the field of small and medium-sized businesses, including the creation of new medium and small enterprises, as well as

increasing the development level of professional and/or supra-professional competencies, organizational skills and doing business (Parakhina et al., 2017). This goal is promoted by the development of social entrepreneurship of youth (Kruse, 2019; Mohamed & Sheikh Ali, 2021), as well as the implementation of various modern entrepreneurship training programs (Shittu, 2017; Farhat et al., 2018; Noga & Brzeziński, 2021).

The implementation of the proposed influence directions will allow a more comprehensive and systematic approach to solving the problems of youth entrepreneurship in Russia that are urgent in the post-pandemic crisis period.

## 4 Conclusion

Thus, the current economy's state of various countries of the world is characterized by a high level of youth unemployment; it is dangerous because economically unemployed are the people with an active life position seeking to express themselves in the society, find an application to their knowledge and ideas, which can become a catalyst for political unrest. In this regard, youth entrepreneurship can play a positive role in solving this complex socio-demographic, political and economic issue.

The survey of youth audience made it possible to outline the current situation assessment contours in relation to the obstacles for young people in creating their own enterprise and ensuring its sustainable functioning. As the research has shown, the respondents refer to the main problems of youth entrepreneurship as lack of financial resources, mistrust of state structures, unfair competition on the part of large businesses. Each of the reasons highlighted in the study is assessed by young entrepreneurs rather high, therefore, they require a targeted influence of the authorities and society to overcome the negative influence of the corresponding factor.

The role of the state in creating a favorable business environment for the younger generation should be dominant at this stage. At the same time, various specialized organizations (public organizations, associations, trade, and industrial unions, etc.) should also become more active, whose assistance in the development of youth entrepreneurship may be more noticeable. In modern conditions, when authorities are taking measures to support enterprises in industries affected by the impact of the coronavirus infection, solutions should be developed that have proven their effectiveness not only in crisis conditions but also as support measures for, for example, youth entrepreneurship in a post-pandemic economy.

## 5 Availability of Data and Material

Data can be made available by contacting the corresponding author.

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