

BY LEAP

BALKANS YOUTH: LINKING EDUCATION,
ABILITIES AND PARTNERSHIP POTENTIAL
IN REGIONAL EMPLOYMENT PRACTICE

Funded by
the European Union



Regional Regulation Framework to Support the Implementation of Student and Youth Company

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Introduction

BY LEAP¹ project aims to contribute to youth entrepreneurship opportunities and strengthen employment perspectives of youth in the Western Balkans. Specific objectives are to:

- Strengthen regional entrepreneurship education network and its capacity to participate in reform process
- Support growth of innovative youth entrepreneurship initiatives including from rural and remote areas, and their transformation into sustainable youth SMEs
- Foster youth employment and entrepreneurship opportunities through advocating for legal environment prone to student and youth companies sustainable development

Western Balkans, as it is the case in the rest of Europe, needs to tackle pressing societal challenges: above all the twin transition to a digital and green society as well as pandemic recovery. The COVID-19 crisis significantly impacted the Western Balkans and Turkey, as the lockdown measures adopted to contain the pandemic severely disrupted economic activity across the region.

In 2020, the Western Balkans' gross domestic product (GDP) contracted by 3.3% on the back of falling domestic demand, investment and exports. Higher consumption by the region's public sector and lower imports partially offset the output losses, preventing a larger economic contraction (European Commission, 2021). However, the degree to which each economy has been affected by the COVID-19 crisis has depended on key economic fundamentals, the strength of the fiscal response, as well as the relative strength of the pandemic wave (OECD, 2021). Montenegro was by far the most badly affected economy in the region due to its high dependence on tourism and its limited fiscal scope for stronger support measures in light of its high level of public debt. As a result, Montenegro's annual GDP declined by 15.2% in 2020. Turkey, on the other

¹ Balkans Youth: Linking Education, Abilities and Partnership Potential in Regional Employment Practice (hereinafter BY LEAP) project implemented in the Western Balkans countries (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia and Turkey) and supported by the Junior Achievement Brussels in the field of youth employment. The project is funded by the European Union (hereinafter the EU) Civil Society Facility and Media Program 2018-2019 meant to support to regional thematic networks of civil society organizations' in creating innovative solutions to promote youth employment.

hand, recorded a GDP growth of 1.8%, primarily driven by a sizeable policy stimulus focused on lending. Annual credit growth accelerated significantly to 35.4% in 2020, from 24% in 2019 (European Commission, 2021[1]). This growth, however, increased inflation, widened the current account deficit and created concerns about fiscal sustainability (OECD, 2021).

In 2021, following the relaxation of COVID-19 containment measures, the Western Balkans and Turkey had recorded solid economic performance, underpinned by strong external and domestic demand. The Western Balkans' GDP expanded by 7.6%, boosting employment growth and narrowing current account deficits. The current account deficit in the Western Balkans stood at 4.8% of GDP in 2021, the lowest level in the last ten years. The average rate of employment growth was 1.2%, compared to a decline of 1.5% in 2020 (European Commission, 2022).

A similar performance was also observed in Turkey. The Turkish economy grew by 11% in 2021, boosted by strong exports and high consumer spending. Exports of goods reached a record high in 2021, with Turkey benefiting from supply-chain disruption in Asia and the lira depreciation. Domestic demand has been continuously supported by strong credit growth and facilitated by expansionary monetary policy despite high inflation. Employment has recovered to pre-pandemic levels, helped by the rebound in economic activity (OECD, 2022). ²

Entrepreneurial learning is featured in national policies across the partner country economies and ranges from stand-alone strategies to being a component of wider strategic policy instruments. People with the right knowledge, skills and attitudes to turn ideas into action for the betterment of the society are needed. People with entrepreneurial competences who master the digital transition, the climate crisis and recovery after the pandemic. They are needed in governments, enterprises, civil society, schools and higher education. This calls for entrepreneurship education and not only having life skills, but also become savvy with “life-hacks”. Entrepreneurship education should not only be limited to schools, it should get out there, should be systematic and cover all the spheres necessary for growth - from legal aspects, financial aspects and become more mainstream.

² SME POLICY INDEX: WESTERN BALKANS AND TURKEY 2022 © OECD 2022

The European New Skills Agenda has four building blocks: collective action, right skills for jobs, support people in lifelong learning, and investment in skills. Action 7 of the Agenda is “Increasing STEM graduates and fostering entrepreneurial and transversal skills”. It states the following commitment: “To foster entrepreneurial skills, the Commission will launch a European Action on Entrepreneurship Skills, which focuses on development of entrepreneurial mindsets and a more resilient workforce.” In Action 6, the Agenda focuses on “skills to support the twin transitions”, i.e. “skills for the green transition” and “digital skills for all”.³

Development of tailor-made youth/student company regulation models has the aim to contribute to the current legal educational framework in partner countries in order to enable student company (currently implemented on ad hoc bases as a simulation of business operations, and model of entrepreneurship education) to become a recognized model of youth entrepreneurial learning which will enable the increase the number of young entrepreneurs on one hand, while on the other hand, the partnership seeks to enable introduction of youth company as a new legal form into relevant legislative frameworks across the region in order to foster entrance of new youth entrepreneurs on the market, thus contributing to the The European New Skills Agenda.

Regional analyses

Baseline study done in 2020, in the framework of the BY LEAP project provides a general overview on the perceptions and issues regarding youth entrepreneurship in the region. Entrepreneurial culture is characterized by growing numbers of programs/initiatives all over the partner countries. Youth entrepreneurship is portrayed as a hot topic, but mostly donor driven and not strategically assisting youth entrepreneurial careers. Entrepreneurial success vs. stable job is still an exception, suppressed by parental concerns regarding entrepreneurship. There is a strong need for promotion of the success stories by young entrepreneurs. COVID19 recession and brain

³ Source: <https://ec.europa.eu/social/skills-agenda>

drain, coupled with corruption are seen as major impediments in the sector in the upcoming period. Necessity to further enable entrepreneurial infrastructure (investment in IT sector e.g.) is given specific priority by the CSOs in the field.

Situation varies when it comes to formal education, for example, in Bosnia and Herzegovina, primary and high schools – 10% teach entrepreneurship as key competence, in all VET schools as separate course; in Montenegro on pre-primary level as well, part of primary education curricula, elective in high schools; in higher education, few noneconomic faculties teach entrepreneurship within courses or as separate courses; teachers competences need improvements. When it comes to the non-formal education there are growing opportunities in provision, but mostly temporary due to funding and overlapping with other similar initiative. There is a lack of systemic monitoring and research on the needs for increasing entrepreneurial knowledge and skills.

Overall there is an insufficient promotion of entrepreneurship by all parties involved, as well as a lack of formal education and economy sectors collaboration to sustain its applicability and boost the relevance of both formal and non-formal opportunities in entrepreneurial learning. Efficiency, effectiveness and impact of local authorities' support is dubious when it comes to youth companies and start ups. Study notices that is not market, but socially driven. Youth loans are hard to get, while grants are omnipresent (yet unavailable to all). Defining target groups by their entrepreneurial potential, not social status is mandatory for obtaining success in the field. Start up – support programs are reported to be severely jeopardized by COVID19 effects in the near future. More focused assistance to smaller number of entities but which are able to make larger impact through their doings is an overall suggestion for support providers. Also, inclusion of rural areas that lag behind in this segment is crucial for fairness and obtaining cross regional distribution of available funding. Some countries report inexperience of angel investors as major impediment to limited start up support together with Investor culture among local business owners being at low level.

The regulatory environment and business compliance requirements are very complex and numerous in the partner countries . Much time and effort should be spent constantly by the entrepre-

neur in order to comply with the requirements. The cost and time spent to suit and meet the requirements may be high. To start a new business venture, it has to go through multiple administrative processes to obtain business registration, licenses, legal and copyrights, legal rights and copyright, obtaining permits from municipalities, such as and security and compliance with human resources in all respects. The list of agencies and departments involved and the compliance process can be varied and diverse. The number of applications for registration by different agencies varies from country to country. In the case of young entrepreneurs, they have no knowledge, as well as the time and resources to follow all the procedures while having to attend other more urgent business issues. Very often entrepreneurs are likely to emerge or enter the informal sector and enter into the informal market where they find it easier to operate and earn profits in the short term. If an individual were to take that path, there is little chance that they will create and make an organization in the future.

When seen on the regional level public policy support is affected by:

- Lack of accountability for the topic of youth entrepreneurship (seen as cross sectoral issue, complicated to advocate for);
Lack of tax incentives for start ups;
- Lack of motivation and protection of potential investors in start ups;
- Freelancers working from home need status regulation;
- Sustainability of projects and programs is mostly unattained;
- Focus on vulnerable youth is lacking in practice (existing on paper only), etc.

Albania

In Albania, the entity that regulates the administrative and legal issues for the registration of new businesses and related documentation according to the activity is the National Registration

Center. Registration at the National Center (NRC) includes a plan signed by the Director accompanied by documents identifying the partners and by the Statute, which normally appears after 15 days from the date of establishment of the company. Thus, Albania ranks 65th in 2018 for this business (doing business), in the 103rd place for property registration, in position 42 for facilitating the loan, protection of minority investors ranked 20th.⁴ The number of bureaucratic procedures has been halved from 10 in 2008 to 5 in 2018, and the number of days needed to complete the entire process of starting a company has decreased from 36 days in 2008 to 1 business day in 2018, also filling in electronic procedures for most of the documentation. There are laws in Albania that take in consideration to protect copyrights and patents extended to many areas of activity. Legal provisions regarding this issue is Law No. 35/2016 on Copyright and Related Rights. In the Youth⁵ Law no. 75 date 04.11.2019 it is noted that: "Funding sources for the implementation of youth policies, programs and projects are like below:

- a) grant funds from the state budget dedicated to youth;
- b) local budgets;
- c) income generated by youth organizations;
- ç) donations;
- d) sponsorships;
- dh) other legal sources.

