

.Research Article

Youth Entrepreneurship Promoting in Rural Municipality Situation and Challenges

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Abstract:

State and society goes through strong change processes impacting social, economic, cultural and especially demographic situation and development of rural municipalities. Youth entrepreneurship promotional environment is defined by these processes as well as conditions forming this environment. Young people reaching for the expression and creativity in the social cultural environment are the most active part of the society. Many researches declare importance of municipal participation in entrepreneurship education, help youth ideas realization in society, competitions, support or sponsorship, but real situation reveals problems and important challenges. This article describes entrepreneurship concept and factors stimulating entrepreneurship. In order to clarify entrepreneurship promotion situation in rural municipality, rokiškis regional municipality was Chosen as the municipality having lowest numbers of young people in Lithuania.

Keywords: Youth, Entrepreneurship, Promotion of Entrepreneurship, Competences, Rural Municipality

Introduction

In Communiqué by European Commission (hereinafter EC) (2009) youth problematic is defined as priority area, where human capital must be developed more intensively. Structural problems are observed in many rural territories such as lack of employment possibilities, skills, not sufficient investment to communication and main services, low numbers of young people. EC has planned financial support for these goals implementation providing youth in rural places with opportunities to develop entrepreneurship skills, generate and realize new ideas, adapt to changing environment creating self-employed work places. The New European Union Common Agricultural Policy of 2020-2027 is oriented to employment stimulation, growth, social inclusion, local development, attraction young farmers and creation of favorable business development

conditions in rural regions. It is noted that already in 2012 the EC expressed concern on the youth unemployment rate in Lithuania and stated that education should take clearer role promoting youth entrepreneurship and business development. Creativity and initiative are educated insufficiently in Lithuanian primary and secondary schools, not only basic market economics knowledge is formed enough, but also practical entrepreneurship skills. Professional and continuous education is valued as most suitable for specialists with business establishment and creation skills preparation. But in reality after graduation of these institutions young people lack motivation to create businesses and develop themselves as entrepreneurs.

Practice of entrepreneurship promotion varies between Lithuanian rural municipalities and strongly depends on conditions of economy. Lack

of youth entrepreneurship in society is defined in scientific literature as well as in practical activity as one of the unemployment causes and challenges of small and medium business development. Analysis of scientific literature reveals that phenomenon of youth entrepreneurship promotion is widely declared in European Union, National, local Governments' legal documents, strategies, in sufficient detail analyzed by various social sciences' representatives revealing problems, suggesting ways of solving, but it is not sufficiently ensured in real practice. This is why this topic stays relevant, debatable and problematic.

Object of the article – promotion of the youth entrepreneurship. Goal of the article – to evaluate youth entrepreneurship promotion situation in rural municipality. Tasks of the article: to analyze entrepreneurship concepts and promotional factors; identify youth entrepreneurship promotion challenges and problems in rural municipality. Methods used in this article: analysis of scientific literature, survey.

Concepts Of Entrepreneurship:

Entrepreneurship concept is related to ability to find possibilities to realize oneself in the new way, to create economic value. In dynamic process there is a need to change and create implementing new ideas and creative decisions. Modern entrepreneurship concept has evolution of its development. Schumpeter (1939) Defined Businessmen as personality and entrepreneurship as creative process where each person reveals individually. We can find lots of entrepreneurship motivation. Scientific analysis of entrepreneurship concepts reveals that common universally recognized concept does not exist. It is multiply and analyzed by authors in various

Entrepreneurship Promoting Factors;

Goal of the entrepreneurship – develop youth skills needed for independent life and positive activity in market economics. Development of entrepreneurship according Rea (2005) means to learn to recognize, cooperate, organize and manage companies. Knowledge management is a business strategy aiming at accomplishing the organizations by means of the most effective use of knowledge in the context where there are very rapid and wide changes (Yildirim, 2010).

