

# The specific of the development of Youth Entrepreneurship in Republic of Moldova

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Rafael Ciloci

## ABSTRACT

**Purpose.** The aim of this paper is it to define the specifics of the development of Youth Entrepreneurship in the R. of Moldova and to find some solutions for it.

**Methodology.** The research was conducted by using an analysis of academic literature, analysis of statistical data and examination of survey about perception of business environment by young people.

**Findings.** The main finding or research is that Youth Entrepreneurship is important by creating long-term development perspectives for national economies, as result of a stronger drive for innovation, the better use of new IT technology.

**Research Implications.** Based on the research results, it was established the specific changes in the development of entrepreneurship in the R. of Moldova and particularly for Youth Entrepreneurship. It was described challenges and limitations for development of Youth Entrepreneurship and underlined some solutions.

**Practical Implications.** The defined concepts and ideas could be used for entrepreneurial training, for governmental institutions could be used some recommendations for development of entrepreneurship and more specific Youth Entrepreneurship.

**Originality/Value.** The value of research is to provide insights about development of Youth Entrepreneurship in the R. of Moldova which are important in order to define some solutions for governmental institutions.

**Paper type.** Research paper

**Keywords:** Entrepreneurship, youth entrepreneurship, entrepreneurship support methods, survey.

## **INTRODUCTION**

Developing entrepreneurship and especially Youth Entrepreneurship is a critical issue for the development of any national economy. Particularly this is important for transition countries such as Moldova, where entrepreneurial culture is not traditional. Thus, we can consider that the people formed during the Soviet period have a modest entrepreneurial spirit, determined by the specific education, in which obedience and execution skills and abilities were demanded. Critical thinking, non conformism, assuming certain risks - important ingredients for an entrepreneur were not stimulated. At the enterprises of that period, the planning function was not necessary, and administrative plans were elaborated by the superior institutions. There were no incentives for innovation, radical change and new approaches, even more these attitudes were discouraged.

Thus, for all post-communist countries, we can see a modest initial level of entrepreneurial development caused not only by legislative, regulatory, economical conditions, but also human factor, due to insufficient skills developed to become an entrepreneur.

Indeed, examining the number of SMEs per one thousand inhabitants, as an indicator that would characterize the level of development of entrepreneurship for these countries, was considerably smaller than for Western countries. This indicator is further increasing, also due to the change in the education paradigm. Therefore, we can see that the development of entrepreneurship is caused, on the one hand, by the external factors of the regulatory framework, the level of economic and social development specific to a country, and on the other hand the national culture, the entrepreneurial education which is a dynamic process, but still with a rather high inertia. In this context, we can see that the country's population can be segmented by age, so young people have much more abilities and skills to organize and manage their own business. It should also be emphasized that young people, although have less knowledge and are less experienced, are more prone to risk and innovation. This is especially important, if we are connected with information technology where the dynamics of change is overwhelming.

In the first part of the article was included a theoretical overview of entrepreneurship and a more specific vision of Youth Entrepreneurship. In the second part were analyzed methods of entrepreneurship support - educational and institutional, specifics of entrepreneurial culture in the R. of Moldova. In the third part - the results of the research was examined including the perception of the business environment by the young people, and the conclusions and recommendations were underline about how to develop Youth Entrepreneurship in the Republic of Moldova and the specific impediments.

## **THEORETICAL BACKGROUND**

Entrepreneurship is a complex, multilateral notion characterized by a multitude of definitions. Schumpeter (1912) had a significant contribution to the study of the entrepreneurship and at the early stage of his theory had a different approach to others, where the entrepreneur was described as the organizer and manager of production or trade. He presents the following entrepreneurship definition: "The function of

entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way by the opening of a new source of supply of materials or a new outlet for products, by organizing an industry and so on. "His characteristic task - theoretically as well as historically - consists precisely in breaking old and creating new traditions.

Thus his vision combines the notion of entrepreneurship and innovation, which ensures revolutionary changes, changes the economy from the circular flow to the dynamic development of the economy, thanks to the "creative destruction". This approach has proven to be sustainable over time and widely accepted.

