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Development of Entrepreneurship as a Main Priority in Ensuring Youth Employment

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Abstract

International practices show that systematic state support of the development of youth entrepreneurship gives a chance to talented and ambitious young people with potential and promising business ideas to become entrepreneurs and will ensure the development of entrepreneurship in the country, which, in turn, will lead to economic growth, increase in employment, investment attractiveness, and social stability of society. The purpose of a research paper is to consider the priorities of ensuring effective youth employment. The areas of youth entrepreneurship development are one of the tools for increasing youth employment, which there should be taken into account in the current situation in youth entrepreneurship in Kazakhstan. Method of graphical representation of data is used as a statistical tool. The originality of the research is that the authors tried to examine the improvement of institutional frameworks that contribute to increasing the potential for the formation of full employment, which should include a complex improvement of the conditions for the labor market functioning in such areas as improvement of the system of employment promotion institutions and advanced training of labor force; improvement of the efficiency of the information infrastructure of the labor market; improvement of the regulative infrastructure of the labor market in terms of regulating the relations of the market players and stimulating the creation of new jobs.

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Keywords: Youth labor market, youth employment priorities, entrepreneurship, new jobs, youth employment.

Introduction

One of the most serious global problems that politicians have had to face over the past two decades has been the growth of youth unemployment (Liotti G., 2021). This is also due to the fact that the transition from study to work is seen as a difficult period for young people since they often have to deal with periods of job search, inconsistencies in professional activities, and flexible contracts (Muja, A., 2019).

An active state policy in the field of employment contributes to an increase in the level of decent living, social and economic integration, self-realization, and social development of young people. Policy effectiveness also contributes to employment analysis and research, employment-generating investments, and employment policy formulation.

Nowadays, the role of youth entrepreneurship in ensuring effective youth employment is significant and actual. According to the Global Entrepreneurship Monitor Consortium (2021), approximately 300 million young people aged 18-30 all over the world either do not have a permanent job or are unemployed. About 20 % of them have great abilities to start their own business, but, for various reasons, only 5 % of them decide to do so.

International practices show that systematic state support of the development of youth entrepreneurship gives a chance to talented and ambitious young people with potential and promising business ideas to become entrepreneurs, and will ensure the development of entrepreneurship in the country, which, in turn, will lead to economic growth, increase in employment, investment attractiveness, and social stability of society (Guide on Measuring Decent Jobs for Youth, 2018).

It should be noted that in our country, the development of youth entrepreneurship is a priority area in the development of small and medium enterprises in general, which, in turn, can ensure the development of competitiveness in the country.

Article 11 of the Law of the Republic of Kazakhstan “On State Youth Policy” of February 9, 2015, No. 285-V stipulates the development of measures for the development of entrepreneurial activities, which are carried out by youth, and the implementation of interaction and cooperation with youth organizations on the development of youth entrepreneurship by a competent entrepreneurial authority (the Law of the Republic of Kazakhstan “On State Youth Policy”, 2015). Thus, in Kazakhstan, support and assistance in the development of entrepreneurial activities among young people are provided at the legislative level.

In any country, the development of youth entrepreneurship could have its strong and weak sides. In Kazakhstan there are the advantages of youth entrepreneurship, also disadvantages exist, which have an effect on the development of this area. These weaknesses should be taken into account in the development measures in solving the mentioned problem.

Kazakhstan supports the development programs on small entrepreneurship among the young generation. However, a young entrepreneur meets various barriers in this direction: certain expenses, lack of experience in business and financial issues, competition, high-risk level, lack of education, the need to make own decisions, lack of information, etc.

The purpose of a research paper is to consider the priorities of ensuring effective youth employment. The areas of youth entrepreneurship development are one of the tools for increasing youth employment, which there should be taken into account in the current situation in youth entrepreneurship in Kazakhstan. In this study, the authors tried to examine the improvement of institutional frameworks that contribute to increasing the potential for the formation of full employment, which should include a complex improvement of the conditions for the labor market functioning.

Literature review

According to the definition of the United Nations, "youth" is people aged 15 to 24 years. There are 541 million young workers in the world today, accounting for more than 15% of the global workforce (ILO, 2021). These include students who work in their spare time, students, interns, young professionals, young people who have not completed compulsory education, young family business workers, young employers, and self-employed workers.