concepts in economic and management sciences because these sciences analyze entrepreneurship as a process: from idea concept to the end of the business. Concept of entrepreneurship can have double meaning – general and specific. In Specific meaning entrepreneurship is understood as ability to create economic value (business creation, earning money, attracting investments et cetera). Entrepreneurship in general – inborn or acquired set of personal properties enabling creation of economic, social and all other values. Scientific insights describe youth entrepreneurship as attitude and skills of the young person which turn ideas into action. There forms the provision that concept of entrepreneurship reflects self-development, independence and responsibility of personality. Pačėsa, Zakarevičius, Žukauskas (2011) added to the concept of entrepreneurship so called three “I” – Idea, Initiative and Implementation. This explains necessity of entrepreneurship for everyone in everyday life enabling better understanding of work activity context and conditions for the youth to start social or commercial activity. In Strategy of the Lithuania for 2010-2020 entrepreneurship defined as personality development, social, managerial and other competence acquisition and adaptation in everyday life. So this defines entrepreneurship more as qualitative expression of individual's abilities and characteristics, disposition to innovations, abilities to take risk and responsibilities for decisions. This concept is related to innovative thinking, creativity, and pursuit of defined objectives, self-realization and aspects: as a process, set of skills, set of personal properties forming additional value creating activities.

Education of entrepreneurship in youth is very important in order to achieve positive attitude to business, develop youth employment. In this educational process not only business processes explanation is important, but also spread of business knowledge through the society in private business development. Conditions of business development depend on attitudes of society, trust, support and non-condemnation. Scientific authors basically define external and internal factors determining entrepreneurship. Stripeikis (2008) states about complexity of this process and the

need to define main entrepreneurship process elements: external business environment (macro level); possibilities existing in business environment (macro level); individual skills of potential entrepreneur, knowledge and experience which helps to recognize business possibility (individual level). Adamonienė and Šilingienė (2008) determined that youth entrepreneurship education is promoted by internal factors, related to personal properties, knowledge, abilities, motivation to take part in business and external factors, related to particular environment (political, social, legal, economic and technologic). These factors are found in the market itself and changes in the market constitute conditions for creativity. School (2006) key factors Entrepreneurship include social and cultural attitude, entrepreneurship education, access to start-up finance, administrative and regulatory framework, access to business assistance and support. Pruskus (2003) makes distinction in entrepreneurship stimulation incentives such as wish to get rich, strive for independence and self-working place creation, idea implementation and others. It is supposed that the best way to introduce young people to entrepreneurship basics is to start it in childhood, because at this period individual desires to know possess, use financial resources are formed.

In practical attitude entrepreneurship promotional means are widely named in EC, European Social Fund and other organizations, state national documents: “The Entrepreneurship Action Plan 2020”; “New Entrepreneurship strategy for young entrepreneurs’ number increase”, “Erasmus plus” programmer, strategy “Europe 2020”, Youth employment initiatives (YEI) documents and others. In every State regional rural municipality entrepreneurship promotional practices may vary and be unique, because they depend on political, economic, social, cultural, scientific technical development and other environmental conditions.

Rural Municipality Youth Entrepreneurship Situation: Problems and Challenges:

According the Law of the territorial administrative units of the Republic of Lithuania and their boundaries, the territorial administrative units of the Republic of Lithuania are the counties and the municipalities. At the present territory of the Lithuanian Republic is divided into 10

counties and 60 municipalities. Rural municipalities make the biggest part. Economical potential of rural municipalities closely relates to labor resources, which relate to numbers of residents, population density, and number of companies, economic activities and level of entrepreneurship. It is noted that labor resources in Lithuanian rural municipalities are rapidly decreasing. Youth demographic situation in these municipalities is worsening. Lithuanian Employment Services state, that number of registered unemployed people in 2019 was 152 481 (0,5 thousand or 0,3 percent more than a year ago). Average annual youth unemployment rate in rural municipalities is the highest between all groups of unemployed people. This places Lithuania in between most rapidly decreasing populations not only in Europe, but World Wide. Youth of distant from regional centers (biggest cities) rural municipalities usually does not have possibilities for expression, has low motivation, feels lack of local government institutions’ support and help. This is why the biggest part of young people migrate to the biggest Lithuanian cities or foreign countries. During last 5 years due to emigration Lithuania has lost 109 265 residents. Only in 2019 49 percent of young people emigrated from Lithuania and mostly from rural municipalities. Many performed researches state that youth in rural municipalities confronts challenges: difficulties to find a place for business, lack of innovations, obstacles for Informational Technologies usage, complexity of being the single business founder and others. Young people lack not only practical experience establishing companies, taking part in business activities, but also local government institutions consultation, financial, tax and other support. This reveals lack of particular actions and measures in rural municipal labor market. This leads to rural municipalities losing their human resources potential which is a base for entrepreneurship process. In order to investigate youth entrepreneurship promotion situation in particular rural municipality – a rural municipality of Rokiškis city was chosen for the research. This municipality is located in East Lithuania, at 100 km distance from Panevėžys County Center, at Latvia boundary. Municipality consists of 10 Elderships its the center in Rokiškis city. In 2018 this municipality had

