

Fostering youth entrepreneurship in Bulgaria: Programmes and initiatives

Rumyana Angelova

Trakia University—Stara Zagora
Department of Industrial Business
and Entrepreneurship

Abstract: Many international and national programmes and initiatives are focused on fostering of the youth entrepreneurship in Bulgaria. The reason for this is the fact that the European Union underlines a significant role of the entrepreneurship—the role of a mechanism to limit the negative effects of the financial crisis. In this regard the European Commission examines youth entrepreneurship as a ‘necessary and successful tool for reducing unemployment’ and it finds its place in the ‘Europe 2020’ strategy through the ‘Youth on the Move’ flagship initiative. The purpose of this study is to present an overview of some national and international programmes and initiatives, fostering the youth entrepreneurship in Bulgaria and to reveal what is the effect of their implementation. In this regard the author aims to examine the mechanism of their distribution among young people, as well as the reasons for the discrepancy between the expected and the achieved results. In the paper some good international practices are discussed in relation to the fostering entrepreneurship that would be adaptable in the Bulgarian conditions.

Key words: young people, business, local policies, entrepreneurship

1. Foreword

‘Fostering entrepreneurship involves both removing the impediments that too often persist and arranging the conditions that enable entrepreneurs to flourish’ (Johnston, 1998, p. 5).

Fostering entrepreneurship plays the key role in the growth of employment and competitiveness in Europe. For this reason supporting the entrepreneurship is defined as one of the priorities of the European Commission. The support could be legislative, institutional, financial and moral.

Subject of this publication is the financial support of entrepreneurship and object—youth entrepreneurship in Bulgaria. More specifically, the purpose of the study is to provide an overview of some national and international programmes and initiatives, fostering the youth entrepreneurship in Bulgaria and to reveal what is the effect of their implementation. In this regard, the author aims to examine the mechanism of their

Correspondence to:
Rumyana Angelova
Trakia University—Stara Zagora
Department of Industrial Business
and Entrepreneurship
6000 Stara Zagora, Bulgaria
Tel.: +359 42 69 94 32
E-mail: rumi2002@abv.bg

spreading and their influence to young people, as well as the reasons for discrepancy between the expected and the achieved results.

Guidelines for the fostering of youth entrepreneurship are significantly grounded in Bulgarian legislation, in the most part they are in pursuit of the third priority theme of the 'Europe 2020', namely 'Inclusive growth: Fostering a high-employment economy delivering social and territorial cohesion' (European Commission, 2010, p. 5). The most important of these are:

- National Youth Strategy (2012–2020);
- National Youth Programme (2011–2015);
- The updated National Strategy for Demographic Development of the Republic of Bulgaria (2012–2030);
- Updated Employment Strategy (2012–2030);
- Others.

Despite numerous national and international programmes and initiatives that aim to intensify the entrepreneurship of young people in Bulgaria, the proportion of self-employed among young people aged 15–24 is 3.4%, and between 25–29 it makes 5.7% (Eurostat, 2009). These levels are below the average for the European Union, where the rates for these age groups were respectively 4.0% and 8.7%. At the same time Bulgarian youths have the highest interest in starting their own business compared to their peers from the European Union (Table 1).

Table 1. Question: Would you like to set up your own business in the future?

Country	%
Europe	42.8
Bulgaria	74.3
Lithuania	64.2
Latvia	62.8
Poland	62.2
Romania	60.6
Iceland	57.6
Croatia	57.0
Portugal	56.7
Cyprus	55.9
...	
Italy	27.1

Source: European Commission, 2011.

Difficulties associated with the development of youth entrepreneurship in Bulgaria are related to lack of access to finance and information, deficit of management knowledge and skills and low levels of support for participation in programmes financed by EU funds. For these reasons, efforts and fostering business initiatives of young people should be considered in two lines:

- First—the line of education in order to develop entrepreneurial skills and practical application of the acquired knowledge—knowledge and learning are the ‘heart’ of innovation (Kozioł, Kozioł, Wojtowicz and Pyrek, 2013);
- Second—the line of the strengthening of measures for youth entrepreneurship.

In regard to these two lines a brief review is made of some of the current international and national programmes which aim fostering the youth entrepreneurship in Bulgaria.

