



The Promotion of Young Entrepreneurs for Development Small and Medium Business

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Abstract

Promoting entrepreneurship is an essential component to ensure economic development at the national and the regional level. Entrepreneurship in young people may directly stimulate them and positively influence the generations and communities in which it operates.

Successful young entrepreneurs in identifying those aspects hold ideas that will contribute to the success of the business and have availability to conquer niches of business that other entrepreneurs have ignored them or have them watched in disbelief.

Over the past few years, employment of young remains one of the main problems that persist, problem on the development of market economy has boosted it and deepened it, emphasizing the correlation between the supply and demand of labour force as a whole.

Keywords: *young entrepreneurs, business, influencing factors, CUSTOMER model, small and medium business*

JEL Classification: M130

Introduction

Young people give the pulse of a country: they are the cadence to promote positive changes, innovativeness scale, and size of work capacity, performance and desire to succeed. We trust that young people - energetic, enthusiastic, with entrepreneurial spirit - can make a difference in this time of profound international disorder. [Paul A. M., 2013]

We can put the question, why envisage expressly the young? Because young people are creative, confident, have good business ideas, sometimes brilliant ones, but they have lack of funding and are scared by the bureaucracy. Because they see the target, but the adults – the travel.

They are the first that need the state support to achieve a well-defined purpose. Because the young people are the most vulnerable group. Because the young have been neglected so far by the public debates and decisions as they have poorly participated both in economic and social activity of the country.

The young have already shown that they do better with technology, they are more involved in social networks, and able to start a business compared to the older ones. But there is one more difference between the two generations, the young are not attached and can easily leave the idea or business they have created.

A study realized by The Guardian Life Small Business Research Institute, shows that the probability that those born after the year 80, called Generation Y, to sell their businesses to 100%. Young entrepreneurs form the category who are not as emotionally attached to their businesses that they do not sell them to a big company or another contractor, if there is the case. This is not the only researchers finding, the Generation Y is the "*generation of ideas*" because only 8% of young people are the inheritors of a business.

The main reasons for young entrepreneurs who start their own business is the challenge to control their own destiny and to put ideas into practice but not the financial gains. Successful young entrepreneurs have the talent to identify aspects for business success and willingness to take business niche that other entrepreneurs have ignored or considered in disbelief.

The most important strategy to stimulate the growth of jobs number is to expand the number of employers. Promote the entrepreneurship is an essential component to ensure the economic development both at national and regional levels. Promote entrepreneurship among young people may directly stimulate them and positively influence the generations they belong to and the communities where they operate.

"Young people will be able to exploit more effectively their potential at work if they have entrepreneurial education, since expanding the financial literacy and entrepreneurship they can focus better on organization needs, on understanding the need for initiative and creative problem solutions, need in teamwork and cooperation." [Csiminga D., 2013, p.8]

During the last years, the employment of young remains one of the main problems that persist in Moldova, the problem that the transition to a market economy has amplified and deepened, emphasizing the mismatch between the labor supply and demand as a whole.

The strategic objectives of achieving a high degree of employment are set out in the National Strategy on employment policies for the period 2007-2015, approved by Government Decision no. 605 from 31 May 2007.

According to a study performed by the National Bureau of Statistics on the distribution of entrepreneurs by age, it showed that the largest share of entrepreneurs consists of two age groups - 45-54 years old (30.7%) and 35-44 years old (29.5%). These two groups together make up 60.2% of total responders. The group of young people with the greatest potential - from 15 to 34 years, represents only 22.7% , of which only 2.4% are young men and women aged up to 24. The eldest group (55 years old and above) is 17.1% of respondents. [BNS, 2009, p.17]

The analysis of distribution by age of entrepreneurs during the years showed that the average number of entrepreneurs consists of two age groups - 35-44 years old (3,000 people) and 45-54 years old (3,300 people). These two groups make up together 66.6% of the total number of entrepreneurs.