29 472 residents, which makes 979 residents (3,22 percent) less than in 2017. In January 2020, 28 728 residents lived in municipality. Youth makes only 19,15 percent of total number of residents in this municipality. According to the data of Statistics Lithuania prognostic map is made, where Rokiškis municipality is between most problematic municipalities by infant children number decrease: scientists count that number of infants in the region will decrease more than in one fifth until the year 2021. In rural Rokiškis municipality operate a few youth institutions and organizations: Municipal Youth Council, Youth Organizations' Association "The Round Table". According to the possibilities municipality allocates finances for youth and youth organizations projects, but financing during these difficult times is low. Especially actual is a problem of unemployment between uneducated young people and those without work experience. Young people motivation for education decreases, number of young people unable to study increases, most of them are from the families with social risk factors. In the smaller schools most of the pupils are from socially disadvantaged families. Due to low birth rates and emigration schools in region settlements are closed. This situation reveals one of the Lithuanian rural municipalities' economic and social development problematic and widely spread youth labor force and mind emigration and loss problem.

Research Results:

Survey sampling and selection. Survey population consisted of young people from 14 to 29 years' age, living and registered in Rokiškis region rural municipality. For quantitative research total youth population divided into two sub-groups: 14- to 18 years old – minors and 19-25 years old – adult young people. 6184 young people registered in this municipality. With 5 percent error probability (95 percent credibility), 362 respondents surveyed during the research: 112 respondents of 14-18 years old; 250 respondents of 19-29 years old. Research Ethics. Taking into consideration participants' age, researchers ensured compliance to research ethics principles: administration of the schools was presented with an application for research performance, information on research gal,

anonymity and confidentiality presented, permits from secondary schools and gymnasiums Deputy Directors for Education and parents were received. Respondents participated in the survey on voluntary basis: no rights to volunteering were violated, respondents and their parents were granted confidentiality, justice (respect for the right to privacy), and goodwill was respected, and the freedom to participate in or withdraw from the research was left free. Organization of the research. During the survey 362 questionnaires were distributed, 9 of the were returned back invalid. During the research the goal to investigate youth attitude to entrepreneurship education in Rokiškis region municipality was pursued. Most of the surveyed participants were female (51,8 percent), rest – (48,2 percent) male. 50,7 percent from total 353 surveyed participants were young people from 19 to 29 years old. Respondents distributed according to their social position as follows: pupils – 63 percent, almost forth part (24,4 percent) neither worked or studied, 12,6 percent studied and worked at the same time. One of the research tasks was to find out how respondents understand concept of entrepreneurship. 68,7 percent of survey participants associate entrepreneurship with ability to create and organize business. Second answer by the percentage was ability to earn money (42 percent), 37,3 percent of research participants associate entrepreneurship with ability of self-realization and only 18 percent to ability create economic value. Results of the research reveal different understanding of entrepreneurship concept between young people. This might be explained by the statement that every individual has his own understanding of entrepreneurship. Of course this is determined by individual's attitude, age, education, life and work experience, living environment et cetera. Because research was oriented to the youth which considers financial resources, self-expression, recognition, ability to achieve something independently and independence as important factors – most of the answers were related to business creation and organization, earning money and self-realization. Respondents considered youth unemployment and low numbers of young people willing to start their business as one of the most important Rokiškis region municipality problems and challenges. In

global society entrepreneurship skills are needed in all life areas, because this gives possibilities to start new and sometimes risky activities. Promotion of youth entrepreneurship – important measure of youth unemployment problem solving, stimulus to get employed and receive income, self-realization et cetera. Research revealed, that young people are not active creating business. They consider situation in this region municipality unfavorable, in addition young people do not have enough savings for business creation, activity is also prevented by the lack of skills and abilities. 2 percent of research participants unsuccessfully tried own business, 5 percent plan to start their businesses. These data are complemented by information that 3 percent of research participants take part in family business, 1 percent manages their own business activities as a source of their income. These research results reveal that in rural municipality only small part of young people relate entrepreneurship to autonomous activity, business creation and development. Rest (65 percent) of survey participants is not familiar with youth entrepreneurship promotion policy in Lithuania. Research results reveal that most of the respondents (46 percent) consider that there are no favorable conditions in Lithuania for young people to develop business. Only 9 percent are satisfied with existing conditions. It became evident that 45 percent of young people even do not have clear attitude on this matter. This reveals bad situation in education and information dissemination areas. Knowing that individuals can have positive attitude to business from childhood it may be suggested as encoded in human genes. When individual grows inborn features gradually become evident. More than half of research participants confirmed that they consider entrepreneurship as inborn quality, rest 40 percent – as acquired skill. Entrepreneur is followed by curiosity, creativity, enthusiasm, optimism, courage, risk taking, power testing, wishing to take part in business world. It depends from individual abilities how knowledge and skills are going to be used in changing environment. Entrepreneurship may be educated as acquired skill from educational activities, seminars, workshops. It is considered that only from individual features depends an attitude to entrepreneurship – some young people have more

