



STATE SUPPORT OF YOUTH ENTREPRENEURSHIP IN THE RUSSIAN FEDERATION

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ABSTRACT

In modern conditions of development of the Russian economy, the problem of small and medium-sized businesses remains. It is to this sector of the economy that the main role is played in the process of increasing the middle class, increasing the level of welfare of the population, improving the quality of products and services provided, due to increased competition. The World Bank conducted research that proved that if small and medium businesses account for less than 40% of GDP in a country, investments in the economy of a given country do not lead to the necessary, planned economic effect. All this once again proves the importance of supporting small and medium businesses. A necessary strategic resource for the development of small and medium-sized businesses is youth entrepreneurship. Support for youth entrepreneurship is becoming one of the priorities of state policy in Russia and foreign countries. This is due to the complex of modern processes of world economic development, which, along with traditional ones, create new problems that impede the adaptation of the young generation to the business environment. Political, economic, social, environmental factors in the context of globalization, creating new opportunities for society, simultaneously create problems, especially acutely affecting young people, who are forced to look for ways to adapt, ensure and develop their entrepreneurial activities.

Purpose – explore entrepreneurship, determine its role, conditions and development trends in Russia.

Design/methodology/approach – review of theoretical and practical material, as well as the works of domestic and foreign authors.

Findings – The state's efforts to support small and medium-sized businesses are minimized due to systemic problems of doing business in Russia. The state should pay more attention to this sector of the economy, as well as significantly reduce both the tax burden and administrative control. Another important condition for the development of small and medium-sized businesses in Russia is concessional lending, a high percentage of loan repayments deters most potential entrepreneurs. Programs aimed at the development of the small and medium-sized businesses have low financial support and are mainly aimed at information and educational support of the population. Small and medium-sized businesses in Russia have a great future for development and can become the main driver of the transition from a raw materials economy to an innovative development path, create jobs in the regions and reduce the outflow of population to large agglomerations. As we can see, all the basic conditions for this can already be created in the near future. The main obstacle to the transformation of the economy at the moment we consider the lack of political will and conservative government policy in the field of economics.

Keywords (4 to 7 keywords): youth entrepreneurship; economy; governmental support; small and medium business; startups

Research type (choose one): general review.

JEL classification: Business Administration and Business Economics; Marketing; Accounting; Personnel Economics

Introduction

In modern conditions of development of the Russian economy, the problem of small and medium-sized businesses remains. It is to this sector of the economy that the main role is played in the process of increasing the middle class, increasing the level of welfare of the population, improving the quality of products and services provided, due to increased competition. The World Bank conducted research that proved that if small and medium businesses account for less than 40% of GDP in a country, investments in the economy of a given country do not lead to the necessary, planned economic effect. All this once again proves the importance of supporting small and medium businesses. A necessary strategic resource for the development of small and medium-sized businesses is youth entrepreneurship. (Blyakhman L. Entrepreneurship in Russia. Economy and organization, 2011) Support for youth entrepreneurship is becoming one of the priorities of state policy in Russia and foreign countries. This is due to the complex of modern processes of world economic development, which, along with traditional ones, create new problems that impede the adaptation of the young generation to the business environment. Political, economic, social, environmental factors in the context of globalization, creating new opportunities for society, simultaneously create problems, especially acutely affecting young people, who are forced to look for ways to adapt, ensure and develop their entrepreneurial activities.

The object of the study is entrepreneurship.

The subject of the study is the study of entrepreneurship in Russia.

The purpose of this work is to explore entrepreneurship, determine its role, conditions and development trends in Russia.

Tasks:

- to outline the theoretical foundations of the socio-economic analysis of the development of youth entrepreneurship in Russia;
- give a statistical assessment of the development of small and medium enterprises in Russia;
- consider the main programs to support youth entrepreneurship;
- to consider possible problem points in the business environment in Russia.

The research methods are theoretical and practical material, as well as the works of domestic and foreign authors.

Chapter 1. State support of youth entrepreneurship in the Russian federation

The state support of youth entrepreneurship in the strategic doctrine and practice of modern foreign states should be understood as a system of state priorities and measures that provide conditions and opportunities for successful and effective self-realization of young people in the business environment, and develop entrepreneurial potential in the interests of the state. These measures are designed to promote the socio-economic development of the country, increase competitiveness and strengthen national security, and achieve a higher level of well-being of the population as a whole.

