Factors of students’ entrepreneurial potential development in Russia: On the example of the Penza region

Factores del potencial de desarrollo empresarial de los estudiantes en Rusia: sobre el ejemplo de la región de Penza

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Contents
1. Introduction
2. Literature review
3. Materials and methods
4. Results
5. Discussion
6. Conclusions
Author contributions
Bibliographic references

ABSTRACT:
The relevance of this article is associated with the necessity to study factors pertaining to the entrepreneurial potential development of Russia’s youth which affects the development of entrepreneurship in the country. Since the formation of the youth’s entrepreneurial potential is linked to the differentiation between the social and economic development of regions, a study concerning the youth initiatives in the field of entrepreneurial activity in certain Russian regions is of great scientific interest. The aim of the current article is to identify the factors contributing to the development of students’ entrepreneurial potential in typical regional societies. The choice of the Penza region for this study is dictated by the typicality of this region for the Russian Federation. The key research methods included a mass questionnaire survey, in-depth interviews, correlation analysis, and ranking, which allowed the identification of internal and external factors that promote the development of students’ entrepreneurial potential in the Penza region. Furthermore, these methods helped ascertain the contradiction between the high level of general desire of the said region's youth and the lack of development of the entrepreneurial potential in this region.

RESUMEN:
La relevancia de este artículo está asociada con la necesidad de estudiar los factores relacionados con el desarrollo empresarial potencial de los jóvenes de Rusia que afectan el desarrollo del espíritu empresarial en el país. Dado que la formación del potencial empresarial de los jóvenes está vinculada a la diferenciación entre el desarrollo social y económico de las regiones, un estudio sobre las iniciativas de los jóvenes en el campo de la actividad empresarial en ciertas regiones de Rusia es de gran interés científico. El objetivo del presente artículo es identificar los factores que contribuyen al desarrollo del potencial empresarial de los estudiantes en las sociedades regionales típicas. La elección de la región de Penza para este estudio está dictada por la tipicidad de esta región para la Federación Rusa. Los métodos de investigación clave incluyeron una encuesta masiva de cuestionarios, entrevistas en profundidad, análisis de correlación y clasificación, que permitieron la identificación de factores internos y externos que promueven el desarrollo del potencial empresarial de los estudiantes en la región de Penza. Además, estos métodos ayudaron a determinar la contradicción entre el alto nivel de deseo general de los jóvenes de esta región y la falta de desarrollo del potencial empresarial en esta región.
1. Introduction

Young people are the most active persons in society, who quickly respond to changes in life and are apt to perceive their positive aspects. Therefore, they have a greater potential and ability to do business than other age groups. Researchers have noted that youth entrepreneurship is a complex sector requiring special attention from public authorities. Providing governmental task-oriented assistance will ensure the development of small business in the region, which, in turn, will lead to the region's economic growth (Shubina, 2016; Chernitsov, 2017). Modern practice has shown the positive influence of education, the most important social institution, in increasing the entrepreneurial potential of young people, which is a factor of economic growth and can significantly change the social space of society. In this regard, a number of authors have emphasized the need to teach young people entrepreneurship in order to develop their entrepreneurial potential (e.g., Johanisson, 2011; Bobritskaya et al., 2017; Kosharnaya et al., 2018; Papulova and Papula, 2015).

Currently, the issue of developing entrepreneurial initiatives and activities remains topical in Russia and in most other countries (Chepurenko, 2018; Nguyen, 2019; Romero, 2018). Famous Russian sociologists keep emphasizing the need to develop entrepreneurship and entrepreneurial potential in the context of the modernization of Russian society, since the social and economic potential of the region and the long-term development of the country depend on the development of entrepreneurship (Kozyreva, 2017; Chepurenko, 2018).

Studying the entrepreneurial potential of young people in the regions of the Russian Federation should consider that a new generation, called "generation Y" in American sociology, is now entering professional life. At present, there are two value systems in Russian society, represented by traditionalist (generation X) and modernist (generation Y) orientations. Modernist value orientations that prevail among young people, are based on the ideas of personal responsibility, initiative, individual freedom specific for modern age. In this regard, each young person chooses his own life strategy (Konstantinovsky, D.L., Popova, E.S., 2015; Narbut, N.P., Trotusk, I.V., 2018). Modernists' values determine the behavior of an individual in all spheres of his life. These changes are most clearly manifested in the labor sphere (value content of labor, employment motivation, criteria for choosing a profession). These changes affect both Russia's and foreign youth (Konstantinovsky D.L., Popova E.S., 2016; Yakovleva M.N., 2018; IpKin Anthony Wong et al., 2017; Maxwell G. A., Broadbridge A., 2014).

