

Government Programs on The Youth Entrepreneurship Development in The Arkhangelsk Region

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Abstract: *In the current context, the issues of effective development of the entrepreneurship, ensuring the achievement of a balance of economic and social goals in social development become of urgent relevance. The solution of this complex task puts forward high requirements for the assessment of entrepreneurial activity as a key element of the economy, which determines the basis of socio-economic development of the region. The article considers youth entrepreneurship as prospective lines of economic development being the potential of its growth. The authors emphasize on the necessity to assess the cross-effects of the implementation of government programs in terms of achieving common goals, namely the development of entrepreneurship, or contextual goals, such as for example, increasing the entrepreneurial activity of citizens, and the development of youth entrepreneurship. The authors consider the concept of cross-effect, and reveal the conditions of its application. It is emphasized that this method allows identifying cross-effects when implementing several government programs, or assessing the impact of several programs on the achievement of the goals pursued by just one program, or vice versa. The analysis of the cross-impact of the government programs of the Arkhangelsk Region is analyzed in terms of achieving the contextual goals in the development of youth entrepreneurship.*

Index Terms: *entrepreneurship, youth entrepreneurship, government programs, cross-effect, strategic planning.*

I. INTRODUCTION

To date, one of the popular theses in declarations and reports of the Russian Federation Government is the statement about the need to modernize the country, construct innovative economy, and create entrepreneurial infrastructure.

According to the foreign countries practices, entrepreneurship surely is the main driving force of the economy. Therefore an important stage of regional strategic planning is the analysis and assessment of its development level.

First of all, entrepreneurship helps to accelerate the practical application of achievements of the scientific and

technological progress, as well as economic growth, it contributes to the development of innovation and social activities (small innovative companies, social entrepreneurship), provides employment, as well as quality goods and services, etc.

However, while referring to the statistics, one can see that Russia is quite far from achieving leading positions in entrepreneurship that is evidenced also by the rating of the entrepreneurial and economic development index, compiled by the Global Entrepreneurship Monitor Consortium [1] in 2017.

According to the research results, in 2017, Russia ranked 67th among 69 countries participating in the project in terms of the number of people involved in the creation and management of new companies. In Russia, 93% of the population are not involved in entrepreneurial activity, and even do not consider the possibility of creating a business. Just every 23rd Russian national (4.3%) of working age is early-stage entrepreneur. Entrepreneurship still plays smaller role in the economy not only in comparison with the BRICS countries, where every 8th citizen is involved in early-stage entrepreneurship, but also in comparison with the Eastern European countries, where every 11th is involved in entrepreneurship. Russia is characterized by not only the low level of early-stage entrepreneurial activity, but also by the fact that the majority of established companies cannot overcome the initial stage of development. In 2017, the activity index of established entrepreneurs amounted to 2.1%. Their proportion made up 33% of the total number of entrepreneurs.

Among the reasons for the nonpopularity of entrepreneurship in Russia, experts point out not only the lack of favorable, stable economic conditions for doing business, but also the lack of necessary knowledge, and unformed competencies in the field of entrepreneurship. Besides, Russia is just forming an entrepreneurial culture.

It should be noted that in most regions of Russia there are no sites, where young people could acquire relevant knowledge and skills, exchange information, develop their own ideas, and receive expert advice. As a result, innovative ideas either do not appear or do not enter the market, remaining within the walls of universities and research laboratories.

At the same time, youth business plays a major role in solving social and economic problems, such as



the creation of new jobs, the reduction of unemployment, and training of qualified personnel. Increasing the opportunities and influence of youth entrepreneurship necessitates the use of its potential. Youth business is an essential segment of small business.

A characteristic feature of this subject area is that the dynamic development of institutional foundations in the field of entrepreneurship often leads to the lag of theoretical and methodological provisions and methodological approaches from their practical application.

Often, in foreign studies, youth entrepreneurship varies depending on age. For example, an English scientist, F. Chigunta defined the characteristics of youth entrepreneurship depending on the age stage [2]. Although the author of the article does not consider his classification to be universal for each country, it should be taken into account in order to improve the conditions for the development of entrepreneurship among young people.

To better understand the personality traits and problems of young entrepreneurs, it is useful to consider not only age, but also psychological criteria. New Zealand researchers K. Lewis and S. Massey identified the following four groups of potential young entrepreneurs depending on the levels of readiness and intention to engage in entrepreneurial activity [3]:

Group A (high readiness/low intention) involves an employee or student, who has certain qualifications and experience in doing business. Most likely, he needs information and advice on how to start his business.