The reports of the International Labour Organization state that today every fifth young person in the world does not have a job, education, or vocational training, while three out of four of them are women (ILO, 2021). According to the ILO Director-General Ryder G., "Opening up opportunities for young people is a priority on the political agenda in all regions of the world and for the ILO tripartite community (ILO, 2021).

In Kazakhstan, according to official statistics, youth employment in 2020 reached 96% of 2.2 million people aged 15 to 28 years. However, most of the jobs from this figure are in the informal sector with unstable earnings and low social guarantees (Seit A., 2020).

Experts' forecasts predict a significant deterioration in the situation in the coming years, as new generations of citizens will enter the market and face a shortage of jobs. Recall that Kazakhstan ranked 1st in the world in terms of the increase in the share of children in the population structure over the past 10 years (Vlast, 2021).

Thus, according to the Ministry of Labor and Social Protection of the Population, in 2025 the able-bodied population will increase to 12.1 million people, and the annual influx of young people into the labor market will increase to 256 thousand people (Vlast, 2021).

The pandemic caused by the SARS-Cov-2 coronavirus had a great impact on youth employment in 2020. According to the ILO, every 5th young person in the world has lost his job. The same data for Kazakhstan.

The current economic policy of our country is focused on industrial and innovative development amid the increasing competitiveness of the national economy and sets conditions for improving the system of training and assistance in the entrepreneurship of citizens. This issue is especially critical for young staff whose potential will provide labor resources to economic sectors (Gustafsson M., 2020)..

Special attention to the problems faced by young people when entering the labor market is paid in the ILO report “Global youth employment trends in 2020.” This information is based on recent studies of the transition from academic to labor activities (ILO, 2022).

The authors, recognizing that unemployment and youth employment are of serious concern to politicians, governments, and academic researchers, prepared an overview of regional and national problems of the youth labor market, and investigated regional employment programs in the UK (Wrigley L., 2019).

We were particularly interested in the chapters of the study, which analyze, respectively, entrepreneurship development programs, internships, and volunteering. Moreover, the development of youth entrepreneurship is considered separately for students, and separately for graduates who have not been able to find a job in their specialty for a long time. Internships are also considered on the basis of social classes, the significance and impact of volunteer programs on further employment are separately investigated.

Methodology

The research methodology includes general scientific, private, empirical and theoretical research methods using the data of the Bureau of *National Statistics* of the Agency for Strategic Planning and Reforms of the *Republic of Kazakhstan*, International Rating Agencies, the United Nations, etc. Method of graphical representation of data is used as a statistical tool.

Findings and discussion

Like any type of entrepreneurial activity, the development of youth entrepreneurship has its strengths and weaknesses, which are summarized in Figure 1. It shows that along with the advantages of youth entrepreneurship, there

are also disadvantages significantly affecting the development of this area. In this regard, these weaknesses should be taken into account in the development of the above measures.

