Youth Entrepreneurship as a Factor in Solving Socio-Economic Problems in the Conditions of the Coronavirus Pandemic

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Abstract

The development of youth entrepreneurship brings many benefits to the economy and society, which are especially important in the difficult conditions of various constraints and turbulent changes that the coronavirus pandemic has brought to all countries. The purpose of the article is to determine the advantages and limitations of youth entrepreneurship in the context of a pandemic, to highlight the most relevant areas of its development, provided by the emerging new opportunities of the modern socio-economic, scientific and technological environment. During the current crisis caused by the coronavirus pandemic, young people around the world are having difficulty finding jobs as young inexperienced workers tend to be the first to lose their jobs. The most tense situation is developing in regions that had a high level of youth unemployment before the crisis, such as the North Caucasian Federal District of Russia. At the same time, as the study showed, young entrepreneurs who have felt support from the state, relatives and friends, the business community, and financial structures are more successful. The directions’ identification for the development of youth business made it possible to form a structural-logical model of entrepreneurial initiatives of young people, including forced and goal-oriented entrepreneurship. This scheme shows the importance of state and public support for youth business in overcoming the consequences of the COVID-19 spread, which, in turn, will lead to economic growth.


Cite This Article:

1 Introduction

The potential of youth entrepreneurship in solving economic problems arising in the context of a pandemic is very high since youth initiatives can open promising business areas, which is determined by a number of reasons, among which are: the willingness of young people to take risks, their ability to find new solutions, including digital, technological, marketing and economic organizing, as well as a strong desire to achieve success in life. At the same time, in order to realize these aspirations of the younger generation in the business, the understanding and support of experienced businessmen, the creation of teams of like-minded people, as well as a sterling infrastructure and system of state support for youth initiatives are needed.

The purpose of the article is to determine the most relevant directions for the development of youth entrepreneurship in pandemic conditions, which are primarily focused on using the favorable opportunities of the modern socio-economic, scientific and technological environment (Parakhina & Alekhina, 2021; Boris et al., 2021).

In a pandemic, state support for youth initiatives to overcome the consequences of COVID-19 spread is especially important, which determined the greatest losses in the field of small business, as well as in the service sector in general.

2 Methodology

The research methodology is based on several groups of methods and approaches.

First, the situational approach and methods of statistical analysis were applied to characterize the features of modern youth entrepreneurship in the difficult situation of COVID-19 spread. Diandra & Fahleza (2021) discussed the specific impact problems of Covid-19 on youth enterprises. McKinsey (2020) assessed the impact of Covid on entrepreneurial structures in various industries.

Many works reflect the impact of COVID-19 on the entrepreneurial potential of youth in various countries of the world - Russia, Nigeria, South Africa and others, as well as the contribution of youth networks to sustainable development during a pandemic (Melugbo, et al., 2020; Meahjohn & Persad, 2020; Barber & Mostajo-Radji, 2020; Chauke & Chinyakata, 2020).

Secondly, the systematic and analytical approach was used to analyze the directions of youth entrepreneurship and their synthesis into the structural and logical scheme of youth entrepreneurial initiatives, the implementation of which helps to solve the problems that arise during the coronavirus pandemic crisis.

Lez’er et al. (2019) discussed the role of youth entrepreneurship in the sustainable development of the urban economy. Smirnov et al. (2020) and Sutter et al. (2019) discussed solutions to the problems of unemployment and poverty with the help of youth initiatives. Minola et al. (2014) and DiGregorio & Cordova (2014) discussed the qualities of young entrepreneurs.


### 3 Result

Applying the concept of youth entrepreneurship, the authors proceeded from that in the regulatory and legal plan in Russia, the term “youth entrepreneurship” is understood as “entrepreneurial activity of citizens under 30, as well as legal entities (small and medium-sized businesses), in which the average age of full-time employees, as well as the age of the manager, does not exceed 30 years, or in which in the charter (joint) capital the share of persons under 30 years of age exceeds 75%, which is reflected in such documents as the Resolution of the Supreme Council of the Russian Federation dated 03.06.1993 No. 5090-1 “On the main directions of state youth policy in the Russian Federation”, Order of the Government of the Russian Federation dated 29.11.2014, No. 2403-r “On approval of the foundations of state youth policy of the Russian Federation for the period up to 2025” and others.