Group B (high readiness/high intention) involves a young person, who is preparing to be employed or is already employed. Perhaps, he has a certain qualification in doing business. Probably, he has relatives and friends, who are engaged in entrepreneurial activities, and has some knowledge in the field of entrepreneurship. Most likely, he needs specialized information and business advice, as well as mentoring, wants to communicate with other enterprising young people.

Group C (low readiness/low intention) involves an employee or a student, who has neither experience in business nor sufficient knowledge in the field of entrepreneurship. Most likely, he needs information about young people, who are already engaged in entrepreneurial activities, as well as information of how to start a business.

Group D (low readiness /high intention) involves a young person, who is interested both in employment and in running his own business. Probably, he has relatives and friends, who are engaged in business, he already had some experience of doing business, as well as the knowledge required. Maybe, he already has a business idea. Most likely, he needs advanced training, as well as information and advice about a startup or in the field of management.

The classifications of young entrepreneurs developed by foreign authors can be useful for domestic researchers to develop and analyze the typology of young entrepreneurs in Russia.

Currently, studying the problem of assessing the effectiveness of strategic and program development mechanisms of entrepreneurship should be associated with the ongoing changes in the field of state administration and planning.

II. PROPOSED METHODOLOGY

A. Assessment of The Government Programs' Performance on Entrepreneurship Development

Assessment is an analytical procedure designed to measure the direct effects, effectiveness, and long-term consequences of the implementation of government programs, sectoral policies, impact assessment, as well as development programs, nonprofit sector projects, corporate programs (regulatory impact assessment, competition impact assessment, environmental impact assessment as a direction of environmental and sustainable development assessment, poverty impact assessment), performance audit, etc. The assessment of a strategic or program document helps focusing the attention of implementers on achieving concrete results; analyzing existing trends; and ensuring timely adjustment. With the development of the assessment institution, the concept of "effectiveness" began to be applied with respect to the authorities, and is interpreted as "a set of parameters according to which it is possible to assess the activities of public or municipal authorities" [4].

In the domestic literature, several approaches are used to assess the effectiveness of government programs. These approaches are considered as:

determining the degree of achievement of the set goals, for example, the growth in the number of small and medium-sized businesses, or the number of staff members;

– achieving complete result, as the ratio of actually achieved result of the program (program activity) to the needed (plan fulfillment share);

– implementing the action plan and obtaining a positive effect [4].

However, assessment of cross-effects allows identifying cross-effects when implementing several government programs, or assessing the impact of several programs on the achievement of the goals pursued by just one program, or vice versa. The cross-effect method pursues several intended purposes:

– the first goal is to identify additional results (cross-effects), which can be obtained through the implementation of government programs;

– the second goal is to coordinate the activities of various agencies and create synergies among them with regard to the implementation of government programs;

– the third goal is to assess the mutual influence of government programs on the achievement of goals, objectives, as well as on implementation of activities and expected results;

– the fourth goal is to analyze contextual development goals, for example, the creation of conditions for increasing the level of entrepreneurial activity, the aspirations of entrepreneurs, and the development of youth entrepreneurship that is especially important with regard to the behavioral economics development.

Thus, in recent years, more attention has been paid to the implementation of special methods to modernize public administration, based on the assessment of government programs and pursued



policies. On this account, the assessment of the effectiveness of strategic and program development mechanisms of small and medium-sized entrepreneurs should not be ignored as well.

In 2012, "road maps" (action plan) on social, economic, and investment issues of development had been actively developed. And exactly then measures to achieve the development goals of small and medium-sized businesses were worked out and presented for the first time in the "road map" as a kind of information support tool of management decision-making. Most likely, then the road maps on entrepreneurship were sectoral in nature in terms of their meaning and content, in contrast to what they are now. At the moment, the road maps are focused on program and strategic support of decision-making by the authorities. Thus, for example, the Order of the Russian Federation Government of 02.06.2016 No 1083-p (edition of 08.12.2016) approves "Development strategy of small and medium-sized entrepreneurship in the Russian Federation for the period till 2030" along with the action plan ("road map") on implementation of this development strategy [6]. The adoption of this strategy has defined long-term guidelines for the regions to develop business, as well as to ensure the consolidation of the efforts of the authorities in the implementation of business support functions.