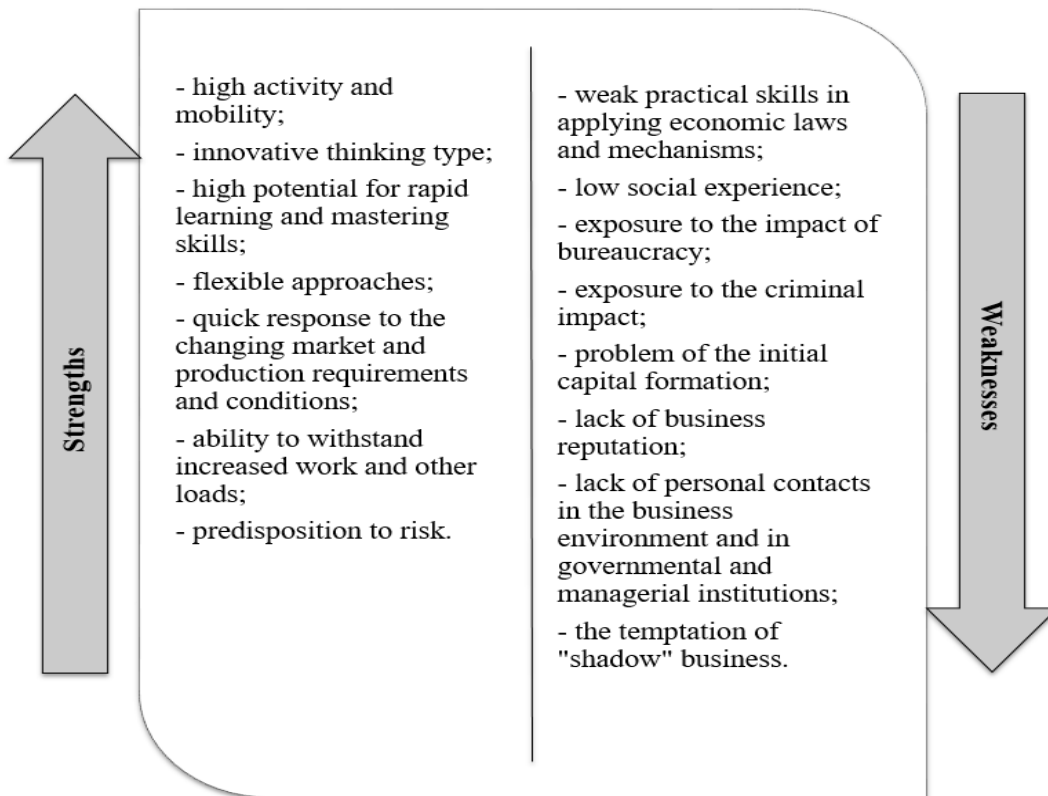


Figure 1. Strengths and weaknesses of youth entrepreneurship

Note. The figure was prepared by the authors using the data of the Bureau of *National Statistics* of the Agency for Strategic Planning and Reforms of the *Republic of Kazakhstan (2019)*.

Youth entrepreneurship in the Republic of Kazakhstan has its own history of formation, which includes four main periods. Each period has its specific characteristics, which are shown in Figure 2. For example, during the period from 1991 to 2002, there was a search and creation of a social mechanism for the development of not only youth entrepreneurship, but the country's economy as well. The development was influenced by various factors, such as social, economic,

and legal ones. The lack of sustainable support and infrastructure for the business activities of young people at the formation stage had a particularly significant impact (Maguire S., 2020).

First period - 1991-1992:

- an attempted transition to the market based on neoliberal policy. However, the conditions for the development of youth or any other type of entrepreneurship were limited.

Second period - 1993 - first half of 1999:

- lack of a proper regulatory support, excessive tax burden, insufficient financing of youth economic programs.

Third period - 1999 - first half of 2000:

- the main projects of SME development programs were actually developed taking into account the specifics of the youth segment.

Fourth period - second half of 2000 - present time:

Figure 2. History of youth entrepreneurship in the Republic of Kazakhstan

Note. The figure was prepared by the authors using the data of the Bureau of *National Statistics* of the Agency for Strategic Planning and Reforms of the *Republic of Kazakhstan* (2019).

Currently, Kazakhstan supports the development of small enterprises among young people by implementing the productive employment and mass entrepreneurship development program (which also covers other areas of employment promotion), the programs of the Damu Entrepreneurship Development Fund, Development Bank of Kazakhstan, the National Agency for Technological Development (creation of technological parks and business incubator), etc., including the international ones (the program of the European Bank for Reconstruction and Development) (ILO, 2019).

In Kazakhstan, a young entrepreneur faces a number of challenges: certain expenses, lack of experience in business and financial issues, competition, high-risk level, lack of education, the need to make own decisions, lack of information, etc. One of the main problems of young entrepreneurs who wish to start their own business is poor financing of business development programs among young people, as well as a lack of infrastructure. The modern problems of youth entrepreneurship in the republic are systematized in Figure 3.