At the same time, the age of youth is limited to 35 years within the framework of defining youth policy in the Federal Agency for Youth Affairs.

This clearly demonstrates the absence of a single, clearly defined policy in the field of supporting young citizens of our society.

From the methodology point of view, a study that examines the phenomenon of youth entrepreneurship based on the theoretical approaches of Western and Russian scientists is considered interesting (Koshelev, 2019).

#### 3.1 Impacts of Covid-19

Highlighting the impact of Covid-19, it should be noted that, all other things being equal, young entrepreneurs are more successful when having support: either by distributing knowledge about the basics of doing business, attracting innovations, or from the formed youth entrepreneurial environment in the scientific and technical sphere or from the side of experienced businessmen in the form of providing information; or from the authorities through the provision of guarantees to start-up entrepreneurs; or from the state and financial structures in the form of investment support, etc., which leads to an increase in the number of small businesses created by young people and ensures their competitiveness (Gazetov, 2018; Dolgorukova, 2019).

Entrepreneurship (and this should be specially noted as a factor of economic stabilization) is a way to overcome the problems of youth unemployment. This issue is most acute for the North Caucasian Federal District, which has more than 2 times higher youth unemployment rate. According to Russian Statistics Committee (Number and composition of the labor force in the
constituent entities of the Russian Federation (2021)), the most unfavorable situation with unemployment in Russia is in the North Caucasian Federal District, where it (14.8%) is higher than the national average (5.9%) more than 2.5 times.

This is determined by a pronounced regional differentiation in terms of economic development, which leads to significant differences between federal districts in terms of the unemployment scale also among young people, primarily among graduates. As a result, a very high value of this indicator was recorded in the North Caucasian (18.5%) and Southern (12.1%) federal districts.

### 3.2 Russian Youth Unemployment

Currently, youth unemployment is a complex and problematic issue in all countries including Russia, where it has been reaching extremely high rates over the past decades (Figure 1).

![Figure 1: Unemployment rates of the population by age group (as a percentage of the labor force of the corresponding age group)](compiled from Labor force, employment and unemployment in Russia (RussGov, 2020)).

From Figure 1, the world economic crisis of 2008-2009 aggravated the situation on the youth labor markets and led to a significant increase in the unemployment rate in this population group and by 2009 reached 20.4 percent. Then it began to decline and returned to the pre-crisis level by 2011.

Difficulties with employment have arisen among young people in the period of the current crisis caused by the coronavirus pandemic. According to the International Labor Organization (ILO), this is the reason why about 20 percent of young people in the world have lost their jobs (Flegontov, 2020).

But at the same time, Russian youth have responded to the restrictions associated with coronavirus better than other population groups in the country, despite that young people are at greater risk of being fired when jobs and staff are cut. This conclusion was made based on the
monitoring data of the economic situation in Russia (Monitoring of the economic situation in Russia: trends and challenges of socio-economic development. (2021). Thus, in January 2020, the unemployment rate among Russians aged 15-24 was 15.9% (Figure 2).

![Unemployment rates in the age group of 15-24 y.o. in 2019-2020, %](Figure 2: Unemployment rates in the age group of 15-24 y.o. in 2019-2020, %)

In April 2020, the first month since the introduction of anti-epidemic measures, the unemployment rate rose to 19.7%, in July it peaked at 21.3%. After the partial lifting of restrictions, it quickly began to decrease and by December reached 16.9% of the pre-crisis level, which indicates that young people are finding use in difficult pandemic conditions since they are able to quickly rebuild.

At the same time, young people have a high level of activity and a high (often too high) level of expectations. This can create an “explosive social situation”.

A positive quality of young people is not only a high activity level but also a commitment to everything new, progressive, they are considered an innovative part of society (Alekhina et al., 2020). The desire of young people for success, achievements, a higher official position and an increase in wages leads to positive dynamics of wage indicators.

