

## Necessity-Based and Opportunity-Based Entrepreneurship: Socio-Demographic Features of the Employed and Their Potential Realization\*



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**Abstract.** Entrepreneurship is considered as a source of increasing economic competitiveness, emergence of innovations, creation of jobs, and realization of public goals. The article shows that the achievement of economic goals is associated not only with entrepreneurship, but also with its individual types (necessity-based and opportunity-based). The author pays attention to identifying the types of entrepreneurship (necessity-based and opportunity-based), determining socio-demographic features of population involved in these types, how representatives of the selected types of work perception, realize the accumulated potential, what type of earnings they prefer (stable, but low incomes / high incomes, but with no guarantees for the future). Information data of the research is data monitoring of the quality of labor potential of the Vologda Oblast population for 2020. In the course, the work identifies the groups of factors that affect the prevalence of these entrepreneurship types (in one case, it is macroeconomic stability, institutions, infrastructure, etc., in the other – for technological improvement, for higher education, vocational training, and efficient markets). The research reveals common features of necessity-based and opportunity-based entrepreneurs and their differences. The author proves that opportunity-based entrepreneurs perceive their activities to a greater extent from the position of focusing on earning respect

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and recognition, gaining new knowledge, and realizing their potential. They are more likely to rate their prospects for professional development, career growth and professional improvement higher than other groups of entrepreneurs. The practical significance of the study is to identify groups of opportunity-based and necessity-based entrepreneurs, characteristics peculiar to each of them, and to highlight their common and different features. In turn, the latter creates prerequisites for the authorities in terms of creating conditions for each of the groups of entrepreneurs, determining the most effective and successful incentives for activating their potential.

**Key words:** opportunity-based entrepreneurship, necessity-based entrepreneurship, socio-demographic features, work perception, readiness for professional development.

### Relevance of the research

In socio-economic state development, a significant role belongs to entrepreneurship which is considered as a source of increasing economic competitiveness, emergence of innovations, job creation, and implementation of public goals [1]. The contribution of small and medium-sized enterprises to the economy of developed countries is 50% of gross domestic product. In Russia, in accordance with the national project “Small and Medium-Sized Enterprises and Support for Individual Entrepreneurial Initiative”, the values of this indicator are planned to increase to 32.5% by 2024 (in 2018 it was 20,2%)<sup>1</sup>.

Russian studies (for instance, [2, p. 176]) justify the influence of entrepreneurship on economic development. We are talking about the fact that with the growth of the number of small and medium-sized enterprises by 1% in the regions, there will be an increase in GRP by 0.06–0.17%. At the same time, the elimination of half of the organizations in the territory can lead to a reduction in GRP by an average of 3–10% per year [3, p. 176]. The consequences of this may be a reduction in the production of goods and services, informal employment and unemployment, and a drop in business income.

<sup>1</sup> Eroshenko E.P. *Organizational and Economic Mechanism of Youth Entrepreneurship Development on the Basis of Interaction with Partners of the University: Autoabstract and Dissertation of Economic Sciences*. 08.00.05. Yekaterinburg, 2020. P. 3.

According to the Global Entrepreneurship Monitoring (GEM), Russia is one of the countries with a low level of entrepreneurial activity. Over the previous decades, SMEs’ role remains quite modest: no more than 22% of GDP, about 27% of employment [4]. According to GEM (2018–2019)<sup>2</sup>, in Russia, only 0.7% of respondents indicated their involvement in initiatives related to intra-company entrepreneurship (while the average for the global report reached 4%). At the same time, we should note that in 2018, three-quarters of respondents closed their businesses due to non-profitability. This indicator is considered as a “record” for all the time in Russia and the largest of all the countries participating in global monitoring. In 2019, the number of SMEs decreased by 100 thousand and the number of employed – by almost half a million [5].

The situation may be aggravated by the crisis phenomena in the economy in 2020, accompanied by long-term negative consequences for economic development, departure of voluntary entrepreneurs (whose number is already low) from the market [6]. The thesis about the connection of economic development with a certain type of entrepreneurship, and not only with entrepreneurship as such, is reflected in the works of Russian and foreign

<sup>2</sup> Global Entrepreneurship Monitoring. Russia 2018–2019: national report. Available at: [https://gsom.spbu.ru/files/folder\\_17/otchet\\_fin\\_rgb.pdf](https://gsom.spbu.ru/files/folder_17/otchet_fin_rgb.pdf) (accessed: January, 10, 2021).

scientists. For example, Baumol emphasized the connection between economic development in the country and distribution of “entrepreneurial talents” between different types of entrepreneurial activity [7, p. 53]. Similar conclusions are in other studies [8; 9; 10]: economic development is promoted not so much by an increase in the total number of entrepreneurs, but by entrepreneurs with high growth potential who produce innovative products.

As we have shown above, entrepreneurship (and its types) contributes to economic development, and therefore the authorities attach great importance to its support and the definition of parameters that affect its scale and intensity. *The purpose of the research is to analyze the prevalence of voluntary and forced entrepreneurship in the Vologda Oblast. The tasks are to consider the socio-demographic characteristics of opportunity-based and necessity-based entrepreneurs; to study their perception of their activities (from the point of view of achieving success, self-realization, etc.); in assessing professional prospects, as well as readiness for certain actions.*

#### **Theoretical aspects of the research**

The analysis of scientific literature has shown that the entrepreneur’s characteristics are taken into account when determining the economic essence of entrepreneurship. Among the authors of the first studies on the theory of entrepreneurship are R. Cantillon and A. Smith. It is believed that the term “entrepreneurship” was first introduced into scientific circulation in the 18<sup>th</sup> century [11]. Traditionally, entrepreneurship is understood as risky economic activity aimed at systematically making a profit from production and sale of goods, the provision of services, and the performance of work. In one of our earlier studies, when describing entrepreneurship, we emphasized its “creative aspects” – the focus on the search for new creative ideas, their analysis, and implementation in practice which can be manifested, for example, in improving production management [12, p. 126].