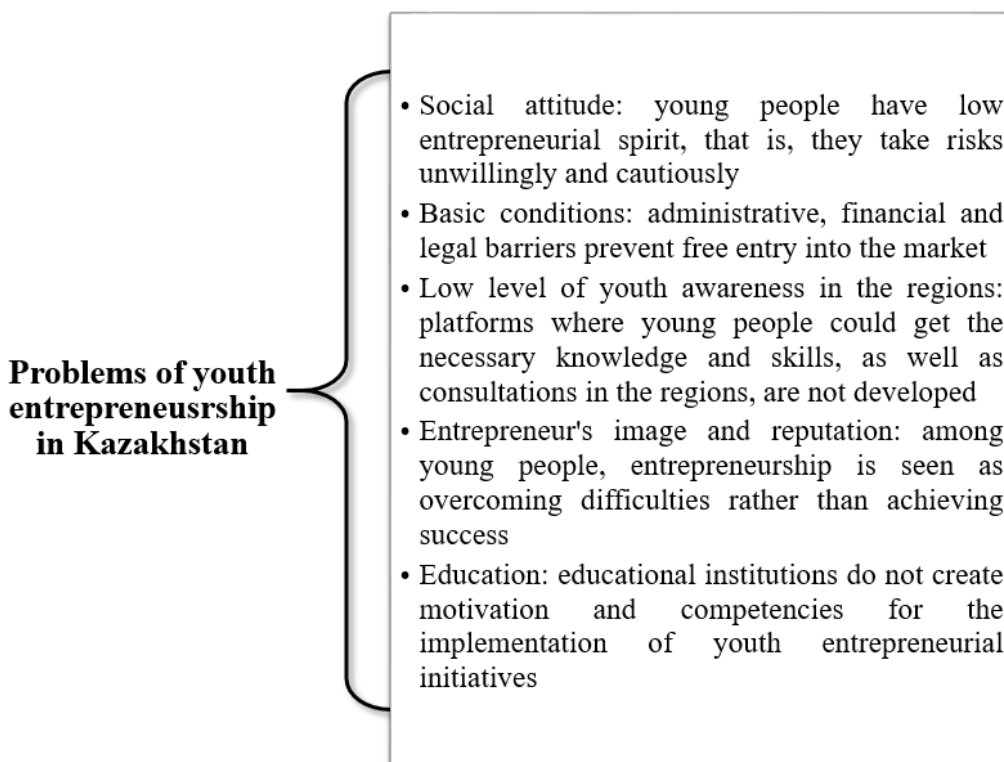


Figure 3. Modern problems of youth entrepreneurship in Kazakhstan

Note. The figure was prepared by the authors using the data of the Bureau of *National Statistics* of the Agency for Strategic Planning and Reforms of the *Republic of Kazakhstan* (2019).

According to the Bureau of *National Statistics* of the Agency for Strategic Planning and Reforms of the *Republic of Kazakhstan*, currently, only 11,9% of officially employed young people aged 14-29 are doing business, that is, 270 thousand of

2259 thousand people are entrepreneurs, 1,5 million people (64,3%) are employees. The data are shown in Figure 4 (Bureau of national statistics of the Agency for strategic planning and reforms of the Republic of Kazakhstan, July 18, 2019). However, despite the above problems and data from official statistics, the materials of the sociological survey conducted by the Youth research center show the increasing role of the entrepreneur profession among our younger generation.