2. State budget funds for youth are determined in the annual state budget, for the ministry responsible for youth.

3. Criteria and procedures for the selection of youth organizations and/or for young people, that benefit from funding from grant funds from the state budget, dedicated to youth, are determined by the decision of the Council of Ministers.

Currently, the "National Youth Strategy 2022-2029" is expected to be approved, which will be the document on which they will be based policies for youth activation, inclusion and support. This document will aim at the drafting of integrative national youth policies, to address the various

⁴ Malaj A., Dollani P., Youth entrepreneurship barriers, *GSJ: Volume 6, Issue 2, February 2018, Online: ISSN 2320-9186* www.globalscientificjournal.com

⁵ "Young people" are persons, young men or women, who have reached the age of 15 to 29 years

problems faced by young people today and related to challenges such as their involvement in decision-making processes, employment, education, technology and innovation, increasing activities related to arts and crafts, increased sports activities, volunteering, etc. National Strategy for Youth 2022 - 2029 will be in line with the European Youth Strategy 2019 - 2027.”

In relation to youth employment policies, the National Youth Strategy is related to the Employment and Skills (NESS) 2019-2022, which has as its main goal to identify and design appropriate policies for employment and professional training of the workforce, in order to create jobs and quality opportunities for employment and skills throughout the life cycle. The National Youth Strategy is expected to be a gender balanced document. In cases where gender inequality is evident with the measures it provides empowers the role of girls and young women. In this respect, this strategy is related to the section of the national plan that deals with gender issues according to the National Strategy for Gender Equality 2021 - 2030, approved by VKM No. 400, dated 30.06.2021.

The National Education Strategy 2021-26 places special importance on the full development of young people both inside and outside of school, creating opportunities for digital development in education and revolutionizing the classroom, but also by building specific measures for after-school activities.

Entrepreneurship in Albanian education system

Entrepreneurship education is currently being strongly promoted in most European countries and beyond. This competence has taken an important place and has been re-dimensioned in today's EU education policies and as a result, the role of the individual to carry out entrepreneurship for himself and for society has emerged, directly affecting the quality of life of the whole society. In the context of our country (a country preparing to join the EU), entrepreneurship education as a strategic objective for education and the economy, creates the premise to foster the spirit of initiative and innovation, employment and self-employment, job orientation and education of young people referred to current developments and prospects in the labor market.

The pre-university education curriculum framework in Albania, approved by MoES, states that “Pre-university education creates conditions and opportunities for students to: build and develop the knowledge, skills, attitudes and values required by a democratic society; to develop independently and comprehensively; to contribute to the construction and personal well-being of the Albanian society and to face in a constructive way the challenges of life”. This document states that in pre-university education students:

- ✓ cultivate personal, national identity and cultural affiliation;
- ✓ acquire general cultural and civic values;
- ✓ develop in intellectual, ethical, physical, social and aesthetic aspects;
- ✓ develop responsibility for themselves, others, society and the environment;
- ✓ are trained for life and work, in different social and cultural contexts;
- ✓ are able to learn throughout life;
- ✓ develop the spirit of entrepreneurship;
- ✓ use new technologies.

The Law on Pre-University Education No. 69/2015, as amended, and the Curriculum Framework document state that the key lifelong learning competencies that go through the pre-university education curriculum are:

1. Communication and expression competence (Student communicates effectively).
2. Thinking competence, (Student thinks creatively).
3. The competence of the learner to learn. (The student learns to learn).
- 4. *Competence for life, entrepreneurship and the environment. (Student contributes productively).***
5. Personal competence (Student leads a healthy life).
6. Civic competence. (The student is committed to the common good).
7. Digital competence. (Student uses technology to drive innovation).

Entrepreneurship as a key competency in all curriculum subjects includes creativity, innovation and risk taking as well as the ability to plan and manage projects in order to achieve competencies. In Albania, entrepreneurship is mindset and approach and it is supported from the Quality Assurance Agency for Pre-university Education (QAAPUE). It is more than an economic value; it is a

social value and investment. In this regard, it was requested that entrepreneurship go beyond the framework of economic subjects and be included since in preschool education (naturally and in basic education and upper secondary education) with elements such as freedom of play, freedom for creativity, sense of cooperation, initiative, curiosity, transition of risk, to be educated with self-confidence, research etc.

The major objective of education system in Albania and the *education of young people is to create the skills and competencies that lead them to employment and self-employment*. Creating and fostering entrepreneurial skills in young people makes them more prepared and active in facing the labor market. Self-employment of young people, based on their skills, energy and creativity is considered today as a very effective way to improve employment and create personal and family economic growth.

In Albanian curricula, the entrepreneurship competence is developed in all subjects. To develop this competence, the school creates conditions for students to fully understand the interdependence between economic, political and cultural phenomena of local and global society. It enables students to be future-oriented, develop an entrepreneurial spirit and be motivated to meet objectives. At the same time, the school confronts students with ecological problems, to make them aware of their role in protecting the environment and sustainable development. In this context, in addition to being a key competence of lifelong learning in the pre-university education curriculum, entrepreneurship education is currently developed in upper secondary education.

The Pre-University Education Quality Assurance Agency together with 8 Albanian universities: University of Sports of Tirana, "Aleksandër Moisiu" University, Durrës, "Aleksandër Xhuvani" University, Elbasan, "Eqrem Çabej" University Gjirokastër, Fan S. Noli Korçë University, "Luigj Gurakuqi" University Shkodër, "Ismail Qemali" University Vlora, "Pavarësia" University College, Vlora as well as 3 European universities: University of Turku (Finland), León University (Spain), Technology University Dublin (Ireland) are included in the implementation of the project "Entrepreneurial Skills for a Modern Education in Albania" (EntrAL). This project has been announced as a winner within the Erasmus+ program (Programme of the European Union) and is coordinated by the University of Turku (Finland).

The EntrAL project lasted 3 years 15.01.2021- 14.01.2024 and focuses on the support and employment of young graduates in higher education through entrepreneurship education. By organizing entrepreneurship

courses at different educational levels (pre-university and university levels) and for a large audience (teachers in pre-university education, lecturers and university students), the project will have a very wide impact. The project not only supports the entrepreneurial mind of students in higher education, but also teachers in pre-university education, who will encourage the next generation to think outside the box and be more driven to challenges. For this reason, the project encourages entrepreneurial teaching methods and nurtures entrepreneurial behavior from students.

Teachers are supported by university structures and mechanisms (lifelong learning centers); students receive from their lecturers better support and advice in terms of entrepreneurship and entrepreneurial skills, supporting their employment after graduation. The EntrAL project supports the employability of young graduates through entrepreneurship education. By organizing entrepreneurship courses at different educational levels (pre-university and university levels) and for a large audience (teachers in pre-university education, lecturers and university students), the project aims for a wider impact.

Curricular module “Students’ Company” for students

In Albania, the "Students’ Company" module is an optional module that takes place in upper secondary education and is supported by Junior Achievement of Albania (JAA). JAA programs for high school have been developed to be part of social studies content, although they are also related in different ways to math skills, reading skills, writing skills, etc.

Students learn basic business and economic concepts, explore career interests and opportunities, and learn important principles of the world of finance. Through various hands-on activities, students had better understand the relationship between what they learn in school and their successful participation in a global economy. The implementation of the content of this module is made concrete with examples, illustrations and through the practical exercise of students in their role as producers, as sellers of products, as taxpayers, as owners of material resources, as voters: they delegate powers, as consumers, as savers and as investors.

Using didactic methods in this module, students are trained to work in groups, to undertake stimulating activities, focus on concrete situations, deal with concepts, facts and economic situations, make analyzes and reach concrete conclusions.

The "Students’ Company" program includes in its curriculum knowledge of business, economy, entrepreneurship and can be applied to high school students. The program emphasizes business

content, offering a strong focus on math, reading and writing skills. The "Students' Company" program fulfills such basic concepts as:

- ✓ The structure of the company and the role of students within a company;
- ✓ Capitalization of the company;
- ✓ Customer-product focus;
- ✓ Pricing the product according to the market;
- ✓ Company operations;
- ✓ Product sales;
- ✓ Liquidation of the company.

After participating in the program, students are able to apply their business and entrepreneurial skills to their education, career, and service-related activities and recognize the importance of personal responsibility and financial literacy in making positive life decisions.

The "Students' Company" module is developed in the 12th grade of secondary public and private schools for 34 academic weeks with 1 hour a week. In a program, the themes that the teachers will realize during the year are also defined.

This "Students' Company" module aims to:

- ✓ To offer students opportunities to participate in practical activities and motivational learning programs to acquire knowledge about the values and role of business.
- ✓ To make students more aware of the responsibilities that business implies for all members of the community and for the people practically involved in it.
- ✓ To help students develop valuable skills and attitudes for business, personal success and employment;
- ✓ To enable students to work in partnership with individuals and organizations to increase the effectiveness of business activity, etc.
- ✓ Encourage students to use creative thinking to learn business skills,
- ✓ Encourage students to support positive attitudes as they observe and enhance their career goals.
- ✓ To help students better understand the relationship between what they learn in school and their successful participation in a global economy.

About 85 public and private schools (25% of all upper secondary schools in Albania) that expand every school year to develop the "Students' Company" module. 59 student companies were created from these schools with 5000 students 68% of their participants were girls and about 100 teachers in 100 cities and villages in different areas of Albania. Meanwhile, 51% of company leaders were girls. These companies develop their activities in the schools. Through this module, students are equipped with practical skills through the "learn by doing" method. This is achieved by combining theory with practical activities during the lesson and by reproducing business models in the classroom, organized and managed by the students themselves. JAA supported these 59 companies or 277 students 60% of their participants were girls of these companies with the training of teachers, but even with the training of students to develop the business idea as best as possible, to draw up a business plan, to manage the project, to realize the company's report, for public speaking and for the presentation. These 59 companies present their business in regional fairs supported by JAA and its partner organizations. These companies operate only at the school level and *are financially supported by self-budget or the modest student budget*. There is no funding from the state for student companies. However, these companies are supported by a mentor who is generally from the business (JAA) to develop the business idea and to mentor activities for the establishment of the business.

What is needed in Albania in order to have youth companies?