The second entrepreneurship theory [14] is primarily a less "individualistic". Schumpeter says explicitly, that the entrepreneur does not have to be one person (which is a radical departure from his former recognition entrepreneur as an outstanding individualist). Schumpeter even states that the country itself, or its agenda, can act as an entrepreneur. Schumpeter's Entrepreneurship theory was the result of his direct personal observation of American economic life. In Schumpeter's vision (1942), innovation is the engine of economic change, and innovation is a process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, in creating a new one "

Another approach (Hayek, 1989) refers to the fact that entrepreneurship is not a type of activity but a behavioral trait, which is the search for economic opportunities. Thus for entrepreneurs (Mc Connel and Brue, 1992), entrepreneurial talent is a great skill, characterized by initiative, courage and the ability to make decisions, innovation and the desire to develop new products, use new technologies and new forms and methods organization and management, and the ability to risk with caution. Therefore (Stevenson and Gumpert, 1985), entrepreneurial activity is to capitalize on an opportunity, to make rapid changes, to adopt multilateral decisions, to use the capacities of others, to direct human relations and to stimulate people to create new values.

Another approach were developed Canadian researcher Fillion (1997) who examines the entrepreneurial process in the following activities: identifying economic opportunities, determining the vision and decision making for the development of the initiative, implementing the activity, starting with purchasing the resources for business, promoting the business and organizing sells. Therefore, it is a similar activity in many respects with the managerial one.

The specificity of entrepreneurship among young people is examined by scientists such as Williamson H. (1987), Macdonald R. and Coffield F. (1991), which examines several of their characteristic features such as risk assumption, organizational culture, and the drive for innovation.

Thus, we can consider that entrepreneurship is an important driver for the development of national economies, creates premises for the development of innovation and ensures the maintenance of social stability. The entrepreneurship development contributes significantly to middle class formation, which is particularly important for emerging

countries characterized by major disparities in income and living standards, decrease of unemployment, which can be made easier through development of SMEs and start-ups.

Youth Entrepreneurship is important for strategic development of the economy, creating long-term development opportunities, a stronger drive for innovation, more efficient use of new IT tools characterized by exceptional dynamics. At the moment, the inertia of human thought can be an impediment to capitalize the new technological opportunities that arise and then, due to the greater flexibility of young people, the easier acceptance of new ideas, challenges, the promotion of an organizational culture favorable to the innovative spirit, it becomes possible to overcome this barrier.

Development of Youth Entrepreneurship requires a set of measures such as: access to resources, education and general conditions such as sustainable economic development and favorable economical regulations.

## **ENTREPRENEURSHIP SUPPORT METHODS**

The development of entrepreneurship is a fundamental factor for the economic development of the country. Thus, entrepreneurship is a catalyst for economic growth, ensures the creation of new jobs, contributes to the formation of the middle class and thus solves problems with social character. Entrepreneurship is an extremely important ingredient for innovation and decisive in enhancing competitiveness at enterprise and national level. At the present, the technological and technical changes are characterized by an unprecedented dynamic, it is imperative to develop the spirit of entrepreneurship, to form a critical mass of entrepreneurs able to achieve change and capitalize on new emerging opportunities.

In this context, the development of entrepreneurship can be sustained in two ways:

1. Education - what can be examined through broader prism of innovative entrepreneurial values and approaches, as well as providing training that would provide knowledge and would form managerial abilities.
2. Support entrepreneurship through different instruments at state level as well as through other interested stakeholders - NGOs, Development Partners etc.

The development of entrepreneurial spirit and values can be plenary developed under conditions of a democratic society in which diversity of ideas, critical thinking and non-conformism are accepted and even promoted. These are the important ingredients for the emergence of innovative citizens. At the same time, authoritarian societies, with institutions that prioritize oppressive, prohibitive models, limit the development of entrepreneurial spirit. This ambiance does not create chance for the emergence of a critical mass of people with a spirit compatible with entrepreneurial activity. R. of Moldova is still a transition country, from a society with an authoritative past to a democratic society, so there are still many "roots" that are impediments to the development of entrepreneurship, especially for the elderly.

If we examine the Moldovan society through the view of Hofstede's conception, then we can see that according to the cultural dimension **Individualism vs. Collectivism** a shift from collectivism to individualism, especially this is characteristic of new generations, educated in a new liberal, capitalist, post-Soviet system of values and, naturally, with the change of generations the collective and egalitarian values will be changed with individualistic ones.

**Power Distance** has been growing during the transition to a market economy, so it is currently at a fairly high level. There are large inequalities in the distribution of national wealth, an oligarchic system is crystallized, in which party membership, formal and informal links ensure the advancement on the hierarchical scale both political and economical, and personal capabilities are less relevant. For a large part of the population, especially the least educated and poor, there is a state of major dependence on those hierarchically superior, at the same time the young, urban, educated population with a medium and high standard of living has values opposed to higher power distance, which is characterized by dissatisfaction and mass migration abroad, including for this reason.