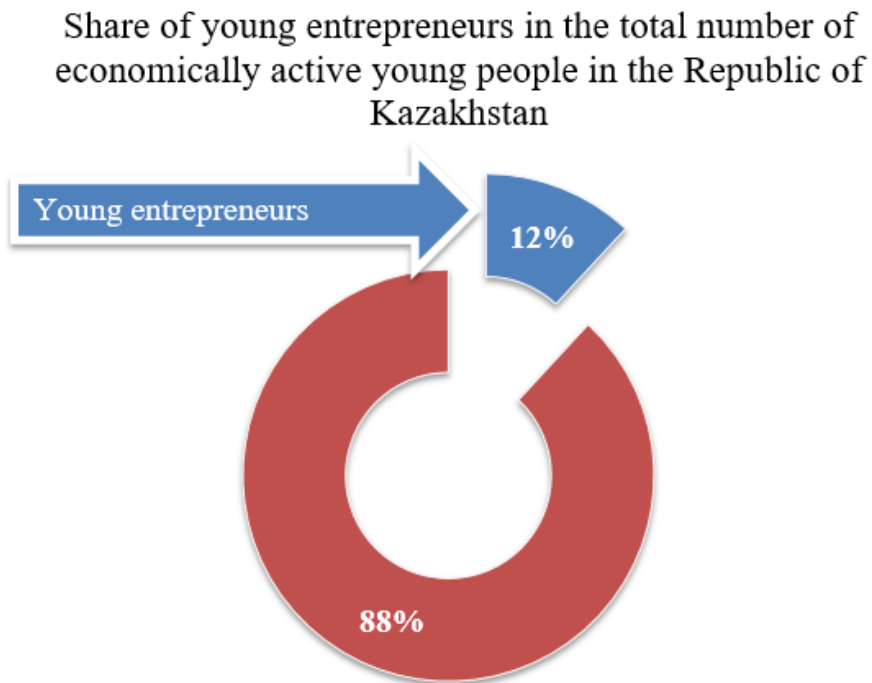


Figure 4. Share of young entrepreneurs in the total number of economically active young people in Kazakhstan, %

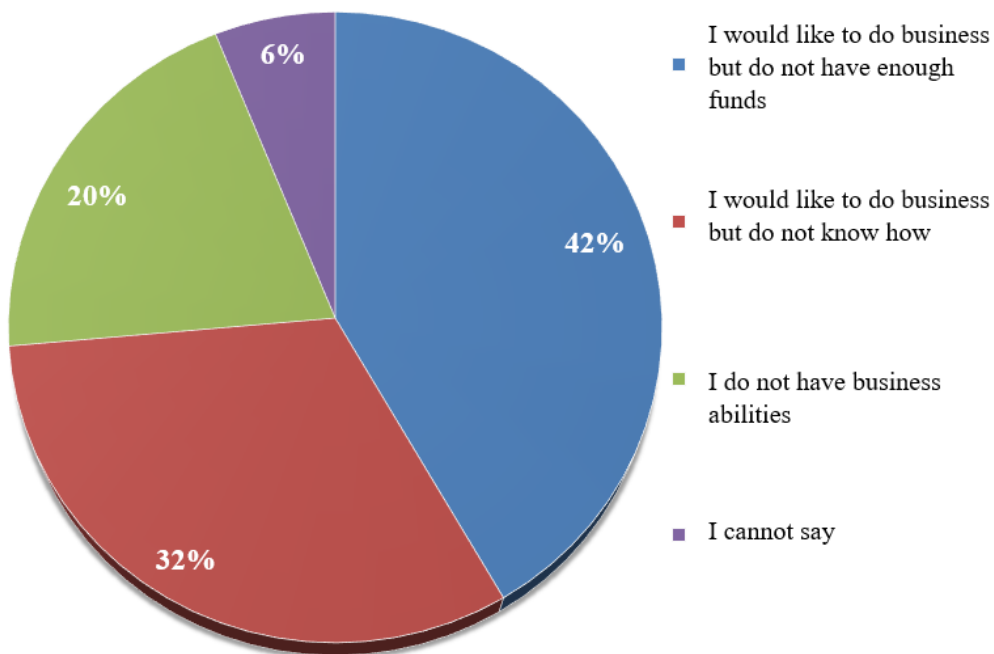
Note. The figure was prepared by the authors by using the data of the Bureau of *National Statistics* of the Agency for Strategic Planning and Reforms of the *Republic of Kazakhstan*

For example, most of the respondents answered that they would like to do business. However, they mentioned the lack of financial resources, as well as the lack of relevant knowledge, skills, and information in this field as obstacles. Taking into

account these peculiarities, the measures for youth entrepreneurship promotion should be aimed at overcoming these obstacles and preparing decisions on their elimination. The survey results are given in Figure 5.

It should be noted that many respondents do not have sufficient knowledge to start their own business. Thus, here is another direction for the development of entrepreneurship among young people through their training. There are private initiatives in Kazakhstan aimed at activating youth entrepreneurial initiatives. As an example, we can mention Business Bastau business school. However, despite the free workshops held by Nursily (2019), the school head, the training is paid for, and not all young people can afford themselves training in this area.