The researchers have noted that the behavior strategies in the labor market remain different: sustainable employment which provides all social guarantees is important for some people; someone prefers creative self-fulfillment; other people prefer high earnings when choosing the place of employment, etc. However, most young people want to do their own business, which would allow them to acquire a certain status in society, fulfill themselves and make a good profit (Robert P. et al., 2012; Cherednichenko, G.A., 2013). So, one of the strategies for personal and economic achievements can involve the process of self-
employment through the entrepreneurship. For this reason, the EU 2020 strategy includes
familiarization with the principles of entrepreneurship at all levels of education to increase
opportunities for obtaining employment (Romero F.S., 2018).

Objective is to identify factors affecting the development of entrepreneurial potential of
young people in a typical regional society.

Tasks are to identify the students' motivation to do business; analyze which business
activities are most attractive for young people; to determine the factors that promote or
impede the setting up of their own business.

It is assumed that modernists’ qualities, such as initiative, creativity, responsibility,
attributed to the theory of generation Y of modern youth, contradict the students' entrepreneurial
strategies in the region. In the Penza region, youth entrepreneurship is
constrained by external and internal factors that hinder the development of innovative
entrepreneurial potential, but only stimulate traditional forms of gaining profit in the sphere
of small-scale trading and consumer services.

2. Literature review

Problems of business development and the study of entrepreneurial intentions of students
are covered in the studies of such foreign authors as Nguyen Anh Tuan et al., 2019;
Vasco W.A., 2018; Engle R. et al., 2010; Fini R., Toschi L. (2016) and others.

Research works by Divichenko, O.I., Danakina, N.S., 2017; Dylnova, Z.M., 2011;
Chernitsova, A.E., 2017 raised questions about the necessity to develop entrepreneurial
potential of the Russia's youth in the regional society.

Modern scientists have a great interest in the younger generation, the so-called Y
generation, its value orientations, life perspectives, and their professional strategies. These
subjects are studied by both foreign (Bauman Z., 2002; Inglehart R., 2008; Deniz
Zapcchoglu Chelikdemir, Irem Tukel, 2015; Maxwell G. A., 2014), and Russian scientists
(Temnitsky, A.L., 2017; Yakovleva, M.N., 2018; Yadova, M.A., 2018; Cherednichenko, G.A.,
2013).

The need to teach students entrepreneurship basics is constantly emphasized by foreign
(Caro-González, F.J., Sánchez-Torné, I., Romero-Benabent, H., 2018; Duque Aldaz, F.J.,
Pazan Gómez, E.G., Álvarez Vasco, W.A., 2018) and domestic sociologists (Shaidullina, A.R.
et al., 2018; Orlova, L.V., et al., 2018).

Professional orientations and strategies for potential employment of young people, the role
of education in the successful employment, including those of young entrepreneurs, have
been studied by Gorshkov, M.K, 2017; Golenkova, Z.T., 2018. The studies conducted by
Kosharnaya, 2018, Shubina, 2018; Geldhof, 2014 and others are specifically devoted to
various aspects of youth’s entrepreneurship;

The problematics of the study of the development of youth’s entrepreneurial activity is
relevant in international practice, which is confirmed by the studies conducted by Romero
F.S., Kasim R. and others.

Despite the fact that the problems of entrepreneurship development in the former Soviet
countries are reflected in the studies of Russian researchers, issues related to the analysis of
motivation and factors contributing to the formation of entrepreneurial potential of students,
especially college students aged 14-20, are still under-studied in domestic scientific
literature, which determined the choice of the subject of this article.