2. Erasmus Programme

2.1. Erasmus for Young Entrepreneurs

Erasmus for Young Entrepreneurs (European Commission, 2012) helps the new entrepreneurs to acquire the necessary skills for starting or managing small- or medium-sized company. They visit experienced entrepreneurs in another EU country and stay one to six months there. For this period the new entrepreneurs receive knowledge, experience and ideas on business development. As an ‘entrepreneur-guest’ anyone who wants to start his/ her own business and have an established business plan, as well as entrepreneur who has already started their own business in the last three years can apply. As an ‘entrepreneur-host’ experienced entrepreneur who wants to share his/ her knowledge and experience with start-entrepreneurs can apply. Almost in each of the EU countries there is an intermediary organization, approved by the European Commission, which carries out assistance and provides guidance on how to apply for the programme. The financial support to the new entrepreneurs includes: travel costs to and from the country of the stay and costs for accommodation during the visit.

2.2. Erasmus+

Erasmus+ (European Commission, 2014) is an EU programme that aims to build stronger partnerships between education and business. It promotes innovations and competitiveness. Special emphasis is placed on tackling with youth unemployment. It integrates several programmes implemented by the European Commission during the period (2007–2013) in stimulating entrepreneurship and education: ‘Lifelong Learning’, ‘Youth in Action’, ‘Erasmus Mundus’, ‘Tempus’ and others. Erasmus+ supports the following actions:

- mobility projects for learners and staff in higher education;
- mobility projects for young people and youth workers;
- joint Master’s Degrees;
- strategic partnerships;
- other initiatives in education and training and in the field of youth.

The budget of the programme is 14,774 billion euros and it will act in the period 2014–2020. Participants in Erasmus+ are individuals (students, teachers, professors, trainers working in the field of education, youth workers and others) and organizations.

2.3. European SME Week

The European SME Week is a campaign of the European Commission which aims to provide information on assistance to micro-, small- and medium-sized enterprises, offered by national, regional and local authorities. It takes place in 37 countries and aims at promoting youth entrepreneurship as a career option. Furthermore, this event gives recognition to entrepreneurs for their contribution to Europe's welfare, jobs and competitiveness. Exhibitions, workshops, open days, financial forums, conferences, etc. are organized during the European SME week. Coordinator of the events in Bulgaria is Ministry of Economy and Energy.

2.4. Programme for the Competitiveness of Enterprises and SMEs – COSME (2014–2020)

Programme for the Competitiveness of Enterprises and SMEs (Regulation, 2013) is available from 2014 and aims to facilitate access to finance for small and medium-sized enterprises, as well as to improve access to international markets and to foster entrepreneurship. The budget of the programme is 2.3 billion euros. Beneficiaries of the programme are: existing entrepreneurs (small business), new entrepreneurs (special attention is paid to young and female entrepreneurs), and other target groups. The financial support includes mainly two forms: equity facility and loan guarantee facility.

2.5. Project Establishment and Development of Centres to Promote Entrepreneurship in Universities in Bulgaria

Project Establishment and Development of Centres to Promote Entrepreneurship in Universities in Bulgaria is financed by the Ministry of Economy and Energy in Bulgaria. Currently this project supported 4 entrepreneurship centres, 15 students and 13 training companies, 13 competitions, etc.

The above mentioned programmes and projects are only part of the instruments to provide financial support for youth entrepreneurship in Bulgaria. Some of them integrate initiatives that have acted during the period 2007–2013. In their present form they seek to avoid some of the mistakes and weaknesses of the previous programming period. For the period 2014–2020 the efforts are directed to:

- improve programmes and policy—simplification and standardization of the procedures for project preparation, project submission, project evaluation and reporting on the implementation of projects;
- increase the absorption of the EU funds in Bulgaria.

3. International programmes

There are many international programmes and initiatives that aim to foster youth entrepreneurship, which would be applicable in Bulgaria (OECD, 2012).

3.1. Think Big

Think Big programme is implemented in the UK, Germany, Ireland, Slovakia, Czech Republic and Spain. Beneficiaries of the programme are young people—13 to 25 years old. Participants are trained in entrepreneurial skills and receive grants in the range of 300 to 2500 pounds. They go through two stages of training. The duration of the first stage is 6 months, and the second—12 months. The applicants are supported by two people over 18 years old (non-family members) who act as personal references and are in a position to help with the project, if needed.