It would be most effective to develop more affordable options for business training by conducting free training, offering flexible payment terms, and providing discounts for training.



The diagram does not contain the values that are less than 1%

Figure 5. The attitude of young people to entrepreneurship in Kazakhstan, in %

Note. Data of the Ministry of Labor and Social Protection of the Republic of Kazakhstan (2019)

The successful experience of foreign countries in this area has been mentioned many times. In our opinion, the following is advisable:

- the targeting of specific measures to certain social groups that suffer from certain barriers in the labor market, such as women;
- offering packages of measures with a wide range of services, and not just providing managerial training or financial support, seems more effective;
- taking into account a lack of reliable data, conducting an assessment based on an approach with the involvement of a control group is mandatory;
- inclusion of entrepreneurship in the curriculum as a subject;
- the creation of service for working with young people in rural areas. Considering the fact that most of them are self-employed, it would be advisable to improve this mechanism already supplemented by the development of entrepreneurship in rural areas. This can be represented in the form of the scheme given in Figure 6.

As follows from Figure 6, the first step is to apply to a special service created to support youth entrepreneurship. A young candidate applying to the service fills out a questionnaire, submits an application, and an employee of the service identifies his/her need and the level of business education. After this, the experts consider the questionnaire and the application and send the person for training. If the applicant has not yet decided on his/her business field or idea, he/she is placed to the beginner level to study the basics of entrepreneurship. If a candidate has come with an idea, he/she is trained in business processes, preparing his/her own business plan, financing opportunities, etc.

The next step involves the preparation of own business project as you approach the end of the educational program. For the implementation, several ways can be chosen. So, the next step may include both participation in the competition of business projects and independent implementation. Obtaining preferential loans

or searching for investors is also possible, and is the next step. The service may also arrange the engagement of businesspersons and investors, who would finance the business of a young entrepreneur on a contractual basis on the terms of equity participation (% of the profit), that is, according to a certain contractual scheme that would be provided for by the contract.

A mandatory step is to monitor the activities of these business entities for six months to determine the effectiveness and success of the services and this measure of support and development of youth entrepreneurship in general. A separate scheme of transparent financing and crediting of business projects, as well as a system for assessing the activities of the service employees, should be created.

The service shall provide consulting support for young entrepreneurs in the fields of law, accounting, administration, etc. For those who apply for the first time, such service is provided for free for six months, and upon expiration of this period – for a fee.

It should also be possible that existing business entities can also apply to the service for obtaining the necessary service, whether it is training, participation in a competition, preferential loans, or business consulting services.

Training in the basics of entrepreneurship under the Bastau Business project - Modern trends in economic development place special demands on the development of the business management style and on the structure, level, and quality of training of entrepreneurs. Currently, training in entrepreneurial skills is provided as part of the Program under the Bastau Business project, which includes training in the principles of forming agricultural cooperatives, as well as support for their business projects (The unified accumulative pension fund of Kazakhstan, 2019).