3. Materials and methods

The empirical basis of this study incorporated the results of a representative survey
conducted in the Penza region. The choice of the Penza Region for the study has been
ddictated by the typicality of this region for the entire Russian Federation. The Penza region is
located not far from megalopolises and the capital, and the values of the population and
youth almost completely coincide with the national indicators. The sociological research to
assess the entrepreneurial potential of Penza youth was conducted in November-December 2018. The total sample size equaled 894 people, 14 to 30 years old, living in Penza and 9 districts of the Penza Region. The participants were the students of colleges and universities, as well as young entrepreneurs. In order to identify common features and differences in entrepreneurial potential of young people, the respondents were divided into age groups - college students (14-20 years old - 380 people) and university students (21-25 years old - 380 people). Such a method has not been prior described in literature. Quota sample was made by districts, sex and age of young people aged 14-25 years. The control group consisted of young entrepreneurs, the residents of youth business incubators aged from 26 to 30 years (134 people). To identify the degree of Penza youth’s desire to conduct entrepreneurial activities, an original author's tools has been developed: a mass survey questionnaire considering the specifics of Penza youth and the region and highlighting overt and hidden variables. Also, the author’s operationalization of the questionnaire questions was conducted. Both nominal and ordinal scales (percent scale) were used to conduct measurements. To assess the reliability of differences in the responses of respondents of different age groups, a correlation analysis was conducted using the Fisher’s chi-square test. A statistical data analysis package SPSS Statistics 20 was used to process the empirical research data. According to the results of a questionnaire survey of students, the ranking was conducted according to the importance of factors hindering the development of students’ entrepreneurial potential.

Due to the fact that a strictly formalized analysis has its limits beyond which the depth and completeness of understanding of reality can be lost, an in-depth interview was used as a qualitative method. In the course of a sociological study, 11 interviews were conducted with expert entrepreneurs and 14 interviews with specialists of the civil service, the officials of the Government of the Penza Region and district municipalities.

4. Results

According to the results of the questionnaire survey, most respondents (82%) would like to do business. However, only 25% of the respondents have a business idea, another 55% are in search for a business idea, and 20% do not have any business idea. The distribution by age groups of 14–20 and 21–25 years showed a slight difference among students in their intentions to do business (Figure 1).

![Figure 1: Distribution of answers to the question: "Would you like to do business?" depending on age (percentage of respondents)](image)

Respondents of all age categories answered to the question "Do you have any business ideas?" in the affirmative. The highest percentage is specific for the group of young entrepreneurs (in the age group of 26-30 years old) - 49%, slightly lower percentage – for the university students (in the age group 21-25 years old) - 39%, and low rate - 30% - for college students (aged 14-20 years). Approximately the same percentage of respondents in
two age categories (college and university students) has no business idea - from 21% to 24%. The smallest percentage of lack of ideas is specific for young entrepreneurs (26-30 years old) - only 11%.

In general, according to the results of the questionnaire survey, the most popular area for entrepreneurship in all age categories was trade - 31%, the second most popular was the service sector - 21%, the third - production - 9%.

The distribution by age showed a slight difference in preferred business areas among all age groups of young people (Figure 2).

![Figure 2](image)

Distribution of respondents' answers to the question: "In what area will your future business be?" depending on respondents' age (percentage of respondents)

According to experts, the main motivation of modern young people to get involved in entrepreneurship is financial well-being and independence. "This generation has its own, special understanding of success and sense of purpose. They are very often not ready to start their way from the modest beginnings and slow growing. They are waiting for promotion and increase in remuneration for years. It motivates them to do business." Expert A (female, 53 years old, public officer of the Ministry of Education of the Penza Region).

The key motives of Penza youth for doing business are presented in Figure 3.

![Figure 3](image)

Distribution of respondents' answers to a question about the motives for doing business (percentage of the respondents)

One of the key factors affecting the business setting up is the availability of funds. The main sources for financing the business projects according to respondents of different age groups are presented in Figure 4.

![Figure 4](image)
In general, according to the results of a questionnaire survey, among the factors contributing small business compared to employment relationship, respondents first mentioned a more flexible working schedule (37%), freedom and independence from “supervisor” (31%) and higher earnings (23%).

According to young people of the regional society, the main factors constraining their entrepreneurial initiatives are ranked by degree of importance and presented in Table 1.

**Table 1**
Factors impeding development of youth entrepreneurship
(1 rank - the most significant, 14 - the least significant)