Meanwhile, the legislative consolidation of the sectoral strategy of enterprise development was preceded by the formation of a new stage of strategic planning in the Russian Federation. In accordance with the Law adopted in 2014 "On strategic planning in the Russian Federation", strategic planning is carried out at the federal level, as well as at the level of federal entities and municipalities. Many experts note that it was during this period that the transition began from the practice of uncoordinated development of action plans for the country and its regions development to a unified system of development of strategic planning documents in the context of its organizational, legal, information, and methodological aspects [7]. Thus, the interrelation of activities of federal public authorities, public authorities of the Russian Federation entities, and self-governing authorities in the solution of social and economic development problems of the Russian Federation and strengthening its national security was noted as significant issue. The law outlines a list of strategic documents, which should be developed both at the level of the federation and at the level of the constituent entity of the Russian Federation, as well as the municipality. Among these documents, the most important is the strategy of socio-economic development. Another feature of this stage is the fact that the development of government programs at the regional level, as well as municipal programs became the mandatory requirement that secured widespread adoption of program budgeting [8].

The role of strategic and program mechanisms in the development of small and medium-sized entrepreneurship. The mechanisms under consideration are focused primarily on the following aspects:

– forming long-term priority goals of active development of the small and medium-sized businesses; choosing methods to achieve them within the national legal framework and institutional constraints of the national economic system [9];

– establishing sustainable internal communications based on the engagement of participants of small and medium-sized enterprises in innovation processes, diversifying employment and increasing the level of reproductive balance, as well as creating in the region the ground for a modernization breakthrough of mesoeconomy [10];

– providing the ability to have significant impact on the regional development that allows identifying priorities that ensure the implementation of the main tasks of regional management; ensuring the ability to make operational changes in the development strategy, taking into account small and medium-sized businesses [11].

Despite this, the "projection" of strategic planning methods at the beginning of the government policy in the field of small and medium-sized businesses or, equally, the integration of this policy into the vertical of legal forms and institutions of strategic planning will require from national science in the near future significant theoretical, methodological, and methodological advancements. This is, first, due to the need to adapt new mechanisms and methods of public administration at the level of the federation's entities; second, due to the active phase of administrative reform; and third, due to formation of the institutional framework for strategic planning, because even at the state level, the Strategy-2030 is currently at the stage of development.

Thus, the main development tendencies of small and medium-sized entrepreneurship should be reflected in the strategies and government programs of socio-economic development of the Russian regions, because the most important function of regional authorities in the system of state-territorial relations is to "represent" their own interests and transmit them at the federal level.

In the present article, strategies and government programs are considered as implementation mechanisms of the state policy in the entrepreneurship sector, because they allow, on the one hand, carrying out the functions and powers of the authorities in terms of making long-term managerial decisions to create favorable institutional conditions for the implementation of the entrepreneurial model of economic behavior of the population, and on the other hand, integrating the activities of authorities, representatives of business communities, and stakeholders to achieve the goals of small and medium-sized businesses' development based on the principles of effective and efficient management.

According to the budget policy mainstreams, it is necessary to reflect in the government programs the target values of development strategies. Thus, to date, the government programs are the main tool of the state policy of socio-economic development, and are implemented at the federal and regional levels through the following program blocks:

1) "Employment promotion" within the priority guideline "New quality of life". It presents the general requirements for the government programs' development by the federal entities, including provisions for the creation of economic conditions to endure the employment, as well as development of entrepreneurship and



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self-employment;

2) "Economic development and innovative economy", which includes the subprogram "The development of small and medium-sized entrepreneurship»;

3) "Reproduction and use of natural resources". One of the program objectives is the development of entrepreneurial activity in the field of hunting;

4) "Public finance management and financial markets' regulation" (is assessed by the number of man-hours spent on activities related to payment of taxes by the small and medium-sized enterprises) within the framework of the "Effective state" priority guideline.

With the transition to the principles of program budgeting, in many federal entities, independent programs for the small and medium-sized businesses' development have become part (development subprogram) of the region's economy. Thus, the interest of regional authorities in the issues related to small and medium-sized businesses' development, as well as to the improvement of entrepreneurship support forms based on future changes in legislation, is reduced.

In this regard, in the present article we pay attention to the need to assess the government programs, whose targets, objectives, measures, and indicators are focused on the

development of small and medium-sized entrepreneurship. Since government programs are implemented in various life spheres of society, and are a strategic document, it is necessary to identify the cross-effects of the implementation of government programs in terms of achieving common goals, namely the development of small and medium-sized entrepreneurship, or contextual goals, such as for example, increasing the entrepreneurial activity of citizens.

III. RESULT ANALYSIS

A. Government Programs of The Arkhangelsk Region in The Youth Businesses' Development

We will analyze the contextual goals of youth entrepreneurship development exemplified by the government programs of the Arkhangelsk Region.