personal characteristics suitable for business, others less or no interest at all. Rokiškis municipality should strengthen entrepreneurship subjects' education in schools, organize educational activities more actively, educate youth, stimulate to prepare projects, involve youth into practical activities. In this way future business creators and developers would form own sustainable business ideas, find trust in themselves, would develop open thinking and enter labor market more easily. This was confirmed by those research participants stating that skills and knowledge have significant impact. Starting doing something you have to be interested in the field, know basic to start, because knowledge is one of the most important internal factors determining entrepreneurship and its promotion. Skills can be formed. The person possessing needed skills feels more confident and sure because takes less risk to make wrong decision or action. There are sufficient possibilities in the country to helm business, but most part (62 percent) of Rokiškis rural municipality young people do not know about them. Quarter (25 percent) of the respondents do not think there are favorable conditions. Research revealed difficulties to establish and develop business in Rokiškis rural municipality. Even business or business activity creation becomes simpler and quicker (for example possibilities for e-business services are increasing), young people do not absorb them and do not feel environment provided possibilities. Research results clarify that young people lack working capital, without working experience credit institutions do not provide loans easily, also there's plenty of bureaucratic measures to acquire support for business start. Conditions for business creation and development also are not the best: financial resources are needed not only for initial capital, but also for modern, relevant knowledge and practical skills giving possibilities to feel strong. Research clearly revealed that distant regional rural municipalities face a lot of problems and challenges determining entrepreneurship promotion. It may be stated, that entrepreneurship promotion in rural municipalities depends on human resources and competence development.

Conclusions:

The definitions of business include isolated

personal thinking, personal social, managerial and personal competencies, skills, and the ability to turn ideas into action. Business is influenced by internal and external factors which facilitate the self-realization of young people. Motivated individuals themselves have a vision of how to get financing, others need help of the state and the municipality through a variety of means and allocation of substantial resources for youth entrepreneurship. The challenges of youth entrepreneurship in a rural municipality strongly relate to social problems. Research revealed unemployment in one of Lithuania's rural municipalities, Rokiškis district, as the most serious social problem - part (43%) of young people have not had a job for more than half a year. The main causes of unemployment among young people in the rural municipality are: not finding a satisfactory job, incapacity to work and also other reasons not mentioned by the respondents. Research results show, that the personal desire of rural municipality young people to take part in business is poor because of a lack of the skills, financial, and material support also outside advice and mentoring from organizations. Results of the study reveal distant from the main regional center rural municipality as unattractive to develop economic activities, also as decreasing human potential and stimulating emigration and traveling to seek a better entrepreneurial environment.

The research continues. However, the study provides a number of recommendations enabling rural municipalities to promote youth entrepreneurship. The results of the study allow to present several recommendations for the promotion of youth entrepreneurship in rural municipalities.

There's a need to form a network of entrepreneurs-mentors in a rural municipality in order to help young people to develop activities, create businesses and expand opportunities for start-ups through specific consultations, dissemination of good practice, financial instruments and constant supervision.

It is proposed to transfer positive practice from rural municipalities in other EU countries through the open method of coordination in European employment policy.

This approach may be extended by increased focus on youth entrepreneurship promotion in a

rural municipality. This would also address the issue of entrepreneurship development among the young unemployed people.

Entrepreneurship skills should be strengthened more actively and effectively in secondary schools of Rokiškis district municipality. It is proposed to create a youth vocational counseling center / business idea incubator / creative industry lofts, where meetings / classes with politicians, government people, employers, business, cultural representatives, school career specialists with youth groups could be organized. Such a structure would allow young people not only to get to know themselves, develop activity, but also would enable them finding opportunities for idea generation, planning and implementation, discussion, talk, would help to learn team problem solving, helping other people.

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