The group of young people with the greatest potential - from 15 to 34 years, representing on average of only 2200 persons or 23.2%, of which only 3.2% are young people aged up to 24 years.

The eldest group (55 years and above) is 11.6% of all entrepreneurs. Also we can mention that the average age of entrepreneurs is quite advanced - 45 years.

Table 1

Evolution of employees and employers divided by age groups, thousands people.

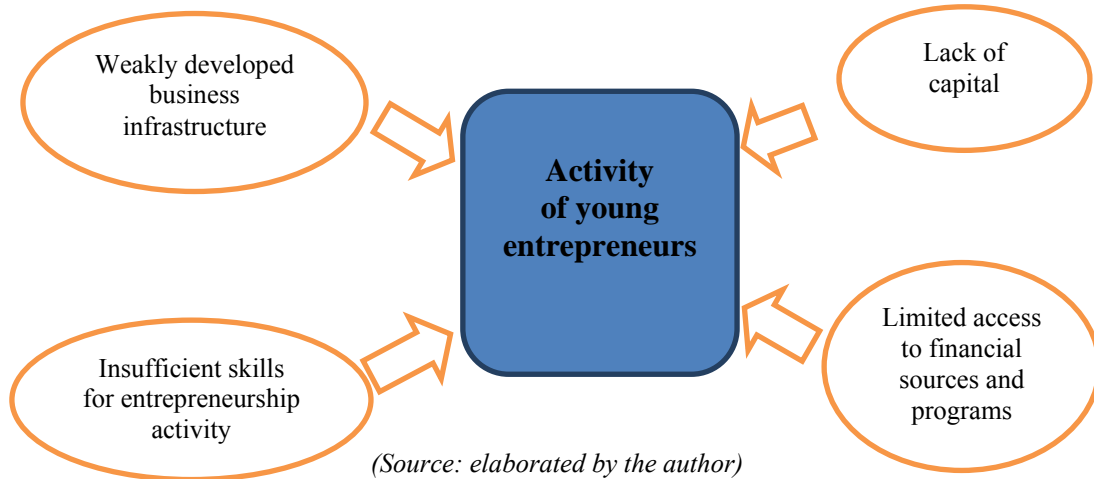
Age group	15-24	25-34	35-44	45-54	55-64	65 +	Total employees and employers
2003	0,3	1,4	2,7	3,8	0,3	-	8,5
2004	0,5	1,0	3,3	3,4	0,4	-	8,6
2005	0,1	2,0	3,5	2,6	0,5	0,1	8,8
2006	0,3	4,9	2,6	3,5	1,4	0,2	12,9
2007	0,6	3,1	2,7	3,7	1,3	-	11,4
2008	0,3	2,1	4,3	4,0	1,2	0,1	12,0
2009	0,1	1,6	3,9	3,5	1,3	0,1	10,5
2010	0,1	1,0	2,7	2,8	0,8	-	7,4
2011	0,3	0,9	2,2	3,4	1,2	0,0	8,0
2012	-	0,9	2,1	2,2	1,2	0,1	6,5
2013	-	0,8	3,1	3,3	1,3	0,1	8,5
2014	-	0,6	2,7	3,7	1,4	0,1	8,5
2015	-	1,0	2,1	2,8	1,3	0,1	7,2

(Source: calculated by the author according to www.statistica.md)

The entrepreneurship deserves to be promoted as an alternative option for youth employment and the state entrepreneurship policies must be the same as in the European Union, based on entrepreneurship education at all levels, on a simple predictable regulatory framework, on certain support programs oriented towards competitiveness and economic efficiency in a world that is becoming more competitive. [www.odimm.md]

In Moldova the young entrepreneur business development is very difficult and there are many obstacles that we present in schematic form:

Figure 1.

Factors influencing the poor young entrepreneur activity.

In order that the mentioned (negative) factors do not directly influence the entrepreneurial activity, we will use the holistic model CUSTOMER created by Michael E. Gordon that would allow to form a "partial" shield or barriers that would incompletely stop the factors influencing directly on entrepreneurship activity and at the same time would have a positive influence on business performance. These factors will allow young people to face easier the barriers when they start their own business and work competitively to obtain success.