To begin with, it should be noted that there are also other government programs of socio-economic development, which in one way or another address the issue of small and medium-sized entrepreneurship. They are listed in Table 1 in accordance with the key federal directions of government programs' implementation.

Table 1. Contextual mention of entrepreneurship in the government programs for the development of the Arkhangelsk Region [12]

Strategic goal: forming an effective, dynamically growing and balanced economy in the region					
Subgoal: creating a favorable environment for doing business					
1. Direction: "Innovative development and economy modernization"					
Government programs	Goal	Objectives	Expected return	Measures	Indicators
Trade development in the Arkhangelsk Region (2014 - 2020)	+		+	+	+
Agriculture development and market regulation of agricultural products, raw materials and food in the Arkhangelsk Region for 2013- 2020	+	+		+	+
Economic development and investment activity in the Arkhangelsk Region (2014-2020)	+	+	+	+	+
2. Direction: "New quality of life"					
Patriotic education, development of physical culture, sports, tourism and improving the effectiveness of youth policy in the Arkhangelsk Region (2014-2020)				+	+
Culture of the Russian North (2013-2020)					+
Improving the level of financial literacy of the population and the development of financial education in the Arkhangelsk Region in 2014-2019		+		+	
Number of references	3	3	2	5	5

Based on the presented Table, it can be concluded that almost all of these programs contain indicators and measures (27%) related to entrepreneurship. A smaller number of analyzed programs contain references to the aspects of entrepreneurship such as the goals (16%), objectives (16%), and expected results (12%). Most of the references are contained in the government programs implemented within the framework of the federal program direction "Innovative

development and economy modernization".

Thus, it follows from the above that currently the regulatory framework for the implementation of the program mechanism targeted on the small and medium-sized entrepreneurship development in the Arkhangelsk Region has been already formed. Based



on the conducted analysis, the authors revealed that about 28% of all government programs implemented in the Arkhangelsk Region contained goals, objectives, indicators, measures, and expected results, which were focused on the development of small and medium-sized entrepreneurship in the region.

Analysis of government programs in terms of achieving the contextual goals of youth entrepreneurship development has revealed the following:

First, there are links among the government programs on objectives, measures, and indicators with respect to youth entrepreneurship, including the achievement of long-term socio-economic development goals of the Arkhangelsk Region. Thus, the strategic development goal of the Arkhangelsk Region consists in forming an effective, dynamically growing, and balanced economy, namely, the structure of the economy that provides employment, and favorable conditions for doing business. This objective is supported by the programs and subprograms under review. As stated in the federal documents, in order to develop an effective and flexible skilled labor market, the state authorities of the Russian Federation independently determine the labor market action policy aimed at the development and implementation of measures to promote employment, coordinate activities to create economic conditions for employment and development of entrepreneurship and self-employment, assist in meeting the needs of the economy in the labor power, which includes taking into account modernization and innovative development, improving competitiveness in the labor market of certain groups of the population, including young people [6].

Second, the key normative document for the youth entrepreneurship development is the subprogram "Development of small and medium-sized entrepreneurship in the Arkhangelsk Region" of the government program "Economic development and investment activity in the Arkhangelsk Region (2014-2020)". Resource support for the development of youth entrepreneurship of the Task No. 1 "Stimulating citizens, including young people to carry out entrepreneurial activities (promotion of entrepreneurship)" is carried out at the expense of the regional and federal budgets. The proportion of the regional budget in the resource provision of this activity direction is 22.35 %, while proportion of the federal budget amounts to 77.65% (Fig. 1).

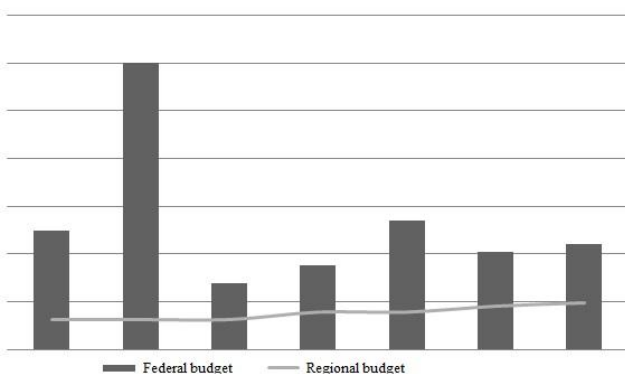


Fig. 1. Resource provision of the youth entrepreneurship development in the framework of the subprogram

"Development of small and medium-sized entrepreneurship in the Arkhangelsk Region", thousand rubles.