R. of Moldova as well as other states with Latin origin is characterized by a relatively high level of **Uncertainty Avoidance**, and by a high degree of control of uncertainty, the future is looked upon with anxiety, and the assumption of risks in such conditions is reduced.

If we examine the **Masculinity-Femininity** dimension, we can highlight the reorientation from social values - mutual support within a narrow group, egalitarianism to masculine values - power and money. It has to be emphasized that this predisposition towards masculine values is more characteristic for the young people formed in the new economic and social conditions.

We can outline that there is a tendency to improve the entrepreneurial culture in the Republic of Moldova as a result of the change of generations, although some new phenomena are unfavorable, such as power distance, which had a trend of growth in the last period.

Entrepreneurship education includes educational programs starting with kindergartens, high schools, higher education institutions as well as special courses of entrepreneurship. Besides the formal studies included in the educational institutions, there are various educational programs promoted by different NGOs in Moldova, of which we can highlight:

**JA** (Junior Achievement) [26] is a public association whose mission is to motivate and train the young generation to successfully assert them in the market economy. Since the registration of organization the entrepreneurship training programs have been attended by more than 190,000 students and around 1,800 teachers. Currently, in collaboration with the Ministry of Education of the Republic of Moldova and the "Sturza Familia" Foundation, JA Moldova programs are offered in 130 schools and high schools in the country, where about 8 000 pupils in grades I-XII benefit both from classroom activities and from various extracurricular activities such as Olympics in the economy, school fairs,

summer camps, etc. JA Moldova programs can be implemented in one of the following ways: extracurricular, auxiliary to compulsory courses and optional.

**JCI** (Junior Chamber International) [27] is an organization that gives young people the opportunity to develop their leadership skills, collaborative spirit, social responsibility and entrepreneurial habits that are necessary to produce positive change. JCI aims to: promote economic development in all its forms, promote understanding and co-operation among people, develop awareness and capacity to assume civic and human responsibilities, and organizing training programs to develop leadership skills. In order to achieve these goals, various courses of management, leadership and entrepreneurship are organized.

**Y4I** (Youth Development for Innovation) [33] is an NGO that aims to implement educational projects dedicated to the development and training of the new generation, developing the necessary skills in an integrated manner, in order to contribute to the rise of the economy and the civic spirit in the Republic of Moldova. Thus, educational projects have been realized in various fields such as: entrepreneurship, social, IT, etc.

**CEDA** (Business and Business Support Center) [25] is an NGO that supports education reforms, promotes entrepreneurship, high quality professional education and career education, developing professional skills, individual initiative and entrepreneurship. Thus, some of the organization's objectives relate to the improvement of the national training system and the development of professional and entrepreneurial skills, the promotion of entrepreneurial education through formal and non-formal education.

**ODIMM** (Organization for the Development of Small and Medium Sized Enterprises) [30] is a public, non-profit organization which operates under the coordination of the Ministry of Economy and other central and local authorities, business associations, business support organizations and SMEs. Its mission is to contribute to enhancing the competitiveness of the national economy by supporting the development of the SME sector, with one of the objectives - training and enhancing the culture and entrepreneurial abilities. The Efficient Business Management Program (GEA) is a program for entrepreneurs that includes 12 study modules, aimed at developing the skills to ensure efficient business management and is deployed throughout the Republic of Moldova.

Thus we can find the formation of a network of institutions developed for the purpose of entrepreneurial education.

Another component for the development of entrepreneurship can be achieved by supporting public and self-supporting institutions as a result of the cooperation and association of enterprises, creating business associations, creating clusters, strengthening the business community to promote its interests in relation to government institutions and creating a favorable image, the NGO activities that aim to improve the entrepreneurial climate.

Entrepreneurial support of public institutions can be administrative, economic and institutional (Yakunin, 2010). Administrative support methods are based on the authority of government bodies. The implementation of these methods consists in adopting and updating legislation as well as monitoring their implementation. Administrative methods,

depending on their impact on the business, can be classified into: prohibitive, licensing and punitive. They are executed by issuing or denying any rights (authorizations, licenses, etc.) or as a tool for implementing governmental policy (price regulation, etc.). We need to emphasize that if the adoption of legislation is important through the establishment of clear rules for all actors, however, especially in the case of emerging countries, such as R. of Moldova, there is the risk of excessive, punitive regulations, which could be an impediment to the development of entrepreneurship. Moreover, the implementation of the regulations is often not univocal, with a selective approach being made, creating premises for the appearance of corruption and ensuring unequal conditions of competition.