<table>
<thead>
<tr>
<th>The name of &quot;obstacles&quot;</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>lack of startup capital</td>
<td>1</td>
</tr>
<tr>
<td>insufficient level of education</td>
<td>2</td>
</tr>
<tr>
<td>insufficient experience</td>
<td>3</td>
</tr>
<tr>
<td>insufficient personnel</td>
<td>4</td>
</tr>
<tr>
<td>lack of partners</td>
<td>5</td>
</tr>
<tr>
<td>lack of knowledge</td>
<td>6</td>
</tr>
<tr>
<td>lack of networks</td>
<td>7</td>
</tr>
<tr>
<td>lack of organizational structure</td>
<td>8</td>
</tr>
<tr>
<td>lack of market potential</td>
<td>9</td>
</tr>
<tr>
<td>lack of support resources</td>
<td>10</td>
</tr>
<tr>
<td>lack of government support</td>
<td>11</td>
</tr>
<tr>
<td>lack of skills in a field</td>
<td>12</td>
</tr>
<tr>
<td>lack of skills in a language</td>
<td>13</td>
</tr>
<tr>
<td>lack of skills in a technology</td>
<td>14</td>
</tr>
</tbody>
</table>
In the course of analyses of in-depth interviews conducted with experts, numerous examples of anti-social youth’s attitudes have been identified, that they would like to implement in their future entrepreneurial activities. Almost a third of experts (30%) consider corruption to be a normal phenomenon, one of the “rules of the game”. The fifth part of experts is ready to commit fraud, forgery, deception of their employees, business partners, theft from the state budget. Almost everyone is ready to sell spoiled goods and harmful products that guarantee quick earnings (alcohol, alcohol substitutes). From perspective of the Criminal Code of the Russian Federation, many economic crimes are not considered by young people who want to conduct entrepreneurial activities and entrepreneurs to be a crime at all. Expert B (male, 35 years old, 8-year business experience): “Only my family and I should earn money in business. All other employees is a resource. During the first five years of doing business, I changed the whole team of my company nine times, and I have no regrets. Business is not for the feeble and weak-willed people. Anything that makes a profit, including deception and fraud, is acceptable in modern conditions. This is the fault of modern working conditions.”

According to the results of the study, a conceptual model has been developed, which includes internal and external factors that promote / impede the development of the entrepreneurial potential of young people of the regional society (Figure 5).

**Figure 5**
A conceptual model of factors influencing the development of the entrepreneurial potential of students of a typical regional society
5. Discussion

According to the results of the study, it was revealed that 91% of college students (16–20 years old) and 81% of university students are most eager to do business. This indicates that college students are more motivated and ambitious, meaning the formation of entrepreneurial potential can start at a young age. According to the results of the questionnaire survey conducted in this study, approximately an equal percentage of respondents in both age categories (college and university students) do not have business ideas (21% to 24%). A lack of ideas was also declared by 26- to 30-year-old entrepreneurs (11%). Most likely, they meant the lack of new ideas, since most young entrepreneurs are already focused on the development and promotion of existing business ideas within their
projects and are "in search" of new ones. The most preferred business areas for university and college students are trade and services. Active entrepreneurs between the ages of 26 to 30 also prefer trade (38%) and services associated business (10%), but unlike students, they have almost two times higher interest in business in the production sector. Thus, the study showed the narrow-mindedness and banality of ideas for future entrepreneurial activities among the young people in Penza, which indicates a low creative level of their entrepreneurial potential.

The statistical significance of the differences was revealed by correlation analysis between groups of respondents aged 14 to 20 (college students) and groups aged 21 to 25 (university students), as well as young entrepreneurs aged 26 to 30 according to the compared answer options "trade" and "services" (the obtained empirical values are in the zone of significance). For all compared groups, the most attractive areas are services and trade (reliability confirmed by calculating the Fisher's ratio: $f * \text{emp} = 4,493$, $f * \text{emp} = 3,815$, $f * \text{emp} = 3.142$, respectively, at $r 0.05 = 1.64$ and $r 0.01 = 2.32$).

The key motives for entrepreneurial activity, as noted in the literature, are of material (consumer) or innovative nature (Kozyreva, 2015; Divichenko, 2016). As for the youth of Penza, the results of the questionnaire showed that the financial benefit factor is one of the most significant motives for doing business. According to the survey, almost half of the respondents indicated such motives as the possibility of gaining high earnings (35%) and quick and easy wealth accumulation (11%), while 26% of respondents pointed to "independence and freedom", which, as it turned out, most of them understood as "freedom and independence from supervisors". Since modern youth does not want to follow leaders, in their need for independence and freedom, they start their own businesses. Only 15% of respondents seek to do business to fulfil themselves.

According to the results of the questionnaire survey in all age groups, the majority of respondents (60%) plan to use their own funds as well as borrowed funds from parents, relatives, friends (40%), bank loans (16%), preferential placement in a business incubator (9%), microloans (2%), when implementing their business project.

Having analyzed the obtained data, it can be concluded that respondents between the ages of 26 and 30 (young entrepreneurs), first plan to use their own funds (56%), compared to university students (31%), and college students (11%), which indicates that young people of all age groups adequately perceive the reality.