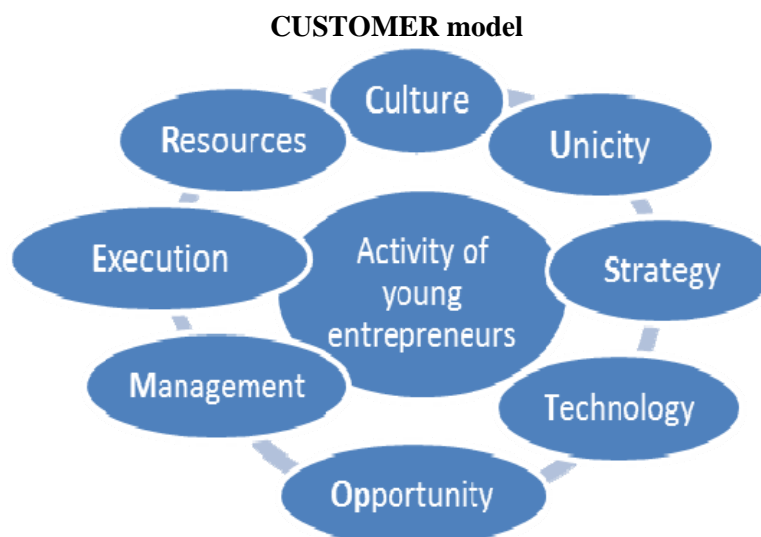
The American scientist uses nine positive factors in his model that interconnect between them, they are not independent and influence the performance of young entrepreneurs.

To start the entrepreneurial activity, it is necessary to include the factors used by Michael E. Gord in the composition of the business plan, and, by their prognosis, it would help to avoid the influence of negative factors listed in Figure 2, and will allow the entrepreneurs to focus on the problems that may occur spontaneously, to solve or remove them as soon as possible.

In addition, before launching a business, it is necessary that the entrepreneur performs a detailed study of the barriers and opportunities for small and medium businesses.

The SME sector has a number of strengths and weaknesses: a successful entrepreneur will amplify the strengths effect and will try to minimize the disadvantages impact.

Figure 2.



(Source: https://books.google.md/books?id=t9_KjVKEa7EC&pg=PA29&lpg=PA29&dq=CUSTOMER+Model+to+Michael+E.Gordon&source=bl&ots=Bukh0jJWQ9&sig=FJSNmtELcGiTTNjhMeo i5lOMb0o&hl=ru&sa=X&redir_esc=y#v=onepage&q=CUSTOMER%20Model%20to%20Michael%20E.Gordon&f=false)

In turn, the activity of ODIMM encourages and supports the potential young entrepreneurs through the following Government programs – *the National Programme for Youth Economic Empowerment, Program for Attracting Remittances in Economics «PARE 1 +1», a project for young people “Young Experience a Smart Solution”*. These programs increase the accessibility and availability of microfinancing those who want to start or develop a business, but who have difficulties in accessing financial resources. It must be said that over 30 000 entrepreneurs were consulted and tutored through these projects, most of them were trained in entrepreneurship and supported financially. Thus, small businesses have become partners of the existing companies, new activities have been developed, area and range of collaboration between large and small businesses have been enlarged. [www.odimm.md]

The basic objectives of financial assistance is to promote economic activity from the private agricultural sector and create opportunities to sell high value products, by liquidating the infrastructure constraints and attracting investments that will contribute to poverty reduction.

It is necessary to mention that ODIMM joined the Enterprise Europe Network as a member, which is a European network that brings together over 580 supporting business organizations from 49 countries. Due to this fact, a Center of excellence in business will be created, developed with the support of cross-border project *“Lead Your Way to Business”* within the project *“Support the implementation of the migration and development component within the EU-Moldova Mobility Partnership”*, financed by the European Union.