Economic methods determine the improvement of the business environment through economic, lending, tax, pricing, procurement and public investment mechanisms. For example, financial and lending support for entrepreneurship can be achieved by improving access to affordable loans, grants, credit guarantees, offering a grant component, etc. It is important to note that these methods have a relatively lower applicability to emerging countries due to the lack of sufficient financial resources. At the same time, it is necessary to determine very clearly and correctly the modalities and areas of intervention in order to ensure a maximum effect for the entrepreneurial development and not as a result of group interests.

Institutional support methods aim to improve business activity as a result of consulting, information assistance and business recommendations. These activities can be organized by public institutions and NGOs, thus facilitating the activity of enterprises.

The methods examined can be interdependent, so most economic methods are implemented through appropriate legislation (administrative measures) or economic methods can also be implemented through institutional support such as business incubators, industrial parks etc. Consequently, the establishment of institutions is often provided by the law and requires financial support.

The realization of entrepreneurial development through self-support is limited in R. of Moldova, being also characteristic for other ex-soviet countries, the main cause being the lack of trust in partners, public institutions, so the consolidation process, creating clusters, is one difficult for domestic companies, and additional incentives, including financial, are needed. At the same time, several financial support and counseling tools, including for young people, in the R. of Moldova are used.

Thus **ODIMM** [30] besides the educational objective, aims to create opportunities for launching and developing a business, especially in rural areas, facilitating SME access to financial resources, facilitating SME access to information resources, stimulating public-private dialogue, supporting the development of business infrastructure. In this context, we can highlight the Credit Guarantee Fund (FGC), financed by national budget, which facilitate the crediting of small and medium enterprises by granting guarantees. Thus, for the young manager, the guarantee can be offered for a maximum of 60 months and a credit of maximum 500,000 lei (about 25,000 Euro). The "PARE 1 + 1" remittance program is intended for migrant workers and / or relatives of grade first of them who want to invest in the launching and / or developing of their own business, thus for each leu

invested from transferred resources will be granted one leu in the form of a grant. The objective of the project is to create new jobs, export stimulation, substitution of imports, creation and development of rural businesses, application of modern technologies, know-how transfer and innovation.

**JCI** [27] offers consulting that would help to develop your own business or career, stimulate active participation through community engagement, provide office for interaction with potential clients, partners at local and international level, provide valuable practical experience.

**Y4I** [33] has a strategic objective the establishment of a series of partnerships both at national and international level, the creation of regional consortia to help young people in regions who do not have the same educational opportunities as those in the capital.

**CEDA** [25] provides diverse support and assistance to entrepreneurs for launching, growing and accelerating micro, small and medium businesses, promotes entrepreneurial spirit and entrepreneurship in society.

In R. of Moldova, other tools for supporting and developing entrepreneurship such as: **Business Incubators, Industrial Parks** and **Free Economic Zones (FEZ)** were created. These institutions have a important institutional impact on the development of entrepreneurship, even though, apparently, FEZs are less favorable to SME development and implicitly to entrepreneurship, as their main objective is to attract anchor investors to ensure regional development, however, thanks to the collaboration opportunities of residents with local SMEs for component delivery, there is a chance for entrepreneurial industrial development.

In the Republic of Moldova there are 10 regional **Business Incubators** [31] that provide support for the development of start-ups and newly-created enterprises. They have been associated with the establishment of the Moldovan Business Incubators Network (RIAM) - a cooperation platform created by its members, in order to promote the role of Business Incubators in economic development and their recognition at national and international level. Thus RIAM contributes to the joint implementation of development projects and programs, facilitates the exchange of experience and good practice, represents in negotiations with the state and other development partners, provide support and advice on problem solving.

In the Republic of Moldova there were also registered 10 **Industrial Parks** [28] that contribute to the development of SMEs, taking into account that the average number of employees of the residents is about 44.

Industrial Parks offer a set of opportunities such as:

- Reducing costs and time needed to launch production activity;
- Purchase the land for construction at the normative price;
- Technical, legal and advisory support in the process of obtaining permits, approvals, and other permissive documents;
- -Financial support for the creation of technical and production infrastructure;
- -Reducing risks related to economical activity.