On the side of the education system:

- Schools should encourage more students to choose the module as part of the optional curriculum or of curriculum at the school level, to develop students with more entrepreneurial skills.
- the local offices of education should support upper secondary schools to increase the number of schools in their region that create these companies, encouraging students to develop entrepreneurial skills.
- the local offices of education should create opportunities for the teachers who have been trained for the development of this module to be sustainable in their schools and to encourage students' creativity year by year;

- schools should have their own budget and have a lot of flexibility in organizing the activities of students' companies;
- all teachers, regardless of their subject, should be trained to develop entrepreneurship as a key competency and to develop entrepreneurial skills in students.

There are also cases of success in the follow-up of students' companies even after high school. There are 8 students' companies which were created in a high school and 4 of them are currently registered with the tax office, operating as an independent business and 4 of them are in the startup phase.

In Albania, student companies are supported only by JAA, while nothing has been written in the law of pre-university education. The companies that are set up have the objective of providing initial income to enable the production/product of their business, as well as they must have an established financial mechanism that enables actions to sell their products or purchase the raw materials they need for production. The questions are: company's bank account is it possible for students in pre university education? Could students open their own bank accounts for this purpose? Maybe the legislation of financial issues will solve this?

Elements that need to be addressed are the **administrative and legal factors** and their impact on youth companies are the following: more helpful taxation systems, more functioning of trade and commercial law, trade patents and regulations, lack of transparency and a high level of informality and procedures and costs for business retraining. Most of the young people who have started their business have faced the difficulties of promoting their innovative product, design or hardware as regards copyrights such as copyrights and patents. Owning a patent is a difficult process and causing delays in time as well as costly.

Bosnia and Herzegovina

Political system of Bosnia-Herzegovina is very complex. There are 14 governments and they share different authorities. In the education field there are 13 ministries of education (Ministry of Civil

Affairs responsible only for international cooperation, Ministry of Culture and Education Republika Srpska fully responsible for educational sector (primary and secondary), Ministry of Education and Science Federation BiH (without official authority on curricula etc.) and 10 cantonal ministries of education in Federation of BiH with full authority + one department on education in Brcko district.

Besides the ministries there are also different agencies and institutes for curricula as part of the ministries or as independent bodies (e.g. State Agency for Primary and Secondary Education APOSO).

When it comes to the field of economy and entrepreneurship the situation is even more complex, as in Federation of BiH there is a split/division of responsibilities/authorities for certain areas (e.g. taxation, social and health care etc.).

According to the World Bank's 2020 Ease of Doing Business Report, BiH is among the least attractive business environments in Southeast Europe, with a ranking of 90 out of 190 global economies. The WB report ranks BiH particularly low for its lengthy and arduous processes to start a new business and obtain construction permits. Before the COVID19 pandemic, BiH's economic growth was expected to gain speed in 2020 before reaching 4 percent in 2021, backed mainly by consumption and to some extent by public investment.

There are various models of support for young people to start the company (usually called "start up" although start up has a bit different definition). There is variation of support from training, coaching, mentorship, offering office space for start ups, legal and financial advices, promotion, competitions, links with foreign financial instruments, networking etc.

Some of the following examples currently exist:

- More and more municipalities (and some cantons in FBiH) are creating special programs for young entrepreneurs (usually with training component, grant and mentorship)
- Public Employment Services (Federalni zavod za zaposljavanje⁶ and Zavod za zaposljavanje Republike Srpske) have special periodic program to support creation of businesses by unemployed persons as part of their labour active measures.

⁶ <https://www.fzz.ba/ID:C-633>

- The largest Incubators have programs for young entrepreneurs (with various support: training, mentorship, coaching, office space and/or co-working space, grant, legal and financial advice services, support for registration, promotion, networking with foreign financial instruments, business angels and foreign accelerators, competitions etc.). The most active are: Intera Mostar⁷, Inovacioni Centar Banja Luka (ICBL)⁸, BIT Tuzla⁹, Networks Sarajevo etc.
- Some universities are starting with special programs or units to support student entrepreneurship (e.g. Burch Start Up Incubator at a private university Burch Sarajevo¹⁰, Center for Entrepreneurship at School of Economics Sarajevo university etc.).
- In some secondary schools (there are in total 315 schools, some of them are Secondary Economic School), there is subject “Entrepreneurship” and as part of their curricula some of them also have the simulation of (student) company.
- Different NGOs have been specialized to support young and social entrepreneurs (different services, grant, training, similar as incubators): Mozaik Fondation, Impakt Foundation, Institute Kult, Social Innovation Incubator Munja, Association Nešto Više, Association and online magazine Starter, Foundation 387 etc.
- Business sector – commercial programs (e.g. training Business Academy), loan offers for (young) entrepreneurs by different commercial banks etc.
- International programs – usually similar to NGOs and implemented in close cooperation with existing NGOs and incubators.

Legal and administrative framework in Bosnia and Herzegovina

Establishing a business in BiH can be an extremely burdensome and time-consuming process. The World Bank estimates there are an average of 13 procedures (actual number depends on the type

⁷ <https://intera.ba/>

⁸ <https://icbl.ba/>

⁹ <http://www.bitcentar.com/>

¹⁰ <https://www.facebook.com/burch.startup/>

of business), taking a total of 81 days, to register a new business in the capital city of Sarajevo. The RS established a one-stop shop for business registration in the entity. On paper, this dramatically reduced the time required to register a business in the RS, bringing the government-reported time to register a company down to an average of 7 to 14 days. Some businesses, however, report that in practice it can take significantly longer.

The entity, cantonal, and municipal levels of government each establish their own laws and regulations on business operations, creating redundant and inconsistent procedures that enable corruption. It is often difficult to understand all the laws and rules that might apply to certain business activities, given overlapping jurisdictions and the lack of a central information source.

There is no legal framework for company to be register as “student” or “youth”. There are only options: sole proprietorship (obrt)¹¹ or limited liability company (doo)¹².

There are provisions for general sole proprietorship and for LLC. SP can be without VAT in case where overall annual cash flow is under 25.000 EUR, otherwise they are part of VAT (17%).

For SP one needs 13 different documents and app. 450 EUR for different taxes and fees. In case of LLC in Federation BiH you also need 500 EUR deposit and general costs for opening LCC are app. 1000 EUR.

In case of different municipalities there is possibility that some taxes are decreased or different depending on the status of founder (if it is youth, woman, war veteran, unemployed etc.). Public Employment Services, as described before have also subsidies for participants in their programs for supporting unemployed to open their businesses.

Entrepreneurship in the education system in Bosnia and Herzegovina

There are teachers who are running the subject entrepreneurship in schools and are able to promote and educate students about starting businesses, but it is far from systematic and not reaching

¹¹ <https://anwalt-bih.de/obrt-u-bosni-i-hercegovini/>

¹² <https://anwalt-bih.de/kako-osnovati-d-o-o-u-federaciji-bosne-i-hercegovine/> and <https://anwalt-bih.de/kako-osnovati-d-o-o-u-republici-srpskoj/>

enough students. Some of them may have special student club or extracurricular section that is focused on this topic. Other teachers can promote general youth engagement, soft skills and activism that can contribute later in motivating students for entrepreneurship. Some of them engage students with additional activities (e.g. participation in State Competition Business Challenge, run by MUNJA Incubator since 2013).

At universities (8 public and 20+ private in BiH) economic faculties have usually special subject on entrepreneurship. Very few have special centers, units or start up incubators for their students too.

What is needed in Bosnia and Herzegovina in order to have youth company?

The first thing is to create a model that is based on good practice in the region or internationally. Second to develop advocacy plan and to create special project for advocacy, creating task force with different relevant stakeholders and to focus how to advocate particularly different institutions with different authorities in different part of the country due to political system and complexity.

The general strategy should be in phases and also to have pilot models that can be used further on as role models for other institutional changes. So, it has to be a long process, with different stages that will provide model expertise, creation of support group with stakeholders, starting with pilot, evaluate the pilot, providing proposals for changes in curricula, different laws and procedures and securing additional support and promotion.

North Macedonia

The domestic legal framework does not recognize “student” or “youth” company as a specific form of business enterprise. Also, there is no *lex specialis* considering any model or type of youth /student companies. There is no definition of what are student and/or youth companies in the Macedonian legal system. Consequently, from a legal point of view, student or youth companies as such, formally do not exist. Furthermore, there is no special law for youth companies and/or student companies. According to the age of the natural subject (which is the only determination for these

types of entities), the commercial activity is not attached to the age of the natural subject under any special provisions related to commercial activities.

The operational framework that regulates trade companies and traders in general is the Law on Business Enterprises (hereinafter: the Company Law). The Company Law recognize five forms of -trade companies i.e. General Partnership (*МКД: Јавно трговско друштво*), Limited Partnership (*МКД: Командитно друштво*), Limited Partnership with Shares (*МКД: Командитно друштво со акции*), Limited Liability Company (*МКД: Друштво со ограничена одговорност*) and Joint Stock Company (*МКД: Акционерско друштво*). The registration of the companies is regulated by the Company Law and the Law on one-stop shop system and keeping the trade register and the register of other legal entities.¹³

The Limited Liability Company (LLC) and Single member Limited Liability Company is the most common trade company which can be founded by at least one founder (member) to maximum 50founders (members) that are natural or legal persons. The amendments to the Company Law that take effect in 2021 provide a new option for forming a so-called Simplified LLC. It may be founded with a maximum of 3 members (natural persons). The minimum core capital for this type of LLC is 1 EUR.

However, neither of these forms of trade companies are student or youth companies. On the other hand, all of these forms can be student or youth companies, depending on the definition of the latter. For example, if the status of student/youth company is connected with the features of the owners i.e. status of student, age, etc., any form recognized in the Company Law can be founded by students and/or young people.