In modern conditions, the youth business is an important element of the business ecosystem, and therefore its support should be one of the main tasks of the state economic policy in the Russian Federation. State policy in the field of youth entrepreneurship should be the impetus for the decentralization and deconcentration of power, shifting the emphasis from the national level to the level of regions and local self-government. That is why the proclamation of the most important priorities for the development of youth policy is a strategic task of the state, and their successful implementation will lead to qualitative changes in society and the modernization of all spheres of public life. (MartinClemenssonandJensDayringChristensenSmall Enterprise Development Program 2010)All structures that are involved in the system of entrepreneurship development, regardless of whether they are state or non-state, should be focused on the development of youth entrepreneurship,



including those aimed at achieving a specific result. The state, of course, plays a key role here. But this also applies to non-state structures.

The significance of youth entrepreneurship in Russia is determined not only by its progressive focus, but also by the ability to solve social problems. So, the acute problem is youth unemployment. Studies by the Federal State Statistics Service show that 75.4% of graduates of educational organizations in 2010–2015 have encountered difficulties when trying to get a job. Among the main problems were the lack of experience (length of service) - 52.6% and the low level of the proposed salary - 31.1% (Aganbegyan A. G. Humancapitalanditsmaincomponent — the sphere of “knowledge economy” as the main source of socio-economic growth 2017) In November 2016, young people under 25 years old accounted for 23.6% of the unemployed. (Vilensky A.V., Malgina I.V. Strategy of Small and Medium-sized Businesses of Russia until 2030: new perspectives and new problems 2017)

Entrepreneurship is able to quickly create new jobs, therefore, unemployment is reduced, also small and medium-sized businesses ensure high efficiency of investments and, as a result, tax revenues to budgets of all levels increase. Currently, one of the priorities of Russia is the implementation of the state policy of transition to an innovative way of economic development and the formation of a national innovation system. Youth entrepreneurial initiative can be one of the main factors with which you can increase the level of innovativeness of the Russian economy.

The main problems hindering the opening of their own business by young people:

53% - lack of finance

16% - lack of experience

11% - insufficient education

(Dynamics of development of small business in the regions of Russia in January-March 2015. Prepared by F.S. Saidullaev and A.M. Shestoporov 2015)

One form of support for youth entrepreneurship is business incubators. These are specially created structures that support entrepreneurs and small enterprises at the initial stage of their activities. As a rule, a business incubator provides a range of services: office and business premises for rent (conference complexes, rooms for meetings and negotiations, exhibition platforms), consulting services on taxation, accounting, lending, legal protection and enterprise development, professional development and training.

The main instruments for stimulating not only entrepreneurial activities, but also entrepreneurship are: training educational programs on entrepreneurial thinking and activities; development of innovation infrastructure and design, which allow this knowledge to be applied and tested, to get real practical experience; implementation of activities and project activities; various contests and projects.

The subprogram “Development of small and medium enterprises” of the state program of the Russian Federation “Economic development and innovative economy”, approved by the decree of the Government of the Russian Federation of April 15, 2014 No. 316 and the decree of the Government of the Russian Federation of July 9, 2016 No. 1458-p “On approval of the distribution of subsidies provided in 2016 from the federal budget to the budgets of the constituent entities of the Russian Federation for co-financing expenditure commitments of the constituent entities of the Russian Federation related to the implementation of events gathered for the Promotion of Youth Entrepreneurship "subordinate FGBU" "Rospredprinimatel". Under this subprogram, work is underway to implement the program “You are an entrepreneur”.

Since 2009, the Federal Agency for Youth Affairs has been implementing the Federal program “You are an entrepreneur”, which is a complex of information, educational and consulting events, as a result of which participants (young people under the age of 30) open new businesses.

For participants of the “You are an entrepreneur” program at the age of 14–17 years old, the events include gaming and training, educational courses and competitions; For beginning young entrepreneurs aged 18–30 years, a set of activities allows you to go all the way from the entrepreneurial idea to the practical start of entrepreneurial activity.



In 2016, under the “You are an entrepreneur” program, over 3 thousand new small and medium-sized businesses were created by individuals under the age of 30 years. More than 34 thousand young people in 2016 completed and completed training in educational programs aimed at acquiring business skills and creating small and medium enterprises. In order to popularize entrepreneurial activity in the youth environment and to encourage successful young entrepreneurs, Rosmolodezh has been holding the All-Russian Competition “Young Entrepreneur of Russia” since 2010, in the regional stage of which over 2,000 young entrepreneurs from 57 constituent entities of the Russian Federation took part in 2016. The program creates conditions for the involvement, selection, and training of young people in the basics of entrepreneurial activity, and assists young entrepreneurs in carrying out economic activities.