Third, there are other government programs (subprograms) that in one way or another can affect the achievement of the youth entrepreneurship development goals, exerting mutual influence on each other. These are the following programs:

- the government program "Trade development in the Arkhangelsk Region (2014-2020)";

- subprograms "Active employment and social support policy of unemployed citizens" and "Assistance to voluntary resettlement of compatriots living abroad" of the government program "Promotion of employment of the population in the Arkhangelsk Region, improvement of working conditions and labor protection (2014-2020)";

- the government program on "Agriculture development and markets' regulation for agricultural products, raw materials, and food of the Arkhangelsk Region for 2013-2020".

The government program "Trade development in the Arkhangelsk Region (2014-2020)" involves measures on "Personnel training system development" related to the implementation of educational programs on innovative entrepreneurship among young people, and thus contributes to the solving the problems stated in subprogram "Development of small and medium-sized businesses in the Arkhangelsk region", namely encouragement of citizens, including young people, to entrepreneurial activities, which include the following measures [6]:

- involving young people in youth entrepreneurship activities;

- conducting educational programs, trainings, educational courses on entrepreneurship among young people;

- selecting individuals under the age of 30 years (inclusive) inclined to entrepreneurial activities for training in educational programs aimed at acquiring business skills and creating small and medium-sized enterprises;

- organizing training of individuals under the age of 30 years in educational programs aimed at the acquisition of business skills and the creation of small and medium-sized enterprises;

- monitoring the effectiveness of measures aimed at involving young people in entrepreneurial activities.

Upon that, the qualitative indicator of the government program relating to the development of trade (implementation of educational programs on innovative entrepreneurship among young people) complements the quantitative indicators of the subprogram for the development of small and medium-sized entrepreneurship, namely the number of individuals under the age of 30 (inclusive), who have completed training in educational programs aimed at acquiring business skills, measured in thousand units.

In addition, there is mutual cross-impact of the subprograms "Development of small and medium-sized enterprises" and "Active policy of employment and social support of unemployed citizens" of the government program of the Arkhangelsk Region "Promotion of employment of the population of the

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Arkhangelsk Region, improvement of working conditions and labor protection (2014-2020)". Thus, the achievement of contextual development goals of the youth entrepreneurship is possible due to the active employment policy of young people (financial support for starting their own business, provided by the Ministry of Labour, Employment and Social Development) and availability of support-providing infrastructure (provision of grants to emergent entrepreneurs by the Ministry of Economic Development). At the same time, regional economic and employment policies may mutually influence the achievement of the results of the implementation of government programs (the number of small and medium-sized enterprises created by individuals under the age of 30; the proportion of those, who has launched their own business, in the total number of registered unemployed citizens in the reporting period, %).

Based on the sectoral orientation, the mutual influence was revealed between the tasks, measures, and indicators of the subprograms "Development of small and medium-sized enterprises in the Arkhangelsk Region", "Active employment policy and social support of unemployed citizens", "Assistance to voluntary resettlement of compatriots living abroad", and the government program "Agriculture development and markets regulation for agricultural products, raw materials, and food of the Arkhangelsk Region for 2013-2020". Common feature of these documents containing an action plan is their focus on support and development of minor forms of economy management, including the involvement of youth in implementation of agricultural activities and development of the farming enterprises.

As one can see, the general types of support provided to youth entrepreneurship agents, identified in the analyzed programs, are financial, information, and educational (consulting) support, as well as the development of infrastructure to support small and medium-sized enterprises, innovation-based and agricultural entrepreneurship, as well as exhibition and fair activities.

IV. CONCLUSION

Thus, it can be concluded that the set of goals, objectives, activities, indicators, and support measures of the performers represent a consolidated program (strategic) mechanism for the small and medium-sized entrepreneurship development. Such a combination of implemented government programs in terms of achieving the goals of small and medium-sized businesses' development, including the contextual goals of advancement of youth entrepreneurship, requires an integrated approach to their assessment. The use of the cross-effects assessing method meets modern trends in public administration and planning, because it is focused on improving the effectiveness and efficiency of managerial decision-making in achieving socio-economic effects. Further research involves interregional comparisons of the application of the program-based mechanism for the development of small and medium-sized entrepreneurship, the identification and justification of the effects of mutual influence of goals, objectives, measures, and indicators of government programs, as well as determines the future prospects of this research area in terms of creating a

methodology for assessing the cross-effects of the implementation of government programs.

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