On the other side, there are non-formal groups of students and/or young people who are working together on developing innovative ideas, products or services that could be consider as a trade activity. Associations, NGOs, Innovation Funds and Educational Institution are supporting those

¹³ Law on one-stop shop system and keeping the trade register and the register of other legal entities ("Official Gazette of the Republic of Macedonia" No. 84/2005, 150/2007, 140/2008, 17/2011, 53/2011, 70/2013, 115/2014, 97/2015, 192/2015, 53/2016,)

forms through different competition and support programs. However, those groups are not officially registered as business company or traders. Those programs usually help young people and/or students who operate as non-formal groups to develop business plans and to register as one of the recognized forms of trade companies by the Company Law, usually as LLC.

As to the perception and challenges of young people for entrepreneurship, some recent analysis show that majority of the young people (72%) have the interest to start their own businesses.¹⁴ Young people find the lack of financial capital and high taxes as main obstacles for running a business. Consequently, the main factors that may influence their motivation for business entrepreneurship are: financial aid/grants for starting a business, tax relief, favorable loans with low interest etc.¹⁵

Legal and administrative support

As mentioned previously, there is no specific legal framework i.e. *lex specialis* for youth and/or student companies. Consequently, they operate within the existing Company law as any other trade companies. The Company Law recognize several forms of trade companies as mentioned *supra* (in the Question 1), however none of those forms are exclusively for students/young people. The legal framework does not recognize any additional conditions, incentives or support for student and/or youth companies in particular.

In 2020, the Youth Law was adopted. Although the Law itself does not have any specific provision on youth entrepreneurship, it may be indirectly relevant because:

- Defines youth as persons from 15 to 29 years old¹⁶
- Impose an obligation for developing a National Youth Strategy with duration of five years, including annual Action Plans

¹⁴ Angelova M.: Analysis of opportunities and perceptions of young people about entrepreneurship, November 2020, available online at: www.nms.org.mk/wp-content/uploads/2021/02/NMSM-MK-Analiza-na-moznostite-i-percepciiite-na-mladite-za-pretpriemnisto.pdf, p.18

¹⁵ Ibid, pp. 20-22

¹⁶ Article 3 of the Law on Youth Participation and Youth Policies

- Impose an obligation for developing Local Youth Strategies with duration of five years, including annual Action Plans

In general, there are no specific models of support for student and/or youth companies.

However, there is one instance in the Law on Innovations¹⁷ that recognize certain model of support for student companies i.e. '*spin-off trading companies*'. Namely, the Law defines 'Newly established spin-off trading company' as a trading company founded by one or more natural persons employed/engaged or students in the institution providing higher education, that is, scientific research activity and/or legal entities established by institutions that perform scientific research activity and/or by economic entities, with the aim of commercial exploitation of the innovation, transferred to the newly founded trading company. The Fund for Innovation and Technological Development (hereinafter: FITD) is responsible for allocating grants through its programs, including those spin-off companies and the Management Board of the FITD has already adopted a Rulebook on for the support instrument - co-financed grants for newly established start-up and spin-off companies.

The spin-off companies are models for encouraging commercialization of the results from a scientific research from the higher education or research institutions.¹⁸

As can be seen, '*spin-off trading company*' is not an exclusive model for students, because it can also be founded by natural persons employed/engaged in the institution providing higher education, however it provides an opportunity for founding a student company founded and governed by students themselves as well.

In addition, there are other programs for support of youth entrepreneurship (although cannot be characterized as models for support of student/youth companies) that will be elaborated in the next question.

¹⁷ Law on Innovations (Official Gazette of the Republic of Macedonia No.79/2013, 137/2013, 41/2014, 44/2015, 6/2016, 53/2016, 190/2016)

¹⁸ Article 3 from the Rulebook for the support instrument - co-financed grants for newly founded trading companies, start-ups and spin-offs, available online at: www.fitr.mk/wp-content/uploads/2021/04/Pravilnik-kofinansirani-grantovi-za-novoosnovani-trgovski-drushtva-start-ap-i-spin-of.pdf

From a more long-term strategic perspective, the youth entrepreneurship should be/is recognized through the National Youth Strategies (National Youth Strategy 2005 – 2015 and National Youth Strategy 2016 – 2025). In 2020, the Law on youth participation and youth policies (hereinafter: the Youth Law)¹⁹ was adopted and it requires a new National Youth Strategy to be adopted. However, there is no new National Youth Strategy adopted as to the present time. On the other side, some municipalities (for example: City of Skopje) have already developed their own Local Youth Strategies.

As to the more specific form/programs of support for youth entrepreneurship, there are several programs, funds and agencies that encourage youth entrepreneurship through their annual working plans, programs and budgets.

- Agency of Employment (hereinafter: the AoE)

There are two programs that the AoE offers for supporting (youth) entrepreneurship:

a. Support for Self-Employment (Entrepreneurship)²⁰

The program aims to support unemployed persons to start their own businesses; however it is not limited only to youth entrepreneurship. The program aims to support the following groups:

- Unemployed young people up to 29 years old
- Unemployed persons with disability
- Unemployed persons – man up to 60 and woman up to 58 years old
- Woman – victims of gender-based violence and domestic violence
- Unemployed persons who want to formalize their business - men up to 60 and women up to 58 years old
- Unemployed Roma people - men up to 60 and women up to 58 years old
- Unemployed persons due to corona virus - men up to 60 and women up to 58
- Unemployed returnees - men up to 60 and women up to 58 years old

¹⁹ Law on Youth Participation and Youth Policies, Official Gazette of the Republic of Macedonia 10/2020, from 14.01.2020, available online at: www.pravdiko.mk/wp-content/uploads/2020/03/Zakon-za-mladinsko-uchestvo-i-mladinski-politiki-16-01-2020.pdf

²⁰ Operational Plan for Active Programs and Measures for Employment and Services on the Labour Market for 2022, February, 2022, pp.6-10, available online at: <https://av.gov.mk/content/pdf/FINALEN%20OP%202022.pdf>.

The Applicant(s) can receive from 5.000 EUR to 10.000 EUR.

b. Self-Employment with Credits

Self-employment with credits is one of the programs supporting entrepreneurship, however it is not limited only to youth entrepreneurship. All unemployed persons who are registered as active jobseekers in the Employment Agency and who want to start their own business can apply for participation in the programme. The conditions under which credit funds can be obtained are the following:

- The unemployed person can receive a loan of at least 5,000 EUR to a maximum of 10,000 EUR, according to his choice as a loan applicant, and for each newly opened job, an additional 5,000 euros, whereby projects with a maximum of 5 jobs (including the loan applicant) will be financed. , that is, up to 30,000 euros, regardless of whether it is a smaller or larger activity;
- The repayment term is 7 years, including a grace period of 1.5 years, regardless of the amount of the loan;
- Interest rate of 1% per annum;
- Own participation by the credit beneficiary of at least 25% of the amount of the requested credit (in the form of equipment, objects and/or money);
- A guarantee for the return of funds with a mortgage in a ratio of 1:1 with the approved credit, or a promissory note validated by at least one guarantor for which the rights and obligations in relation to it are regulated by a promissory note given in the form of a notarial deed and with an executive clause or manual pledge in the ratio 1:2 in the amount of the approved credit.

• Agency for Financial Support in Agriculture and Rural Development

- c. Measure 112 - Assistance to Young Farmers for Starting an Agricultural Activity - is operating within the Programme for Financial Support of the Rural Development and it aims to support young farmers with grants up to 600.000 MKD (around 10.000 EUR). The Programme defines the beneficiaries - young farmers as persons from 18 to 40 years old.

Since there is no special form of Youth Company and Student Company, the financial regulation goes under the general provisions on Law on Profit Tax, international accounting standards, Law on Value Added Tax and Law on Personal Income Tax. According to the domestic law the taxable income is the profit of the company and the natural subject, after deductions and exemptions. The tax liability is calculated according to the tax subject and the object.

These companies are established and registered as a type of commercial entity according to the Company law. Therefore, they are taxpayers according to the Law on Profit Tax. Namely, each legal entity, natural person, organizational unit performing registered commercial activity and earning profit by performing an activity in the country shall pay the profit tax“ (for more see: Law on Profit Tax). Moreover, they are obliged to claim not only the profit of the company but also the personal income (according to the Law on personal income tax). Moreover, the companies are obliged to pay consumption tax (VAT) for services and goods of their production, distribution cycle or/ and import (see Law on Value Added Tax).

There are several programs for young entrepreneurs that have been implemented and performed mostly by the government or the governmental bodies / agencies (The Government, the Ministry of Labor and Social Policy, Agency for Employment, the Fund for Innovation and Technological Development) and the foreign governmental and non-governmental agencies and international organizations (UNDP, World Bank, the office of the United Nations for supporting projects).

Loans and subsidies included in the Annual Plans of the Agency for employment i.e. Programs for Support for self-employment and Support for self-employment with credits (presented in details in Question 3), the Fund for Innovation and Technological development, the Ministry of Agriculture, etc.

Entrepreneurship in education system

Teachers are usually mentors of non-formal group of students who are participating in innovation competitions for developing business ideas, products or services. However, there is no formal obligation, nor formal program that incorporates those activities in the educational programs of the schools and working plans of the teachers.

The role of the educational system is to encourage youth entrepreneurship and to offer support programs for young entrepreneurs. Although in some high schools there are subjects on Business and Entrepreneurship, Company Law and Trade Law and at faculty courses (at the faculty for economy and law faculties in Business Law and Entrepreneurship), it often lacks practical support i.e. mentorship for practical development of business plans, funds and networking opportunities for student entrepreneurs.

The educational governing bodies should encourage Agreements of cooperation with the private sector and work on developing practical programs for young entrepreneurs, besides the theoretical aspects in the current curricula. The schools should encourage and value extraordinary activities during formal education (high school and university studies) in a more systematic manner. Involvement in practice during their studies as an obligation to earn credits (ECTS).

In addition, the schools should cooperate with the business sector and develop scholarship programs for young entrepreneurs.

What is needed for the youth companies to operate in North Macedonia?

From a legal perspective – to establish a legal framework for operation of youth and/or student companies as specific companies that will encourage youth entrepreneurship. The legal framework should focus on establishing conditions and criteria for founding youth/student companies, facilitating the procedures for registration and reducing registration costs.