In the Republic of Moldova there are registered 7 FEZ [29] with several sub-areas, aiming at granting preferential regimes and stimulating the entrepreneurial activity. Free economic areas are created to accelerate socio-economic development for certain regions and the country as a whole by:

- Attracting domestic and foreign investments;
- Implementation of modern technologies;
- Development of export oriented production;
- Application of advanced managerial experience and job creation.

There are some attempts to develop clusters that have been launched in the textile and creative industries, which will give new impulse to the development of small and medium-sized enterprises in the regions, would encourage effective collaboration between business and educational institutions, innovation centers and other stakeholders.

Thus, we can underline the existence of several public institutions as well as NGOs, which constitute a network for development of entrepreneurship, including among young people. However, there are still some impediments to its development, such as: still insufficient financial support for small business, insufficient consultation for SMEs especially in rural areas, stakeholders interested in developing entrepreneurship has a modest degree of collaboration between them. In this context, it is important to initiate coordination actions between institutions, creating clusters, which would make it possible to use resources more efficiently and ensure a greater impact of the implemented measures.

## **RESULTS OF THE RESEARCH**

According to the National Bureau of Statistics of Moldova, in 2018 there were only 1,113,444 young people between the ages of 15 and 34, which represent 31.5% of the total population of the country. The same statistical data show that young people in the age range of 15–19 are only 17% of the total number of young people, while 31% correspond to the age range 30–34 (table 1).

These data show that R. of Moldova had a very low birth rate since the period of the transition, as well as the immigration process, especially among young people, is causing major problems for R. of Moldova's economy. Perspectives are not favorable due to the lack of young labor force and the continued aging of the population.

Table 1.

**Age structure of youth in the Republic of Moldova, 2018**

<b>2018</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>	<b>Total</b>
number of youth	191 464	249 651	325 099	347 230	1 113 444
% of the number of youth	17.2	22.4	29.2	31.2	100
% of the total population	5.4	7	9.2	9.8	31.5

Source: www.statistica.md

The challenges for R. of Moldova are determined, not only by the further declining of the economically active population due to changes in the age structure of the population but also by the diminishing of the basis for the development of entrepreneurship, taking into account that the young people are usually more receptive to the opportunities and assimilation of new technologies. Therefore, there is an obvious need for more active training of young people in entrepreneurial activity, creation of multiple opportunities, efficient use of young talents. In this context, it is necessary to ensure a greater share of the young people involved in the entrepreneurial activity in order to maintain the current level of entrepreneurial development, not to make a certain increase.

In order to examine the business environment and its perception by young people within the Erasmus + Higher Education Institutions for Youth Entrepreneurship project”, a survey was conducted, with 390 people interviewed with a confidence level of 95%. The questions were categorized into 5 groups:

1. Motivation and Awareness
2. Knowledge and Education
3. Support
4. Finance
5. Impediments

To determine the importance of factors affecting the entrepreneurial activity of young people, respondents rated factors on a scale from 0 to 4, having the following values: 0- I can't evaluate, no information ; 1 - a very minor factor; 2 - unimportant factor; 3 - Quite an important factor; 4 - A very important factor.

If we refer to **Motivation and Awareness**, then we find that this is the most important factor with an average value of 3.57, confidence in your own strength is the maximum value of 3.71, how to build your own business 3.57, team building and personal motivation 3,53. The importance of the confidence in your own strength demonstrates that uncertainty avoidance is also at a high level, which can't be considered positive for the development of entrepreneurship. It is therefore necessary to promote the change of the cultural paradigm, which would be permissive for assuming the risk and the right to failure.

**Knowledge and Education** is the second most important factor with an average of 3.28 a high enough rating, so Knowledge / Concepts of Fundraising- 3.44, Knowledge / Concept of Investment - 3.43, Knowledge / concept of Business models -3,4 and

Knowledge / Concept of Basic Business - 3.37. The least relative important, although also at a high level, is given to higher education in entrepreneurship -3.05. The importance of fundraising and investment is caused by the difficulty of attracting financial resources, the fact that commercial banks are less likely to collaborate with SMEs, with young entrepreneurs without experience, whose business involves greater risks. It is therefore necessary to develop an economic ecosystem that would favor the lending of small companies, the development of instruments that would interest the banking and non-banking sectors in such kind of operations.