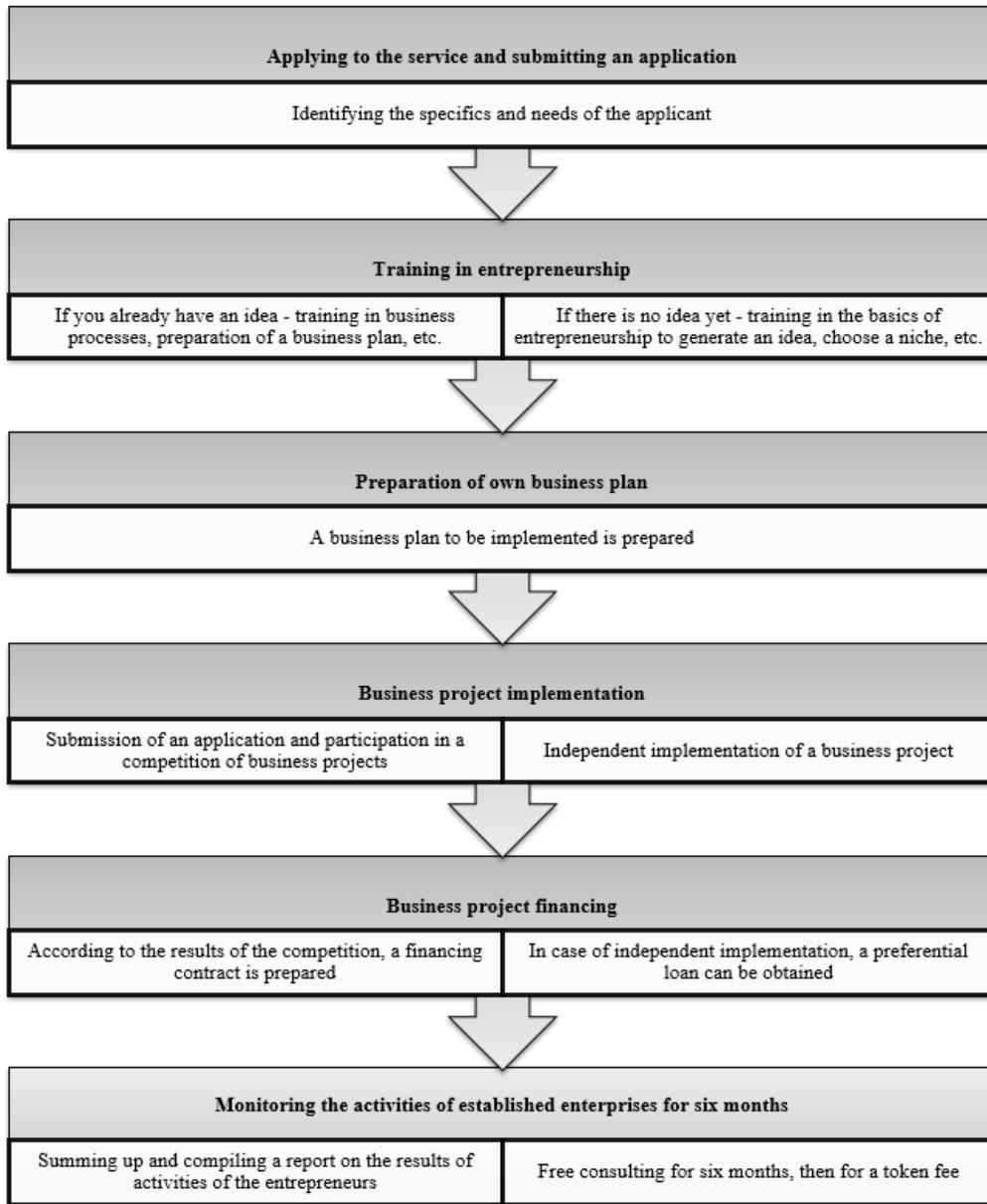


Figure 6. Youth entrepreneurship promotion mechanism

Note. The figure was prepared by the authors

During the training, the participants are given recommendations for doing business and structured knowledge of the basics of entrepreneurship. The participants are also informed of the measures of financial support for entrepreneurship. The total duration of the training process does not exceed 25 calendar days, except for online training. The participants, except for those who

receive online training, are provided a scholarship equal to the scholarship provided in VET institutions.

Atameken NCE organizes training of Bastau Business participants in the direction of the employment service according to the list of candidates for training and/or online applications submitted through the AIS of Atameken Academy. As part of this project, over 159,8 thousand people were placed for training for the period from 2017 to 2020. During these four years, 151,5 thousand people have completed training, of which 118,5 thousand people have defended their business plans, while the remaining 33 thousand people have received valuable business knowledge. As a result, over 44 thousand people among those whose business plans were approved received loans, and 89 thousand people received lump-sum grants (from 100 to 200 MCIs) to start their own businesses (Bureau of Statistics of the Republic of Kazakhstan, 2019).

Training in the basics of entrepreneurship under the Bastau Business project includes the following stages:

- 1) testing;
- 2) practical training in groups based on the business mentorship principle and individual counseling or online training through a web portal;
- 3) preparation for the defense (presentation) of a business project;
- 4) assistance in building a distribution chain (conclusion of preliminary contracts);
- 5) support in the implementation of a business project for a term of up to 12 months, and for the members of low-income and/or large families – up to 18 months (Taldau information and Analytical System, July 25, 2019).