From a financial perspective – to establish programs for support of student and youth companies including tax incentives and subsidies, i.e. to establish specialized financial funds for these types of companies and to provide opportunity for tax incentives. In addition, the municipalities can establish special funds/sections within the municipal budget for supporting youth entrepreneurship. This can be included in the National and Local Youth Strategies and Action Plans.

From a social perspective – to establish strategic cooperation between schools, universities, governments and business sector to develop strategies and action plans. In addition, to work on developing or adjusting the curricula in the education concerning youth entrepreneurship and to offer more practical support and mentorship for young entrepreneurs.

Ideal model youth company

The Youth and/or Student Companies can be tailored by a specialized law and may enter into the commercial register as a separate section in the national register (or local unit) of trade companies.

The status of Youth and/or Student Company should depend on the personal features of the owners of the company. For example, the age of the natural persons owning the company i.e. requirement of a qualified majority of the owners to be under certain age i.e. up to 29 years old. Consequently, the duration of the company should depend on this condition i.e. it may be a condition for annulment of the company. Additionally, the company should use form of company that does not require core capital of the company and this should be clearly marked / visible in the business name of the company.

As there is currently legal gap if a full-time student can be employed/work full time, the employment status can be an obstacle for someone to have a status of a full-time student. Therefore, the possibility for founding a student company should regulate this question as well.

There should be tax incentives and pension and health tax relief concerning this type of company. However, financial incentives, tax relief and subsidies must be followed by additional criteria for eligibility besides the age of the owners i.e. the size of the company, annual turnover, etc., because it may disturb the free market completion.

Another suggestion is to have flat rate taxation for the revenue of young people as sole proprietors and VAT exemptions for student companies. Additionally, the capital gain of the company should not be subject of taxation under 1.000.000 MKD.

However, several constraints on this subject should be mentioned, including: the transfer of the business name; the age of natural subjects (what happens to the company after reaching a certain age of maturity); and the administrative and technical availability of the national commercial register.

Montenegro

Student companies exist in Montenegro as a part of the Youth Companies Program conducted by Junior Achievement Montenegro, Student Business Center (SBC) and University of Donja Gorica. The implementation of the Program has started at the beginning of 2021/2022 school year, and is accredited by the Centre for Vocational Education²¹. The Program is conducted as extracurricular activity in the secondary schools, within which students under the supervision of trained teachers learn and practice how to develop their own business idea, how to open and develop their company, and how to close it, all during one school year. Within the Program, students also have a chance to present their student companies in national and international competitions.

According to the Centre for Vocational Education, unlike student companies, youth companies do not exist in the secondary schools in Montenegro. Beside Youth Companies Program, currently there are two other forms of support for student and youth entrepreneurship in Montenegro that is organized within the education system and could potentially lead to establishing youth companies. However, legal framework does not recognize student and youth companies as specific categories, or as specific forms of legal entities, which leads to lack of opportunities for young people to learn valuable skills and to test their ideas on the market while still in schooling process.

Enterprise for practice – education for setting up youth company

As part of the educational program in the third year of education for the educational profile "Economic technician", the module "Enterprise for practice" is implemented, which is studied through practical classes. It is a model of a simulated company with a corresponding organizational form (procurement, sales, mar-

²¹ The Center for Vocational Education is a public institution founded by the Government of Montenegro in 2003, as an institution of social partnership with the aim of improving the development of professional and missing profiles on the labor market.

keting, accounting, administration, etc.) and processes, which operates in a competitive business environment with the aim of enabling students to: acquire entrepreneurial skills knowledge and skills, developing a positive attitude towards working in a team, responsibility in making decisions and connecting theoretical knowledge with practical work. In this way, economic processes and flows are simulated, decision-making within companies, as well as between companies. Through this program, students have the opportunity to collaborate and do business with their peers in the country and abroad.

Participating in national and international fairs is a practical exercise. Students and teachers from Montenegro have participated in international fairs (Austria, Slovenia, Croatia, Romania, Bulgaria et al) and at the national ones in Podgorica and Herceg Novi.

With the aim of better functioning of the work of virtual companies for practice, the Service Center of companies for exercise and a special website www.servicentarpzv.me was created. The main role of the Service Center is to provide realistic business environment for companies to practice, by assuming the role of institutions with which realistic companies cooperate (Commercial Court, Central Register of Business Entities, Tax Administration, Bank, etc.). Also, numerous events were organized in order to promote entrepreneurial learning, such as national fairs of “Enterprise for practice”, participation in international fairs, competitions for the best business plan, participation in the European Euroskills competition in the field of entrepreneurship, etc.

During the school year 2018/2019 60 companies were established for practice in 15 secondary vocational schools, involving 1000 students and 60 teachers.

Source: Ministry of Economic Development and Tourism, Report on the implementation of the Action plan for the realization of the Lifelong entrepreneurial learning strategy 2020-2024, for 2021

Youth unemployment is recognized as one of burning issues in Montenegro, so the policies aimed at solving this problem have been incorporated into its strategic framework. In both broader and narrower context, youth employment has been addressed by the Strategy for Employment 2021-2025, Strategy for development of Micro, Small and Medium Businesses in Montenegro 2018-2022, Strategy for Lifelong Entrepreneurial Learning 2020-2024, National Youth Strategy 2017-2021.²²

²² New National strategy for youth is in the process of development.

In Montenegro, youth entrepreneurship is seen as an opportunity to solve the issue of youth unemployment as well. Various measures to support youth entrepreneurship have been implemented and are still being implemented in Montenegro, though more on *ad hoc* basis and without appropriate continuity. These can be grouped into following categories: 1) Measures solely relating to various forms of financial support (loans, tax and other relieves); 2) The development of so-called “soft” skills, entrepreneurship training programs, technical assistance, mentoring; 3) The combination of financial and advisory support; Initiatives related to raising awareness of entrepreneurial vocation and various support measures connected with the education system; 4) Support measures relating to the provision of the necessary infrastructure for potential entrepreneurs, particularly in innovation and IT sector.

Despite the relatively large number of identified initiatives aimed at promoting entrepreneurship and supporting start-ups and beginners in business, most of them are not exclusively focused on young people. In addition, most of the identified measures are isolated, relatively small, ad hoc and discontinuous measures that are usually not part of a broader comprehensive policy to support the development of youth entrepreneurship.

In other words, current policies are focusing on the development of entrepreneurship, primarily small and medium enterprises, instead of focusing on entrepreneurship related to certain target groups such as young people. If the intention is to encourage youth entrepreneurship, it is necessary to think about the major social development shift, whose result will be a society based on developing entrepreneurial culture and value system, and not only on solving the current problem of youth unemployment.²³

Although entrepreneurship has a positive connotation among young people in Montenegro, there are several limitations that affect entrepreneurial activity of young people. Such limitations include negative attitude of society towards entrepreneurship (there is a tendency of choosing “certainty” of the work in the civil service, regardless of the lower income, compared to the involvement of the private sector, which is seen as uncertain and risky business), lack of skills which young people recognize as important for entrepreneurship, inadequate education that does not prepare young people for market competition, lack of experience, lack of funds for starting a business, lack of

²³ Ibid

social networks and contacts, inadequate entrepreneurial ecosystem, but also market barriers and regulatory burdens.²⁴

Regulation of young entrepreneurs (income, registration, legal provisions, mechanisms, subsidies)

As previously noted, although there is a large number of initiatives aimed at promoting entrepreneurship, legal framework of Montenegro does not recognize young entrepreneurs as specific category, and therefore there is not specific legal framework exclusively focused on youth entrepreneurship.

According to the Union of Young Entrepreneurs, young entrepreneurs in Montenegro are mostly registered as a limited liability company, and they can earn income, despite the aggravating circumstances such as COVID-19. There are various mechanisms of support for young entrepreneurs, including trainings, mentorship, as well as financial support, such as “Entrepreneurial booster” implemented by the Institute for Entrepreneurship and Economic Development (IPER) and Union of Young Entrepreneurs (UMPCG). Total amount to be distributed within this EU cofunded project for grants is EUR 187,500.00 (one young entrepreneur could obtain up to EUR 7,500.00 per created job).²⁵

Regarding other institutions, Ministry of Economic Development and Tourism provides support to young entrepreneurs through mentorships and grants, while the European Bank for Reconstruction and Development (EBRD) is currently conducting the program which aims to support and empower youth entrepreneurship in Montenegro.

According to the Business Improvement Organization Montenegro (BIOM), there are several financial and non-financial types of support available to beginners in business. For example, there are free mentorships and education about key aspects of business, i.e. finance, market analysis and marketing, managing time and project, protection of intellectual property, etc. Financial support

²⁴ Ibid

²⁵ Union of Young Entrepreneurs, website: <https://www.umpcg.me/posts/313>

consists of competitions for entrepreneurs with prize fund for the best, Ministries' grants, European grants, tenders from municipalities, public institutions and NGOs, crowdfunding etc.²⁶

Entrepreneurship in the education system in Montenegro

According to the survey conducted with the teachers, their role is to impart the practical knowledge and skills to students, to inform them about the importance of entrepreneurship, to help them develop critical thinking, and to motivate young people to think toward self-employment and entrepreneurship. Additionally, the role of the teachers is to prepare students to leave their comfort zone to be better prepared for the labor market. According to the Centre for Vocational Education, the role of the teachers is also to initiate various projects and initiatives in the school which are related to the development of entrepreneurial knowledge.

The role of principles, deans and school governing bodies should be to provide financial and technical support to teachers, to motivate them, and to promote school's activities related to entrepreneurship among students' parents and institutions. Also, as teachers have noted, they should more actively emphasize the importance of entrepreneurship and practical skills needed for it.