The entrepreneurship for young people may be a key policy by involving them in the economy. The ways of involvement are the most diverse as developing the entrepreneurial capabilities through quality education, free access to information and

knowledge transfer through academic exchange programs and trainings. Young people are the future of social and institutional capital of the country, who must have technical and analytical skills, be informed, able to run a business and find new segments to invest in the economy.

But according to NBS, the young entrepreneurs (aged between 15-34 years) who have started their own business during 2003 – 2012, are only 0,3 thousand people and they represent on average 0.02% of all age groups for the category 15-24 years old, but the age category 25-34 years old, the number of employers 1,89 persons which is equivalent to 0.15%.

Table 2
Evolution of employed young people according to professional status and age groupe,
thousand people

Age groupe Period	15 - 24				25 - 34				Total on all age groupes
	Thousand people		%		Thousand people		%		Thousand people
	S	P	S	P	S	P	S	P	
1	2	3	4	5	6	7	8	9	10
2003	91,8	0,3	6,77	0,02	173,7	1,4	12,81	0,10	1 356,5
2004	87,3	0,5	6,63	0,04	171,4	1,0	13,02	0,07	1 316,0
2005	81,8	0,1	6,20	0,01	172,9	2,0	13,11	0,15	1 318,7
2006	91,2	0,3	7,25	0,02	181,3	4,9	14,42	0,39	1 257,3
2007	88,8	0,6	7,12	0,05	177,3	3,1	14,21	0,25	1 247,2
2008	91,9	0,3	7,35	0,02	183,8	2,1	14,69	0,17	1 251,0
2009	87,8	0,1	7,41	0,01	180,7	1,6	15,26	0,13	1 184,4
2010	85,9	0,1	7,51	0,01	204,3	1,0	17,87	0,09	1 143,4
2011	88,1	0,3	7,51	0,02	210,9	0,9	17,97	0,08	1 173,5
2012	78,3	-	6,83	-	217,1	0,9	18,93	0,08	1 146,8
2013	74,4	-	6,34	-	222,3	0,8	18,95	0,07	1 172,8
2014	65,5	-	8,22	-	226,4	0,6	28,39	0,08	797,6
2015	59,0	-	7,40	-	215,2	1,0	27,33	0,13	787,6

1*S- employees, P- employers

2*% relation between age groups emphasized in the table at all age groups (columns 4, 5 and 8, 9)

(Source: calculated according to www.statistica.md)

The best results were achieved in 2007, from the age group 15-24 there were registered 0,6 thousand young people who started their own business, and from the age group 25-34 there were 4,9 thousand during 2006. We have to notice that the number of young people involved in entrepreneurial activity for the first age group drops up to 0, 1 thousand people in 2010.

We could mention that during 2012 there were not registered startups of youth aged 15-24, which would worry the state organizations that support and promote entrepreneurship among young people. Also we could note that the average share of total employment by professional status according to age groups listed in Table 3 represents 70.7% - employees and 2.2% - employers.

Conclusions

Therefore, it is important to pursue over the years the continuous and thorough analysis of the youth engaged in the business sector, needs and barriers and monitor the impact of assistance provided to young people in business.

Thus, at the governmental level, the State may give up the start-ups programs that do not promote the young entrepreneurs, also it may turn over towards the existing companies by improving the quality of education programs and entrepreneurial activity. In this respect, it is important to have a close relationship between the education and business, and the curricula has to be adapted to the business market conditions. Additionally, the educational system should focus on selecting and creating leaders who will be responsible and independent, who understand the entrepreneurship and realize its benefits.

On the other hand, the private sector could significantly contribute to the development of young entrepreneurs by implementing quality programs: training sessions, events and competitions for beginning entrepreneurs, mentoring programs and support for start-ups or information sessions about the existing funding opportunities. Both, the public and private sectors have the potential to contribute significantly to the development of entrepreneurship through the active involvement of the young generation.

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Organizația pentru Dezvoltarea Întreprinderilor Mici și Mijlocii. www.odimm.md