The main objectives of the complex of activities:

- Popularization of entrepreneurial activity among young people, formation of an entrepreneurial environment.
- Mass involvement of young people in entrepreneurial activities.
- Ensuring the quality selection of talented and businesslike young people.
- High-quality training aimed at developing young people in business planning skills, increasing personal efficiency.
- Conducting competitive events for entrepreneurial projects of young people with the involvement of competent experts and entrepreneurs.
- Identification of promising entrepreneurial projects and information and methodological assistance to their promotion, support in the first stages of development.
- Creating conditions for combining the efforts of the state, business, and the public in the field of youth entrepreneurship development.
- Conducting nationwide events (round tables, conferences, forums, etc.) aimed at developing youth entrepreneurship.
- Development and distribution of methodological and other materials aimed at the development of youth entrepreneurship.
- Development and dissemination of information and methodological materials aimed at developing entrepreneurship among young people.

- Expected Results of the Set of Events
- Increase in the number of small and medium-sized businesses at the expense of enterprises created by young people.
- Increase in the number of young people who participated in activities to support young entrepreneurs (forums, round tables, public lectures, etc.).
- Increase in the number of young people who received information and methodological support in the field of entrepreneurship.
- Increase in the number of jobs at the expense of enterprises created by young people.

- The Federal Agency for Youth Affairs in the framework of the program conducts:
- Competition “Young Entrepreneur of Russia”;
- International Youth Economic Forum in St. Petersburg;
- Activities aimed at developing entrepreneurial skills among high school students;

During the work of the program, more than 500 thousand students have been trained, 16 thousand of them opened their own businesses, at the moment the program covers 59 regions of the Russian Federation.(Program (2017) Federal program «You are an entrepreneur»)

The current indicators are quite impressive, as we can see the state spends large resources on supporting youth entrepreneurship in Russia. It is also worth noting that more than half of the regions took part in the federal program for the first time only in the last 2 years. From this it follows that the



program is developing rapidly. And in the not too distant future, it will cover the whole country, having increased both quantitative and qualitative results. But one support program will not solve the problem of small and medium-sized businesses in Russia and we will talk more about the problems and challenges of this sector of the economy.

Currently, more than 5.7 million SMEs are operating in the Russian Federation, creating jobs for 19 million citizens. The contribution of the SME sector to the country's gross domestic product is about 20 percent.

In 2016, the long-term strategic planning document approved the Strategy for the Development of Small and Medium-Sized Businesses in the Russian Federation until 2030, which provides for an increase in the values of the main indicators of the SME sector (turnover of small and medium-sized enterprises, labor productivity, the share of the employed population in the SME sector) 2–2.5 times. (Annual Report (2017) about the results achieved to improve the business environment, the development of small and medium businesses)

Chapter 2. What prevents small and medium-sized businesses in Russia.

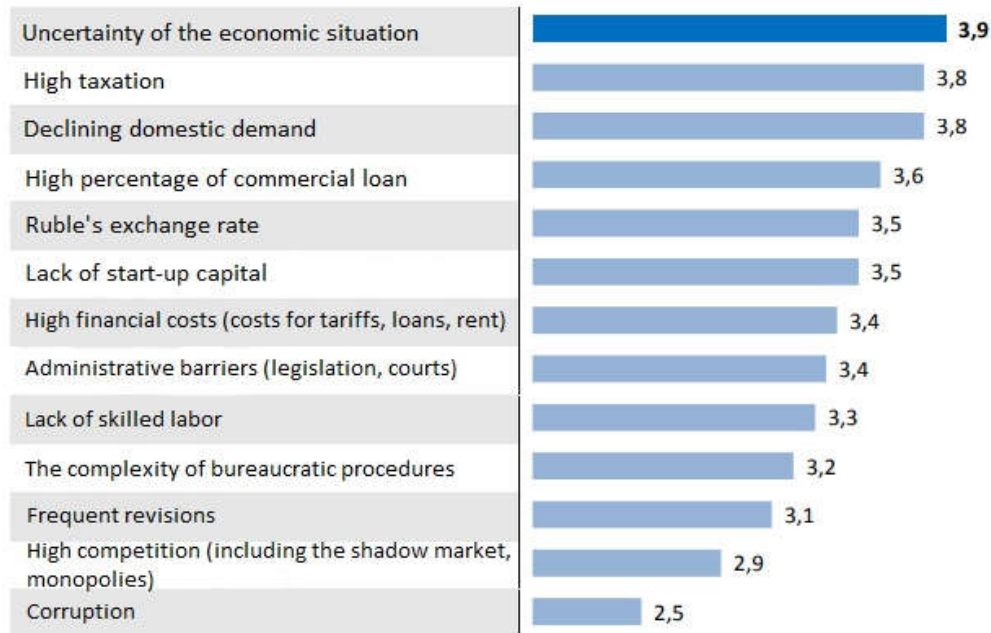
After reading the 1st chapter of our work, you might think that small and medium-sized businesses in Russia have great opportunities and all doors open for entrepreneurs, however, the share of medium and small businesses in the Russian economy is negligible and we will try to give an answer why and what needs to be done for out of this situation.