**Support** factors refer to the inner circle, educational institutions, the state, experienced entrepreneurs, etc. The average score of these factors is 3.21. Respondents noted that the most important from their point of view is Support from their team, which scored an average rating of 3.57, also the important factor of support is consulting of other experienced entrepreneurs - 3.49, experience sharing at events conferences, forums and seminars , business ideas competitions - 3.4, Support from my family and courses, seminars, entrepreneurship training - 3.39. At the same time the less important factor with values below 3 is attested to Support of business incubators were rated 2.95 and Support for the school (university) rated 2.77.

It is considered a very important factor the Support of own team, and indeed it is a necessary element for the initiation and development of the SME. A high score is attested for supporting the family, which demonstrates the need for uncertainty avoidance and the need for moral as well as financial support from relatives. At the same time, the transfer of knowledge and practical skills through mentoring, conferences, seminars, etc. is considered to be relatively important and there is a more modest appreciation of support from the university or school, probably because these institutions, in the opinion of the youth, transfer more theoretical knowledge than develop practical skills, and business incubators are less appreciated because they are less known by them.

The youth appreciates the factors that are included in **Finance** at the level of 3.12 points. The general access to finance has the greatest value - 3.46. Also, other important factor is accessibility of EU funds -3.32, at a relatively high level are the factors: personal savings - 3.23, investment and accessibility of state and regional financing programs - 3.22. It is established that lack of access to financial resources in general, as a considerable impediment to start a business. A relatively high level attests to the accessibility of European funds, a cause being that the EU was generous by granting various grants for entrepreneurial development for R. of Moldova. Crowdfunding is appreciated - 2.97 and venture capital funds - 2.67, it is perceived as a relatively less important instruments, due to the fact that these methods of investment are less widespread in R. of Moldova and less known.

An important component of the research was to examine what **Impediments are to start entrepreneurship**. These are largely derived from previous questions and confirm that Moldovan youth has a lack of funding- 3.31, and it is the biggest impediment, also being characteristic for majority of SMEs and start-ups. At a relatively high level there is a lack of support - 3.13, which develops a high level of uncertainty avoidance, and perceives challenges such as starting a business with anxiety. Thus, if we look at this appreciation

in the case of Latvia, it is just - 2.78. At a relatively high level there is lack of ideas - 3.07 and lack of knowledge - 3.02. At the same time, age is considered a minor impediment - just 2.14, which demonstrates that there are no administrative or other impediments to starting business by young people. Surprising results are attested to the importance of the experience that is quoted at only -2.88. This requires a more in-depth study, as it is in contradiction with previous conclusions that the transfer of practical knowledge and expertise is highly appreciated.

## **CONCLUSIONS AND DISCUSSIONS**

Entrepreneurship is a catalyst for growth, creating new jobs, contributing to middle class formation and thus solving social issues. Youth Entrepreneurship is also important for strategic development of the economy, creating long-term development perspectives, a stronger drive for innovation, the better use of new IT technology where exceptional dynamics are attested.

Entrepreneurship development can be sustained in two ways: education and entrepreneurship support. The development of entrepreneurial spirit and values can be plenary developed in the conditions of a democratic society in which diversity of views, critical thinking and non-conformism are accepted and even promoted. R. of Moldova is still a transition country, from a society with an authoritative past to a democratic society, so there are still many "roots" that are impediments to the development of entrepreneurship, especially for the elderly.

The analysis carried out shows that in R. of Moldova there are both governmental institutions and NGOs sufficient to support the development of entrepreneurship. However, there are some impediments to its development, such as: still insufficient financial support for small business, insufficient consultation for SMEs especially in rural areas, and stakeholders interested in the development of entrepreneurship has a modest degree of collaboration. In this context, it is important to initiate the institutional coordination actions and cluster creation, which would allow for more efficient use of resources and would ensure a greater impact of implemented measures.

In order to examine the business environment and its perception by young people, a survey of opinions was conducted. As a result we notice that uncertainty avoidance is at a high level, which can be considered negative for the development of entrepreneurship. It is therefore necessary to promote the change of the cultural paradigm, which would be permissive for assuming the risk and the right to failure. It is established the importance of the supporting of own team and family and, at the same time, the transfer of knowledge and practical skills through mentoring, conferences, seminars, etc. is considered more important than formal training in schools and universities.

There is evidence of deficiencies in attracting financial resources, and commercial banks are less likely to collaborate with SMEs and young entrepreneurs without experience, whose business involves greater risks. It is therefore necessary to develop an economic ecosystem that would favor the lending of small companies, the development of

instruments that would interest the banking and non-banking sectors such kind of operations.

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