Entrepreneurial clubs and Entrepreneurial centres

In previous years, primary and secondary schools participated in the introduction of entrepreneurial learning, through optional subjects (primary schools) and through the establishment of entrepreneurial clubs and entrepreneurial centres (secondary schools). Entrepreneurial clubs in secondary schools represent a form of extracurricular activity. The goal of the establishment of the entrepreneurial club is the promotion of entrepreneurial spirit and entrepreneurial way of thinking among students in order to acquire knowledge and skills that can be useful in the personal and professional development of students. The activity of the entrepreneurial club can be productive, non-productive, environmental, humanitarian or of a different character. Students together with the teacher-mentor choose the activity of the club depending on the type high school, educational profile for which they are educated, material and technical conditions, production conditions in the school and others. Parents, companies and other institutions and individuals can be involved in the work of entrepreneurial clubs. The target market of the entrepreneurial club is different and can be: local shops, restaurants, agencies, healthcare institutions, schools, colleges, state institutions, private companies, entrepreneurs, individuals, old people, children in preschool and elementary schools. All production stages are

²⁶ Business Improvement Organisation Montenegro, website: <https://docs.biznisinformatior.com>

developed in entrepreneurial clubs: planning and preparation, production, sale and distribution of income and net income/profits. This concept is implemented in secondary vocational schools and gymnasiums. So far, 20 new entrepreneurial clubs have been established in 10 secondary vocational schools and gymnasiums in Podgorica, Danilovgrad and Kotor. Due to the COVID-19 pandemic, shortened classes and limited interactions, activities of the entrepreneurial clubs in last two years died out, but it is expected that but it is expected to revive with adequate support from the Center for Vocational Education.

As part of the Project "Entrepreneurial Centers in Secondary Vocational Schools", entrepreneurial centers were formed in 2013 within four secondary vocational schools in the municipalities of Mojkovac, Bijelo Polje, Berane and Bar. The goal of establishing entrepreneurial centers is to encourage young people and the unemployed people to acquire entrepreneurial knowledge and skills through certain forms of education, which will enable them to start or improve their business. The services of entrepreneurial centers include: provision of business advisory services, organization of educational programs, networking and promotion. Target groups of entrepreneur centers are entrepreneurs who already own their own business; current and former high school students; students; unemployed persons; women, active in business; parents; relevant organizations and institutions.

Entrepreneurial centers stopped working due to the lack of appropriate legal acts of the Ministry of education, which would enable adequate engagement of professors who worked in schools and Entrepreneurship centers. Namely, the existing Rulebook on systematization does not provide for the position of coordinator in entrepreneurship centers. In other words, the time that teachers spend in entrepreneurship centers is not included in the norm of classes.

Source: Ministry of Economic Development and Tourism, Report on the implementation of the Action plan for the realization of the Lifelong entrepreneurial learning strategy 2020-2024, for 2021

Requirements for the youth companies to succeed in Montenegro and ideal model of youth companies

According to the teachers, this model requires several key factors to succeed in Montenegro. Firstly, financial support is needed for companies to begin with their work. When it comes to legal factors, it is necessary to create legal framework which focuses on young entrepreneurship and student companies, and to define the conditions and methods under which companies operate (this

could be done on school level by adopting the appropriate act). Regarding the social factor, different types of recognition by the social community could help this model to succeed. Additionally, coordinated cooperation between school, municipalities, ministries and other relevant institutions is needed in order for this model to be successful. Support which companies receive should be more visible, while students should be better informed about the examples of good practice.

According to the Centre for Vocational Education, financial factor represents the biggest challenge. Students are very much interested to take part in various projects, but issue occurs when funds have to be secured for realization of ideas.

According to the teachers, ideal model would be the combination of all previously noted suggestions. Additionally, they have indicated that ideal model would be based on cooperatives, i.e. would present students with possibility to start their student companies in their schools, with provided workspaces and internet connection, with legal framework which would help them to offer their products and services to the market (including bank account). At the beginning of the school year, students should be given the opportunity to apply to work in student companies, present their ideas to other students, after which the best idea would be supported by the school leaders, municipalities, social partners etc. According to the Centre for Vocational Education, ideal model for student companies should be self-sustainable. That would secure its continuity, making it also viable for next generations.

Serbia

The Serbian economy consists of many micro-enterprises. They make up 96.3% of the total number of SMEs. Together, micro, small and medium enterprises and entrepreneurs make up 99.8% of the Serbian economy, participate in GDP with 34%, and generate about 2/3 of employment and turnover and 54.1% of gross social value. SMEs in the EU countries are similar in number. However, employment in micro-enterprises in Serbia averages 2.4²⁷ compared to the European average of 4.2. It is specific for Serbia that micro enterprises do not grow fast enough or do not grow at all.

²⁷ http://www.aktivasisistem.com/assets/documents/Propisi/Registracija_privrednih_subjekata/Strategija_razvoja_sgrs_35-2015.pdf

This means that business conditions stifle the growth of micro-enterprises. This is confirmed by the assessments of micro entrepreneurs and resistance to entrepreneurship in general.

Serbia recorded a youth unemployment rate of 30.3% in 2019. The lack of entry-level jobs consequently drives many young Serbians to flee their home country in search of work elsewhere.

According to available data, about 20% of young people who participated in student companies in high school later actually start their own business, which is over 3 times more than the general population. Which young men and women spend on deciding whether to leave the country, or stay and try to meet professional and life priorities, or simply survive. For those who remain, entrepreneurship is rarely seen as an equal choice, except in a subgroup of young people who come from entrepreneurial families or have directly experienced entrepreneurial learning through the Junior Achievement Program, as the most important and other complementary initiatives.

Legal and administrative support

Serbian legislation recognizes youth entrepreneurship in various ways, but the approach and the support is not systemic and very often not helpful.

Article 6 of the **Law on Youth**²⁸ emphasizes the principle of equal opportunities: "Young people have the right to equal opportunities and participation in all areas of social life in accordance with their own choices and abilities." Article 21 deals with the financing and co-financing of programs and projects of public interest in the areas of the youth sector in order to protect and affirm the public interest. As bearers of these programs, the Law lists:

1. youth associations, youth associations and unions;
2. local self-governments; and
3. institutions, scientific research institutes and other legal entities based in the Republic of Serbia.

²⁸ http://www.paragraf.rs/propisi/zakon_o_mladima.html

The Labor Law²⁹ stipulates that an employment relationship may be established with a person who is at least 15 years old and meets other conditions for work on certain jobs, determined by law, i.e., the rulebook on the organization and systematization of jobs. The obligation to adopt regulations does not apply to an employer with 10 or fewer employees.

The **Law on the Rights of the Child** in the preliminary draft published on the website of the Protector of Citizens deals with the right of children to work in Article 63 and says that every child has the right to work from the age of 15, if it does not endanger his/her health, education and proper development. Every child has the right to just and favorable conditions of work, without discrimination. Public authorities are obliged to provide the child with adequate protection at work, including control against violence, exploitation and protection from any work that would be harmful to the child's life, health, education and proper development, in accordance with the law.

The **Law on Business Companies**³⁰ regulates the legal position of these companies, as well as the legal position of entrepreneurs. As the provisions of this law apply to forms of economic activity that are established and operate in accordance with a special law, unless otherwise provided by that law, it is necessary to specify in the Law on Youth Company special provisions that would be simpler than those in Law on Business Associations. For example, the Youth Company acquires the status of a legal entity by registering in the APR, under a special, facilitated procedure.

The **Law on Personal Income Tax**³¹ defines salary as all income earned on the basis of employment, defined by the law governing employment and other income of employees, as well as agreed compensation and other income earned by performing temporary and occasional work on the basis of a contract directly with the employer, as well as on the basis of a contract concluded through a youth or student cooperative, except with a person up to 26 years of age, if he is studying in secondary, higher and higher education institutions.

NOTE: only for tax purposes, the legislator equated the salary earned by an employee on the basis of employment with the compensation earned by a person (who does not have the status of an employee) for

²⁹ <http://www.paragraf.rs/dnevne-vesti/230714/230714-vest1.html>

³⁰ http://www.paragraf.rs/propisi/zakon_o_privrednim_drustvima.html "Sl. glasnik RS", br. 36/2011, 99/2011, 83/2014 - dr. zakon i 5/2015

³¹ http://paragraf.rs/propisi/zakon_o_porezu_na_dohodak_gradjana.html

work on the basis of a contract on temporary and occasional jobs. Tax treatment of income (income) realized on the basis of contracts on temporary and occasional jobs in terms of payment of taxes and contributions depends on whether the contract is concluded: directly with the employer or through a youth and student cooperative.

The Law on Registration of Business Entities³² defines a business entity as a legal or natural person that performs the activity of production and / or trade of goods and / or provision of services on the market for the purpose of gaining profit and which is registered in the Register.

National Youth Strategy 2015-2025³³ and in particular the first two strategic objectives: a. employability and employment of young women and men, through specific goals:

1. Developed services and mechanisms that promote youth employment and employment through cross-sectoral cooperation, and b. Quality of opportunities for acquiring qualifications for the development of competencies and innovation of young people,
2. Increased harmonization of knowledge, skills and competencies acquired in the process of lifelong learning, with the needs of the labor market.

National Employment Strategy for the period 2011-2020³⁴ emphasizes that it is especially necessary to work in the direction of promoting entrepreneurship and entrepreneurial learning and education. Support is reflected in the provision of consulting services, as well as in encouraging self-employment through continuous entrepreneurial training and education. In that sense, it is necessary to develop a joint strategy for the development of entrepreneurial education, whose main goal is to increase self-employment in the Republic of Serbia.

³² http://www.paragraf.rs/propisi_download/zakon_o_registraciji_privrednih_subjekata.pdf

³³ http://www.mos.gov.rs/mladisuzakon/attachments/article/389/nacionalna_strategija_za_mlade0101_cyr.pdf

³⁴ http://www.ombudsman.osobesainvaliditetom.rs/attachments/016_Nacionalna%20strategija%20za%20zaposljavanje.pdf

The Strategy for Support of the Development of Small and Medium-Sized Enterprises of Entrepreneurship and Competitiveness for the period from 2015 to 2020³⁵ recognizes the development and promotion of entrepreneurial spirit and encouraging entrepreneurship of women, youth and social entrepreneurship as one of the six strategic goals. Specific objective 6.2. The policy and instruments to support women's entrepreneurship, youth entrepreneurship and social entrepreneurship are fully the strategic basis for the development of the Youth Company.

