

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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DEVELOPMENT OF YOUTH ENTREPRENEURSHIP IN LATVIA

This study is devoted to youth entrepreneurship in Latvia and constitutes the first part of broader research with the aim to investigate and compare the business environment in the post-Soviet countries as well as identify the possibilities for higher education institutions to support youth entrepreneurship. The objectives of this research are to study the youth business environment in Latvia, indicate the key factors important for development of youth entrepreneurship and work out recommendations for further improvement of the youth business environment in Latvia. To achieve these goals, the authors carried out an online survey of young people and conducted structured interviews with a carefully selected group of experts in order to obtain quantitative and qualitative results from both sources. The mixed method design was used for this research. The opinions of prospective young entrepreneurs, as the results of a quantitative survey and qualitative questions, are compared with a business environment assessment by experts, using quantitative indicators and qualitative argumentation. The experts evaluated support instruments of youth entrepreneurship, political and economic stability, level of corruption and bureaucracy and other factors. The experts' views are also studied to identify the impact of state tax policy, access to funding, level of financial and entrepreneurial literacy and other factors on opportunities for starting a new business.

Several conclusions were formulated from the study.

1. In general, the environment for the development of youth entrepreneurship in Latvia is favourable due to political and economic stability, the low level of terrorism, the positive influence of participation in the EU, NATO and the OECD, and high openness to European experience.

2. For successful start and development of entrepreneurship, the most important factors for young people in Latvia are self-reliance and high personal motivation followed by knowledge and funding.

3. Knowledge and entrepreneurial skills should be developed in all levels of education. Young people consider knowledge about sources of financing, business fundamentals and the tax system of the country as the most important. At educational institutions, knowledge is sometimes given too theoretically. Attention should be paid not only to theoretical knowledge but also to workshops and sharing experience with experienced entrepreneurs.

4. The driving force of entrepreneurship development is the creation of an entrepreneurial environment in schools, particularly at universities and university business incubators, which contribute to the development of young entrepreneurs.

5. One of the most important factors for youth entrepreneurship is the availability of financing, including EU funds. Among the factors preventing starting a business,

Latvian youth also cite lack of knowledge about the available instruments of funding (venture capital, crowdfunding, state support instruments). There is no centralized source where one can find complete information about support and funding instruments.

6. Taxes in Latvia in general are acceptable in comparison to other EU countries, although they are not always friendly for start-ups. Labour taxes are the highest in the Baltic States, which reduces the competitiveness in the region. Frequent changes in taxes and regulations prevent the development of entrepreneurship.

Several practical recommendations were formulated according to the study results. For policymakers, it would be advisable to:

1. Provide direct support for new enterprises, but also to focus on tools and instruments that develop young entrepreneurs' psychological readiness for entrepreneurship, increasing their self-reliance and personal motivation.

2. Develop a single centralized information source on business support instruments available in the country and to local governments.

3. Revise the existing laws and work out changes in regulations with the aim to support early stages of entrepreneurship. For instance, synchronize tax laws, decrease labour taxes, simplify taxation for micro enterprises and avoid further frequent changes in regulations; review and reduce bureaucratic application procedures and further reporting for EU support funds.

For education institutions, it would be advisable to:

4. Start planning the development of entrepreneurial knowledge and skills at schools as early as possible; develop and promote business

incubators at universities; include topics not only on sources of business finance, financial management, the tax system and business management, but also on personnel management, team building, business psychological aspects and motivation in the curriculum of study programmes. Special attention should be paid to the development of practical skills and to the development of students' own enterprises during the study period, strengthening theoretical knowledge.

For the Latvian Venture Capital Association (LVCA), the Latvian Business Angel Network (LATBAN), and the financial institution ALTUM, it would be advisable to: provide broader information to young entrepreneurs about the possibilities of venture capital funds and business angels as appropriate sources of funding in the early stages of entrepreneurship.

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PROBLEMS OF THE DEVELOPMENT OF YOUTH ENTREPRENEURSHIP IN THE REPUBLIC OF ARMENIA

The Eastern Partnership, launched in 2009 as a joint political initiative, aims to deepen and strengthen relations between the European Union, its member states and its six eastern neighbors: Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine. As part of this cooperation, all partners have committed to make concrete improvements in the daily lives of citizens, concentrating their efforts on achieving 20 results by 2020.

One of the priorities in the framework of cooperation between the EU and the Eastern Partnership is the support and empowerment of the younger generation, especially in terms of developing their skills and promoting employment.

According to the EU press release, significant progress was achieved in promoting SME growth, attracting investment, creating jobs in new sectors, and expanding trade opportunities by opening access to new markets.

At the same time, increasing investment in the employment of young people, developing their skills and activating youth entrepreneurship is one of the key vectors of interaction between the EU and the Eastern Partnership countries. Youth unemployment is one of the main problems of most post-Soviet countries. The Eastern Partnership countries are no exception; in three of them – Armenia, Georgia and Ukraine, the youth unemployment rate is critically high.