Students of universities and colleges (57% and 45%, respectively) mostly rely on borrowed funds (from parents, relatives, friends), compared to only 19% of young entrepreneurs, since they already have entrepreneurial experience and earnings and can rely on their own funds.

Only 2 to 4% of respondents rely on microloans. Since young entrepreneurs have certain entrepreneurial experience, they do not plan to attract microloans as they are aware of the high degree of risk.

The statistical significance of the differences was revealed by correlation analysis by age groups of students (14 to 20 and 21 to 25 years old) and group of entrepreneurs by answering the question on funds they will use in the implementation of the business project, referred to as "own funds" and "borrowed funds" (from friends, relatives, friends). The significance of differences in the responses of different age groups was assessed using the Fisher ratio (the calculation was made according to the Fisher ratio: $f * \text{emp} = 3.343$, $f * \text{emp} = 7,519$ and $f * \text{emp} = 4,307$ respectively at $r 0.05 = 1.64$ and $r 0.01 = 2.32$).

Thus, the analysis of the study results showed the suggested hypothesis is fully confirmed. The novelty of the results is due to the study having been conducted with the division of students into different age groups (such division was not used previously), which made it possible to establish the presence of entrepreneurial potential among most respondents at the age of 14. This indicates that the formation of entrepreneurial potential is possible even at an earlier age. In addition, the lack of significant differences in answers on business related issues among students of colleges and universities, as well as young entrepreneurs, suggests that no
entrepreneurship basics programs are studied in schools, something that is constantly being written about by both foreign (Caro-González, Sánchez-Torné, Romero-Benabent, 2018; Duque Aldaz, Pazan Gómez, Álvarez Vasco, 2018) and domestic scientists (Shaidullina et al., 2018). The study also revealed, that many social and psychological qualities of modern young people attributed to them by popular generational X / Y theory, do not fully match the qualities of young people in regional societies with regard to creativity and initiative, since most of the young people choose trade and services.

6. Conclusions

In accordance with the objectives of the study, a set of theoretical and empirical studies has been conducted, during which the suggested hypothesis has been fully confirmed. It was revealed that most of the surveyed young people from a regional society, regardless of age, would like to do business, while only a quarter of them have a business idea. The main motives for doing business are high earnings, rapid wealth accumulation, independence, and the need for self-fulfillment.

Analysis of the research results showed that most of respondents chose trade as the sphere of their potential entrepreneurial activity, which disproves the popular concept of the generational theory on youth’s creativity. In addition, it was identified that the modern young generation demonstrates a low legal culture and does not deny the possibility of deviant behavior in the implementation of entrepreneurial activity.

The sociological study allowed identifying and ranking the factors that impede the business activity. The identified factors allowed us to develop a program that promotes the development of the entrepreneurial potential of young people in the regional society. This program suggests implementation of training in various aspects of entrepreneurial activity in vocational education establishments, which will help increase the level of competence in the field of entrepreneurship. It is necessary to intensify activities aimed at informing and interacting with the state authorities and economic institutions to support young entrepreneurs’ activities in the region. This interaction should be implemented involving such institutions as business incubators, which main objective consists in providing advisory support on youth projects and overcoming bureaucratic obstacles and ensuring financial support to young entrepreneurs by providing various benefits.

In conclusion, it should be noted that the further research of this subject involves studying of the role of various social institutions, where a family plays the main role in the formation of the entrepreneurial potential, since it has been revealed that the formation of such potential begins at early age. It is also necessary to proceed studying the influence of the education institution, where training in entrepreneurial activity basics is provided, on the life strategies chosen by young people when they conduct the entrepreneurship activities.

Author contributions

Galina Borisovna Kosharnaya: development of a research program and arrangement of research, data collection, analysis of research results and preparation of material for publication.

Igor Alekseevich Yurasov: initiating and conducting of the research, identification of theoretical and methodological basis of the research, preparation of the article

Lyudmila Fedorovna Karimova: conducting sociological study, processing results, drawing conclusions.

Natalya Vladimirovna Korzh: conducting a sociological study, processing results, writing and finalizing the article.

Elena Sergeevna Tarkhanova: search for analytical materials in domestic and foreign sources, drawing conclusions, finalizing the article.

Elena Alexandrovna Danilova: search for analytical materials in domestic and foreign sources, processing the sociological study results, drawing conclusions.
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[Index]

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