The Career Guidance and Counseling Strategy³⁶ in RS in the Career Guidance and Counseling Program for young people aged 19 to 30 emphasizes the importance of planning and managing one's own career: training for individual responsibility for one's own career and professional development; and training to consider the potential implications of changes in learning or work and to plan financial options.

Entrepreneurship in the education system

The Student Company program in the educational system of the Republic of Serbia has been implemented since 2003 as an extracurricular activity in secondary schools with the aim of encouraging the development of entrepreneurial competencies and financial literacy of students. Over the past years, over 1,000 student companies (hereinafter: SC) have been created in over 150 high schools with the participation of over 30,000 students. Since 2014, this program has been an integral part of the calendar of competitions and reviews of high school students published by the Ministry of Education, Science and Technological Development under the title "Review of Student Companies of Serbia".

Although the primary function of the student company is business education of high school students and development of entrepreneurial awareness of young people through business simulation, some SC activities are real business activities (eg buying repro materials and producing a real product, selling that product or service for money, etc.). The SC enters into relationships

³⁵ http://www.aktivasisistem.com/assets/documents/Propisi/Registracija_privrednih_subjekata/Strategija_razvoja_sgrs_35-2015.pdf

³⁶ http://www.nsz.gov.rs/live/digitalAssets/1/1336_skvis_strategijakarijernog.pdf

with the real economy and its actors (rules, entities, regulators). However, entering into a business relationship implies the business ability of both parties to fulfill their mutual obligations and thus realize their interest. For example, in order for a student company to be able to buy the raw materials from which to make a product, it must have the business ability to pay the bill (cash or bank transfer) and in order to sell the product to an interested customer, the student company must have the business ability to issue an invoice and collect money. In Serbia, formally and legally, student companies do not have legal capacity, although members of the SC, if they are adults, have legal capacity as individuals, and e.g. they can sign a business arrangement in the name and on behalf of the SC.

However, the lack of business ability in the SC seriously reduces the potential for gaining business knowledge and experience by high school students and burdens the continued development and growth of inventive student companies. This indicates the need for further development of the regulatory framework for the functioning of student companies in the educational and economic system of the Republic of Serbia.

Despite the fact that the "Student Company" program in high schools in Serbia has been implemented for nearly two decades and is very widespread among high schools, the normative framework has not been developed to the extent necessary for student companies to be able to function and perform all business functions without interruption.

Since student companies are not defined by special legal acts, the normative framework we cite here refers to the way in which the activities of student companies are directed in the legal system of the Republic of Serbia, primarily in the field of (secondary) education and (student) entrepreneurship.

The Law on Secondary Education (Official Gazette of the RS No. 55/2013) is relevant because its provisions enable the introduction of the "Student Company" program in the high school curriculum. According to Art. 11, para. 6, "programs and activities that develop problem-solving skills, communication, teamwork, self-initiative and encouragement of entrepreneurial spirit (which through the program "Student Company" without a doubt - ed.) Are an integral part of

the school program brought by the school ". In other words, this law allows the high school to include the "Student Company" program in its annual work plan and program.

The same law is relevant for the student company because of Art. 32, in which the school is given the opportunity to establish a student cooperative in order to develop extracurricular activities, ie "with the aim of encouraging the development of positive attitudes of students towards work and professional orientation, connecting teaching with the world of work, developing awareness of responsibility," as well as the development of a positive attitude towards teamwork ". The school through the cooperative can sell products created as a result of work in the student cooperative, and therefore the student company, or provide services.

Funds acquired through the student cooperative can be used to expand the material basis of the student cooperative, excursions, student nutrition, rewards for cooperative members and improve educational work at school and for other purposes, in accordance with the acts governing the student cooperative. The law does not say anything about whether the funds can be used to pay fees to "cooperatives". The work of the student cooperative is regulated by the statute of the school and the rules for the work of the cooperative.

Requirements for the youth companies to succeed in Serbia and the ideal model

Youth company is fully compatible with the strategic and normative framework in the Republic of Serbia, and it is legally possible to establish and implement, only if there is political will for its implementation. Political will is important because of the innovativeness of the offered solution, which the system could automatically exclude because it differs from existing or usual solutions. This solution combines early activation with labor market intervention. The solution is innovative and has great potential for creating new jobs for young people. This model is fully compatible with relevant EU and OECD strategies³⁷.

Legal ground of the Youth Company

³⁷ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3Aef0015>
<http://ec.europa.eu/social/main.jsp?catId=1036>
https://www.oecd.org/cfe/leed/Youth%20entrepreneurship%20policy%20brief%20EN_FINAL.pdf

- Law on Youth Company as an affirmative measure to support youth entrepreneurship, or
- Through amendments to the Companies Act

Advantages of a Youth Company for founders

- The principle of simplifying the procedures for registration and operation of a youth company
- Cumulative tax and contribution rate up to 20% for a youth company
- The greater the chance of success, the lower the risk
- A sense that young entrepreneurs have real, not just verbal, support from society
- Youth in the age group of 16 to 24

Profits from a Youth Company for decision makers

- Youth company represents an innovative public policy
- This public policy combines early activation with labor market intervention.
- The youth company model contributes to the consolidation of the base of young entrepreneurs.
- The economic cost of this solution is in the range of existing incentives.
- The youth company has great potential to create new jobs for young people.

Turkey

Nowadays, the economic development models which depend solely on public resources are outdated. One of the advantages of Turkey in economic competition is the young population. But they must be educated according to the needs of the era. Entrepreneurship education is supported by the Ministry of Education and Council of Higher Education. Having a large and young population with more than 83 million people and an age average of 32,4, Türkiye ranks as the 19th biggest

economy in the world. This young population, which continues to increase, is highly active in the digital world. Türkiye is the 10th largest global market for Facebook, the 8th for Youtube, the 6th for Instagram and Twitter, and the 3rd for TikTok. Besides, based on the total number of downloaded applications, Türkiye holds the largest 7th market within mobile applications.

From a technological perspective, Turkey's development lies in the important moves that it took towards science and technology in the early years of 2000s. Whereas the total number of universities in Turkey was 77 in 2003, 53 of which were state universities and 24 of which were private foundation universities. Such figures saw 207 by the end of 2020, 129 of which were state universities, and 78 of which were private foundation universities.

In Turkey, as it is in the world, young entrepreneurship has been considered a strategic power recently. Also, the incentives for young entrepreneurs have been extended in order to increase the number and the qualifications of them.

According to Startup Centrum's 2021 Turkey Startup Ecosystem Investment Report, we have data that 323 startups received investment and also about the educational **status of 479 founders or co-founders**. There are 2 founders who are still high school students. These two people are also the game studio co-founders. One of the many benefits that the gaming industry brought to the ecosystem was that it paved the way for young entrepreneurs. Looking at the ecosystem in this state, it is pleasing to see that entrepreneurship has started to spread in a wide age range, from high school entrepreneurs to professors. The fact that 10% of the founding partners are doctoral students/graduates contributes to further intertwining of academia and entrepreneurship. When the undergraduate schools and faculties of the founders are examined, 89.6% of the entrepreneurs have graduated / studied from universities in Turkey. 73.4% of the founders graduated from state universities and 26.6% graduated from private/foundation universities. As a result of the analysis, 366 founders graduated from engineering faculties, while 113 graduated from economics and administrative sciences faculties.

Especially in the last decade, the support given to entrepreneurs has been increasing day by day. Many incubation centers have been established, and lot of opportunities like mentorship, investment, entrepreneurship education provided by various acceleration and support programs.

In 2022, student companies within the Junior Achievement Türkiye Company Program – GençBizz are currently at the stage of liquidating their companies, and students are taking the Entrepreneurial Skills Pass (ESP) exam. Many of them have already received the ESP certificate.

The Turkish government is a very active and strong supporter of the startup ecosystem in Turkey, offering a variety of programs and policies to enable the establishment and growth of startups.

Startup Support Bodies are also accelerators, incubators, co-working spaces and techno-parks, and technology development centers.

Legal and administrative support

In recent years, entrepreneurship support programs and incentives have been organized to appeal to young age groups and the number of these programs are increasing. These programs and incentives are provided by the Presidency of the Republic of Turkey. The Eleventh Development Plan (2019-2023) of the Strategy and Budget Department is also included in its main objectives. There are many supporting topics in the plan which are such as financing opportunities for entrepreneurs to strengthen the entrepreneurial ecosystem, creating entrepreneurial culture, and facilitating bureaucratic and legal processes for entrepreneurship. Regarding incentives and programs, many institutions such as TUBITAK and KOSGEB provide incentives and program opportunities for the entrepreneurship ecosystem.

KOSGEB provides grant support to active entrepreneurs under the titles of Traditional Entrepreneur Support Program, Advanced Entrepreneur Support Program and Business Plan Award Support Program. These supports are non-refundable incentives with an upper limit of 375,000 TL.

TUBITAK Technology and Innovation Support Programs Presidency (TEYDEB) 1512 – Entrepreneurship Support Program, known as Individual Young Entrepreneurship (BiGG), aims to transform the entrepreneurs' activities from the idea stage to the market so that they can transform their technology and innovation-oriented business ideas into enterprises with high added value and qualified employment creation potential. This program supports broad business ideas including smart transportation, energy and clean technologies, sustainable agriculture and nutrition. Finally, the Social Security Institution (SSI) has been providing the “Young Entrepreneur Incentive” as of

June 1, 2018, and with this incentive, the insurance premiums of young entrepreneurs who are insured for the first time are covered by the state for 12 months. In order for entrepreneurs to benefit from the incentive, they must be between the ages of 18-29 at the time of establishment of their own business, have tax liability due to commercial, agricultural or professional activities and be insured for the first time. Since 1 June 2018, 275 thousand 598 people have benefited from the “Young Entrepreneur Incentive” and 180 thousand 817 people have benefited from it in 2021.