One of the negative characteristics of young people as a social group of unemployed actively seeking "their place in the sun" is the inconsistency of goals and expectations of graduates with reality. Most of them want to be highly paid lawyers and bankers, but couriers and salesmen, telephone and insurance agents are of most demand. At the same time, they do not want to receive the skills of workers of this level, which is the "starting point" for young people, considering it "unworthy" for a lawyer, economist, manager.

### 3.3 Youth Entrepreneurship

The development of youth entrepreneurship can help to solve the problems of youth unemployment, “burning out” the aspirations of young people, deforming their social perceptions. Entrepreneurship can combine the ambitions of young people, their professional aspirations, the desire to work for themselves and determine their own future.
Of course, youth entrepreneurship is not a sovereign remedy for the entire youth employment problem, but it is one of several components of a broader employment strategy in Russia and its regions (Pankova & Boris, 2012). Effectively, purposefully and strategically built support will stimulate the restoration of the small business role and economic growth in the regions and the country.

The directions analysis of youth entrepreneurship shows that, depending on the main motive for creating a business, there are:

1) **entrepreneurs "forced"** to do business in order to get a livelihood; in situations where self-employment of young people is the only way to obtain a livelihood, micro-enterprises emerge in low-productivity, under-growing industries, and ‘narrow’ niches. For such young people, training programs are important to help strategic thinking, the selection of strategic growth sectors, areas with high market demand, higher added value and the creation of youth enterprises in the form of market networks.

2) **entrepreneurs focus** on new opportunities and are driven by the desire to become independent and/or increase their income. These young people choose the business area they know best and where they will be successful with a future perspective. Such areas can be determined based on the structure of specialists of the highest qualification level. In accordance with this, such areas of business as science and technology, education, culture and law, healthcare, information and communication technologies can be identified as priority areas.

**Figure 3: Block diagram of youth entrepreneurship**

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The analysis results of youth entrepreneurship directions make it possible to form a structural-logical scheme of entrepreneurial initiatives of young people, in which there are two quite independent, but over time, intertwining directions: forced and goal-oriented entrepreneurship (Figure 3).

Ultimately, the choice of a business area depends on such factors: education, special knowledge and work experience, the availability of assistance from friends and relatives, as well as the support of state and municipal authorities.

It can be said that youth entrepreneurship itself solves an important social problem - youth employment, and this is an extremely difficult task for any country. After graduation, many graduates intend to start their own businesses. However, some stop doing business when faced with difficulties. The period of the coronavirus pandemic has become especially difficult for starting a new business among young people.

4 Conclusion

The advantages of young entrepreneurs include willingness to take risks, the ability to find new digital, technological, marketing solutions, a strong desire to achieve success in life. Negative characteristics of young people in the role of business initiators are considered their overestimated expectations in comparison with real results, lack of experience, capital and connections in society.

Youth entrepreneurship plays an important role in overcoming the socio-economic problems of the post-pandemic period since it leads to a reduction in the unemployment rate and an increase in opportunities for innovative development of the economy, provides an increase in youth employment, an improvement in their socio-economic situation, the realization of young people’s desire for success, business freedom and initiative. The negative aspects that hinder the effective functioning of small youth businesses include the existing shortcomings of the Russian economic business environment, which are amplified in the context of the socio-economic crisis outbreak caused by the pandemic: distrust of government structures and corruption, unfair competition from large business, insufficient financial resources.

Analysis of youth entrepreneurship directions shows that depending on the main motive for starting a business, there are: 1) entrepreneurs "forced" to do business in order to get a livelihood; 2) entrepreneurs focused on new opportunities and driven by the desire to become independent and/or increase their income. This made it possible to form a structural-logical scheme of entrepreneurial initiatives of young people, in which there are two quite independent, but over time, intertwining directions: forced and goal-oriented entrepreneurship. The survey of the 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.

5 Availability of Data and Material

Data can be made available by contacting the corresponding author.
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7 References


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