3.2. Project GATE (Growing America Through Entrepreneurship)

Project GATE (Growing America Through Entrepreneurship) is carried out in several US States—Pennsylvania, Minnesota and others. The target group are young, start-entrepreneurs aged over 18 years, residents of the respective state and authorized to work in America. Project participants go through three stages:

- *Assessment*: Participants meet a counsellor to determine the participant's service needs and the provider that would best meet those needs.
- *Training*: Project GATE offered a wide variety of training courses, including general business courses; specific courses on such topics as how to deal with legal and personnel issues; and specialized training courses.
- *Business counselling*: Participants have the opportunity to meet with business counsellors for one-to-one assistance with their business, business idea, and/ or applications for a business loan.

3.3. DEFi jeunes

Programme DEFi jeunes exists in France and is implemented in the regions. It helps young entrepreneurs aged between 18 and 30 by providing microfinance, training and consulting. Regional jury assesses candidates' projects on their viability and market ability. Projects approved by the jury receive financial support of up to 6000 euro. Within two years, the project should be implemented. In the meantime participants in the programme receive training, counseling and other necessary services.

Guidelines for improving the effectiveness of the use of European and national programmes that promote youth entrepreneurship in Bulgaria should be sought in the following areas:

- facilitating administrative procedures for application and project management;
- prohibition of repeatedly changing conditions during the implementation of certain projects;
- information on time about starting projects;

- suspension of the delayed payments to beneficiaries;
- increasing the competence of institution employees administrating and managing the programmes.

Fostering youth entrepreneurship except through programmes and initiatives providing financial support needs to be implemented by building business networks, associations, incubators, and other clubs where young people exchange ideas and experience, and also establish contacts with future investors.

References

- European Commission (2010). *Europe 2020: A European strategy for smart, sustainable and inclusive growth*. Brussels: Communication from the Commission.
- European Commission (2011). *Flash Eurobarometer: Youth on the move, Analytical Report*. Brussels: Communication from the Commission.
- European Commission (2012). *Erasmus for young entrepreneurs: User's guide*. Brussels: Communication from the Commission.
- European Commission (2014). *Erasmus+, Programme Guide*. Version 3. Brussels: Communication from the Commission.
- Johnston, D. (1998). *Fostering entrepreneurship*. Paris: OECD.
- Kozioł, L., Pyrek, R., Kozioł, W., Wojtowicz, A. (in press). Relationship marketing: A tool for supporting the company's innovation process. *Procedia*. Elsevier.
- OECD (2012). *Policy brief on youth entrepreneurship: Entrepreneurial activities in Europe*. Luxemburg.
- Regulation (EU) N1287/2013 of the European Parliament and of the Council: Establishing a Programme for the Competitiveness of Enterprises and Small and Medium-Sized Enterprises (COSME) (2014–2020).

Wspieranie przedsiębiorczości młodzieży w Bułgarii – programy i inicjatywy

Abstrakt: Wiele programów i inicjatyw, zarówno międzynarodowych, jak i krajowych, koncentruje się na wspieraniu przedsiębiorczości młodzieży w Bułgarii. Powodem tego jest fakt, że Unia Europejska uznaje znaczącą rolę przedsiębiorczości jako mechanizmu, który ogranicza negatywne skutki kryzysu finansowego. W związku z tym Komisja Europejska bada przedsiębiorczość wśród młodzieży, określając ją jako „konieczne i skuteczne narzędzie zmniejszenia bezrobocia”, które znajduje swoje miejsce w strategii „Europa 2020” przez inicjatywę przewodnią pod nazwą

„Mobilna Młodzież”. Artykuł ma na celu przedstawienie niektórych krajowych i międzynarodowych programów i inicjatyw wspierających przedsiębiorczość młodzieży w Bułgarii oraz opis efektów ich realizacji. Celem autorki jest również zbadanie mechanizmu ich dystrybucji wśród młodych ludzi, a także przyczyn rozbieżności pomiędzy zakładanymi a uzyskanymi wynikami. W artykule opisano ponadto dobre praktyki międzynarodowe w odniesieniu do wspierania przedsiębiorczości, które mogłyby być dostosowane do warunków bułgarskich.

Słowa kluczowe: młodzież, biznes, polityka lokalna, przedsiębiorczość