Due to the Startups Watch’s The State of Turkish Startup Ecosystem 2022 Report, beginning in 2012, governmental agencies enabled and supported the development of local startup mentors, accelerator programs, angel networks, business internationalization programs, venture capital funds, and crowdfunding platforms. The Scientific and Technological Research Council of Turkey (TUBITAK) has been providing grants via its program called TUBITAK BiGG (Individual Young Entrepreneur Support Program) to idea-stage startups since 2012. In 2019, 568 idea-stage startups received grants of TRY 200 thousand each; in 2020, 531 such startups received grants of TRY 200 thousand each. In the first quarter of 2021, 31 new technology firms were established with the support of the Small and Medium Industry Development Organization (KOSGEB); additionally, 241 startups received USD 830 thousand and 71 R&D firms received USD 200 thousand from KOSGEB over the same period.

In the last five years, while investors invested in a total of 86 pre-seed startups, TUBITAK via their BiGG program provides grant support to 500+ idea-stage startups each year. On this note, TUBITAK, nourishing BiGG ideas, is Turkey's large source of idea-stage financial support. At the seed and early stage, there have been a total of 760 investments over the past 5 years; meanwhile TUBITAK 1507 (R&D Support Program for SME’s) and 1501 (R&D Support Program for Industry) programs provide over 1000 startups with support every year.

According to Startups Watch’s Year in Review 2021 Report, TUBITAK’s BiGG program was again the biggest funding source for idea stage startups.

There is also “Young Entrepreneur Support” which also includes many tax incentives and social insurance premium support since 2018. In recent years, the number of young entrepreneurs who want to start their own business and enter the market has increased significantly thanks to the

support of universities and government incentives, but many people who want to establish a company and start their own business are shy because of high tax and insurance costs.

In the last few years, accelerator programs have been more specialized, focused on individual sectors and themes, with a particular focus on the gaming sector. From 2020 to the first half of 2021, the number of accelerator programs focused on the gaming space rose by 33%. Moreover, during the same period, accelerator programs designed for scaleups and internationalization have also been launched, addressing an emerging need that has developed alongside the maturity of the ecosystem.

Most incubation centers in Turkey have been established by technoparks, bolstering a direct correlation between the number of technoparks and the number of incubation centers. Over the past decade, the number of incubation centers in Turkey has reached 82, driven by growth in the startup ecosystem and subsequent demand. These pre-incubation and incubation centers serve as catalysts and support mechanisms for startups who need a longer ramp up time before getting to scale, thus making these centers invaluable players in the ecosystem.

The co-working culture, which emerged in 2010, became a widespread trend in 2016 and, following several leading successful spaces, led to the establishment of a wide variety of co-working options across the country. Although the pandemic put a damper on the sector's rapid growth, and pushed many startup teams to work from home, these spaces quickly transitioned into virtual office services and community connectors for their startup members. Whether through organizing events and activities, or simply providing higher chances of serendipity to interact with people across multiple disciplines, co-working spaces have become the most active hubs for entrepreneurship in Turkey. In Istanbul specifically, the Levent-Maslak corridor hosts both a plethora of co-working spaces and is both the city's, if not the country's, leading business center, resulting in a seemingly endless number of entrepreneurship events, and likewise both chance and deliberate encounters between entrepreneurs and investors.

Student companies are allowed to produce and sell their product/service in the scope of law but their sales are free of tax.

Young Entrepreneurs, who have completed the age of 18 and have not completed the age of 29, can benefit from Young Entrepreneur Support. As of 01.06.2018, social insurance premium support will be provided for 1 year to young entrepreneurs between the ages of 18-29 who set up a sole proprietorship for the first time. Thus, the monthly premium will be covered by the state treasury for 1 year. The incentive is limited to 1 year. The total amount of support for young entrepreneurs will be 12,664.32 Turkish Liras.

Entrepreneurship in the education system

The role of schools and principals is to take care of the administrative permissions required for the team within the scope of the company's activities. The role of teachers is to keep the team together and motivate them. In addition, teachers cannot participate in company activities and make decisions on behalf of students.

Universities support young entrepreneurs by technology transfer offices, incubation centers, tech-noparks, technology development centers supported by KOSGEB. For selecting the startups, priority will be given to their own students, their alumni who have graduated from maximum 5 academic years before and the academicians. All of this data is scored for the national index called as by GYUE Entrepreneur and Innovative University Index.

The only difference between student and youth companies is that youth companies involve startups, university student entrepreneurs and fresh graduates, while student companies involve high school student entrepreneurs supported by the GençBizz High School Entrepreneurship program.

What is needed for youth company model to succeed ?

In order for this program to be successful, the outreach to as many teachers and students as possible all over the country is important and better cooperation with the corporate world and education. As mentioned above, one of the initial priorities given by the government in terms of entrepreneurship is supporting entrepreneurs. The government needs to promote the development of women entrepreneurs, increase the scope of finance, reduce the regulatory burden and promote

cooperation between the private sector and civil society. Social enterprises which bring about potentially transformative societal improvements need to be supported and it is pivotal that gender equality, gender diversity and social inclusiveness be taken into account when grants and funds regulations are designed for entrepreneurs.

Ideal model for the student and/or youth company

Nowadays, innovation is not enough for startups. Sustainability is also compulsory. There are a lot of barriers to young entrepreneurship in Turkiye, because of the public, individual or society and culture. Public-centered barriers are educational problems, lack of infrastructure in education, failure of education policies to enhance or promote young entrepreneurship, instability in the economy, inadequacy of incentive policies, bureaucratic barriers, and so on. Individual-centered barriers are related with personal skills, for example lack of self-confidence. We can give examples of barriers to young entrepreneurship based on society and culture such as lack of a culture of doing business together, companies not giving necessary importance to institutionalization. The model will provide individual, society, and public-centered possible solutions in order to remove obstacles and increase the number and the quality of the young entrepreneurs.

Ideal models

There are different examples from the partner countries on how and what should be taken into consideration when thinking about the ideal youth company model. This analyses shows some very clear ideal model examples for North Macedonia and Serbia, for example, but it also gives and overview of what would work in other partner countries when it comes to student and youth companies and their creation and functioning.

The model of a youth company is an innovative policy solution for a problem that has long been recognized and that is that young people are reluctant to decide on entrepreneurship and prefer to work for someone. One of the main reasons for this attitude is the excessive complexity of legal and tax procedures that take away the charm of entrepreneurial adventure.

The proposed solution for youth company ideal model can be further detailed in accordance with the specific factors and metrics of a given situation (country, level of education, type of industry, etc.). Overall, the importance of youth entrepreneurship and overall entrepreneurial activities lies in its potential to increase economic growth and economic development. However, it is important to take into consideration that there are indications that strong and stable economies tend to "nurture" a larger number of entrepreneurs compared to developing countries.³⁸ This may be due that stable and prosperous economies have a more stimulating and motivating environment for entrepreneurial activities.

Minimizing and simplifying regulatory and administrative procedures, as well as maximizing the support needed to comply with them, will make it easier for young people to start-up and run their business. To educate and assist young entrepreneurs on tax issues, for example, how to keep proper records. There should be briefings conducted for young entrepreneurs to acquire an overview of tax issues affecting their businesses. Furthermore, tax relief or differentiated tax rates are a means facilitating the start-up process for young people. Two methods are possible: either lowering the rates or granting a period of tax exemptions for youth companies.

Policy recommendations

Articulated policies are the most important point, but it has several aspects. Perhaps most important, it may or may not but does not necessarily need to become a full-blown, resource-intensive, programmatic, subsidized approach. Some governments will prefer such an approach and others will not; a debate on the issue here would be a sterile one. The important factor concerns a clear expression of political will and a desire to see a cooperative effort to promote youth entrepreneurship in society. From that can flow many facilitative, low-cost things that governments can do to foster much-needed cooperation and coordination, such as, providing centralized information banks and administrative support for registration of youth businesses. These services are

³⁸ Čoćkalo, D. et al. (2020) Youth entrepreneurship development: A review of literature and ten-year research results, University of Novi Sad, Technical faculty "Mihajlo Pupin" in Zrenjanin, Republic of Serbia Available online at <http://www.tfzr.uns.ac.rs/jemc>

needed in any case, even if governments decide on more ambitious policy programs with measurable success.

Going forward, economies in the partner countries should focus on developing multi-stakeholder partnerships for entrepreneurial learning, bringing together cross-government and relevant non-government stakeholders to strengthen co-ordination and coherence across policy areas. Governments should also look to reduce the implementation gap between policy commitments and practical implementation of the entrepreneurship key competence approach within the learner experience and assess learning outcomes more frequently.³⁹

- Further support in harmonization with the European New Skills Agenda, especially in aspects of developing “skills to support the twin transitions”, i.e. “skills for the green transition” and “digital skills for all” and overcoming the influences of pandemic.
- Further support in funding and expertise for strengthening and developing entrepreneurship and employment policies in the region. It is important to build a broad policy platforms for cross-ministerial collaboration and work with actors from many policy domains.
- Support in mainstreaming entrepreneurship education in Western Balkans societies in a systematic and holistic approach, understanding that it benefits stakeholders from many sectors with different objectives: The business sector with skilled workers, the local community with new jobs and committed citizens, financial institutions with financially literate youth and rural regions with their young people staying there instead of seeking jobs in cities.
- Reduction and simplification of new laws and policy frequency. This would give “breathing” room for the young entrepreneurs to focus on other aspects of the business, rather than extensive paperwork.
- Introducing entrepreneurship courses to high school students and create a plan for introducing entrepreneurship in elementary schools (in partner countries where the courses don’t exist and where there is no systemic entrepreneurship education). This would increase youth entrepreneurship potential in the long-term.
- Reduce taxes for start-ups and introduce flexible solutions for enterprises who do not yet fully “stand on their feet”. Strict policies should be included to prevent the exploitation of start-up-based tax reductions.

³⁹ SME POLICY INDEX: WESTERN BALKANS AND TURKEY 2022 © OECD 2022

- Developing online platforms where existing SMEs and new potential entrepreneurs can network. This approach may lead to partnerships, investments, innovation, and overall economic development.
- Creating partnerships with existing enterprises where a student could be working as interns. These could be paid internships or part-time jobs.
- The development of the dual education system that integrates learning in school and practice at work to encourage more young people's participation in professions

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