The importance of the small and medium-sized business sector is recognized worldwide. In developed countries, the size of the sector of small and medium enterprises, as a rule, is quite large. Small and medium-sized enterprises create jobs and provide a substantial proportion of the population with income, largely determining the socio-economic situation of the country as a whole and its regions in particular. A number of studies confirm the positive relationship between the relative size of the small and medium-sized business sector and the well-being of the population, and economic growth. In addition, the growth in the number of small and medium-sized enterprises leads to increased competition in the economy. Low-performing enterprises leave the market, and high-performance companies are growing, which leads to an increase in overall labor productivity in the economy, an increase in household income. Competition also leads to an increase in the quality of goods and services. Another advantage of small and medium enterprises is often called innovation. A study conducted in the USA (An Analysis of Small Business Patents by Industry and Firm Size) showed that in the small and medium-sized business sector, 16 times more patents are created per worker than in large businesses. (Article (2008) An Analysis of Small Business Patents by Industry and Firm Size)

Factors limiting the development of the small and medium-sized businesses in Russia.

Among the main problems, entrepreneurs call economic factors — rising costs and lower demand, but in the first place — economic uncertainty.

Rating factors in terms of providing a deterrent effect on the development of production (assessment on a five-point scale)



Source: VTsIOM

rating on a five-point scale (1 no influence; 5 very strong influence)

Source: (<http://doklad.ombudsmanbiz.ru/pdf/vciom16.pdf> Evaluation of the influence on business and anti-crisis measures 2016)

One of the main problems limiting the development of small and medium-sized businesses is the availability of credit. For Russian small and medium-sized enterprises, the real rate on loans for a period exceeding 1 year at the beginning of 2018 was not less than 7%, which at current levels of margins in most types of activity sharply limits borrowing opportunities.

High tax burden - at the level of developed countries. Now the tax policy in Russia is a primitive tool for withdrawing funds from the economy in favor of a consolidated budget. Although most of the tax revenues from businesses fall on large enterprises, the burden (relative to profits) on small and medium enterprises is higher. High tax burden does not allow small and medium-sized enterprises to develop, stimulates them not to grow, but to fragmentation and squeezes into the shadow sector.

According to 46.6% of respondents, the amount of taxes paid by their enterprise ranges from 25% to 45% of the revenue of their enterprise. (Soc. Poll opinion of owners and top managers of medium and small companies on the administrative environment in the Russian Federation Annual Report (2018) Sector of small and medium enterprises: Russia and the World).

One of the most systematic and effective programs to support small and medium-sized businesses of the Ministry of Economic Development is constantly decreasing, if in 2015 the total amount of support for 85 subjects of the Russian Federation was 16.9 billion rubles, then in 2018 it was already 5.02 billion rubles. At the same time, the most important projects in most regions are financed from this program, including the program You are an entrepreneur, about which we spoke above. But now, due to a significant reduction in funding, the effectiveness of the program is under threat, as the

regions have to implement only information and consulting support for SMEs within the framework of a limited budget, and this cannot lead to significant growth in the SME sector.

The problem of criminal pressure is not solved - business is not safe.

- 61.6% of respondents believe that the situation with the protection of the rights and legitimate interests of entrepreneurs in the country as a whole over the past two years has worsened or not changed.
- 51.5% of experts do not trust law enforcement agencies.
- 67.2% of experts do not consider doing business in Russia safe.
- 32.9% of experts believe that the majority of cases related to criminal prosecution end with a biased decision of the court in favor of the investigation.
- 69.4% of experts do not consider that justice in the Russian Federation is independent and objective.

(Survey "Opinion of experts on the protection of the rights of entrepreneurs": a sample of 435 experts, 359 specialists and 68 entrepreneurs Annual Report (2018) Sector of small and medium enterprises: Russia and the World)

Conclusions

Based on this, it can be concluded that the state's efforts to support small and medium-sized businesses are minimized due to systemic problems of doing business in Russia. The state should pay more attention to this sector of the economy, as well as significantly reduce both the tax burden and administrative control. Another important condition for the development of small and medium-sized businesses in Russia is concessional lending, a high percentage of loan repayments deters most potential entrepreneurs. Programs aimed at the development of the small and medium-sized businesses have low financial support and are mainly aimed at information and educational support of the population. Small and medium-sized businesses in Russia have a great future for development and can become the main driver of the transition from a raw materials economy to an innovative development path, create jobs in the regions and reduce the outflow of population to large agglomerations. As we can see, all the basic conditions for this can already be created in the near future. The main obstacle to the transformation of the economy at the moment we consider the lack of political will and conservative government policy in the field of economics.

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