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grants (from 100 to 200 MCIs) to start their own business (Youth of Kazakhstan-2018", August 23, 2019).

As the data for 2020 show, almost half of the participants of the Bastau Business project are young citizens aged 30-49 years. Three quarters of the project participants were unemployed.

In 2020, in connection with the coronavirus pandemic, the basics of entrepreneurship under the Bastau Business project were taught online through the AIS of Atameken Academy by providing online lessons, notes and modules in electronic form, as well as individual consultations for the attendees.

According to the data of Atameken NCE, the training was focused on embedding the projects of the attendees in the distribution chains around large enterprises, that is, providing the project participants with sales and processing companies - with the sources of raw materials.

The main difference of the project in 2020 compared to the previous one is the focus of the training program on mastering practical skills for doing business. The participants managed to enhance their knowledge of the production process, livestock management, processing and production of the end products.

According to the data, in 2020, after completing training under the Bastau Business project, 8,809 people were engaged in agricultural businesses, and 5,588 people were engaged in non-agricultural ones. Among the agricultural business types, the most popular areas are dairy cattle breeding and sheep breeding, and among non-agricultural ones – sewing shops, beauty salons, hairdressing salons, and catering services (Bureau of national statistics of the Agency for strategic planning and reforms of the Republic of Kazakhstan, 2020)

The share of persons who have obtained loans after completing training varies depending on the region. For example, in 2020, 95% of persons who have completed training in the West Kazakhstan Region have obtained loans, while in the capital this indicator was only 7%.

One of the reasons for the low level of microlending based on the results of training is the applicant's failure to fulfill the obligations assumed. Currently, training is carried out without assessing the financial capacities of the citizens who cannot get approval for lending and apply the obtained knowledge in practice in the future.

Conclusion

To sum up, we would like to note once again the importance and special role of the activation of youth entrepreneurship in increasing the full employment of young people. Considering the experience and lessons of foreign countries, as well as the lessons from the history of youth entrepreneurship development in Kazakhstan, the above measures may not only facilitate the improvement of the situation in the labor market but also solve many social and economic problems of modern youth.

Taking into account the current situation in youth entrepreneurship, which is one of the tools for increasing youth employment, we consider it practical to highlight the following areas of youth entrepreneurship development:

- the creation of conditions for the development of entrepreneurial activities to overcome administrative barriers to the creation and development of business.
- promotion of entrepreneurial culture and corporate citizen values among young people in order to improve the status of an entrepreneur in society. This includes such events as educational and training courses, raising awareness among young people about state programs for supporting young entrepreneurship and various kinds of business competitions, social advertising, and programs aimed at forming a positive attitude to entrepreneurship, etc.
- encouraging the creation and activity of international youth chambers, associations, and unions, which develop youth leadership skills and social responsibility.
- selection of young people who have an aptitude for entrepreneurial activities and are able to generate business ideas on the basis of special procedures, such as

interviews, as well as expert evaluation of business ideas and business plans for further implementation of their potential.

- the creation of the School of young entrepreneurs with specialized training for mastering business skills.
- development and implementation of certain privileges for young entrepreneurs, in particular, the creation of preferential lending schemes, and tax concessions for the enterprises registered and managed by young people.
- creation and implementation of a system of registering young entrepreneurs and a system of criteria for assessing the effectiveness of the development of youth entrepreneurship in Kazakhstan.
- the creation of specialized service centers in the regions to support, advise and provide a wide range of necessary services for young entrepreneurs.
- it is important to pay special attention to the entrepreneurial initiatives of young people in factory towns and rural areas with a focus on the priority sectors of the country's economy.

The potential for increasing youth employment effectiveness should be implemented through the measures and tools of improving the quality of the labor market, implementing new forms of employment for self-employed people, and improving the institutional frameworks.

The improvement of institutional frameworks that contribute to increasing the potential for the formation of full employment should include a complex improvement of the conditions for the labor market functioning in such areas as improvement of the system of employment promotion institutions and advanced training of labor force; improvement of the efficiency of the information infrastructure of the labor market; improvement of the regulative infrastructure of the labor market in terms of regulating the relations of the market players and stimulating the creation of new jobs.

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