In their activities, entrepreneurs are guided by different motives and evaluate the benefits received in different ways [13, p. 132]. Given the differences in motivation for entrepreneurship, there are opportunity-based and necessity-based entrepreneurship. The concept of “necessity-based entrepreneurship” was first used in 2001 as a part of the global entrepreneurship monitoring. It is understood as entrepreneurship which is carried out under the influence of external circumstances: the lack of alternative income opportunities, the need to ensure survival in an alien environment, a sharp drop in the status and prestige of former profession [14, p. 25–26]. Necessity-based entrepreneurs were characterized as those who had no job opportunities or were in danger of losing their jobs in the near future<sup>3</sup>. Opportunity-based entrepreneurship is based on the desire to realize business opportunities.

The prevalence of entrepreneurial activity is influenced by various factors depending on the level of the countries’ development. In resource-based countries, according to the Global Entrepreneurship Monitoring (GEM), necessity-based entrepreneurship is becoming more widespread, influenced by such basic factors as institutional development, infrastructure, macroeconomic stability, health and primary education. At the same time, in economies based on innovation, opportunity-based entrepreneurship is more common for which the key is to create conditions for technological improvement, higher education, professional training, and effective commodity, financial, and labor markets.

The propensity for entrepreneurship can be determined not only by the indicated factors, but also by the motivation for this activity (necessity-based and opportunity-based). In the scientific literature, there are debatable positions regarding certain factors that affect different types of

<sup>3</sup> Bosma N., Acs Z.J., Autio E., Coduras A., Levie J. *Global Entrepreneurship Monitor. 2008 Executive Report, 2009*. 68 p.

entrepreneurship. A negative factor for necessity-based entrepreneurship can be an insufficient level of abilities and skills in relation to the required level for this activity due to propensity to entrepreneurship due to the deterioration of socio-economic environment [15]. Nevertheless, the research recognizes that in some cases, even the presence of specific abilities may not always lead to entrepreneurship, as they can be implemented in other types of activities [16]. In this regard, taking into account the type of motivation in the analysis is an urgent scientific task. The importance of considering this aspect may be due to another circumstance: not all countries with a high level of income are equally widespread in opportunity-based entrepreneurship, as well as in countries with low incomes, the key incentive for business organization is not always external circumstances [17, p. 109].

Country's economic development is linked to availability of people who have business opportunities and have the experience and skills to use them<sup>4</sup>. We assume that in the future, the level of entrepreneurial activity in the country may increase due to implementation of population's intentions to create their own business. There is already a positive trend (an increase in the share of entrepreneurs from the working-age population to 9.3%), as evidenced by the data of the GEM national report (2019–2020, Russia).

Despite the entrepreneurial activity growth, external circumstances remain the key motive for engaging in entrepreneurship. In 78% of cases, entrepreneurship was a way to solve employment

problems, and in 69% of cases, it was a way to ensure financial well-being<sup>5</sup>. Thus, the incentive to open their own business for necessity-based entrepreneurs becomes a straitened financial situation.

Conditionality of population's involvement in necessity-based entrepreneurship is also associated with dissatisfaction with work or lack of it, dissatisfaction with career opportunities, wages, etc. [18]. In the case of opportunity-based entrepreneurship, the situation is different. Favorable conditions due to the formation of large markets and reduction of investment risks over the previous ten years have led to the formation of more than a third of new organizations in Moscow, about 10% in St. Petersburg [19, p. 174], the favorable investment climate contributed to the increase in entrepreneurial activity in the Kaluga, Tyumen, and Voronezh Oblasts.

We have already mentioned how a favorable socio-economic environment can have a positive impact on entrepreneurship development. The opposite statement is also true, as evidenced by data of the Department of International and Regional Cooperation of the Accounts Chamber of the Russian Federation<sup>6</sup>. A decrease in effective supply and demand, gaps in supply chains, and reduction in investment can have a negative impact on doing business. The COVID-19 crisis has led to an unprecedented decline in economic activity. The latter may be negatively affected by the "shock of consumer demand", the postponement of investment projects, and the inability of organizations to fulfill their financial obligations in a timely manner. All of the above can affect entrepreneurship in general, and especially necessity-based entrepreneurship which is more

<sup>4</sup> Factors affecting the development of small and medium-sized businesses. Available at: <https://atameken.kz/uploads/content/files/%D0%A4%D0%B0%D0%BA%D1%82%D0%BE%D1%80%D1%8B%2C%20%D0%B2%D0%BB%D0%B8%D1%8F%D1%8E%D1%89%D0%B8%D0%B5%20%D0%BD%D0%B0%20%D1%80%D0%B0%D0%B7%D0%B2%D0%B8%D1%82%D0%B8%D0%B5%20%D0%9C%D0%A1%D0%91.pdf> (accessed: January 11, 2021).

<sup>5</sup> Experts of the GSoM SPbu: global entrepreneurship monitoring showed a record growth in the number of new companies in Russian before the pandemic. Available at: [https://gsom.spbu.ru/all\\_news/event2020-06-17/](https://gsom.spbu.ru/all_news/event2020-06-17/) (accessed: January 11, 2021).

<sup>6</sup> The COVID-19 pandemic impact on industry and environment. Available at: <https://ach.gov.ru/upload/pdf/Covid-19-prom.pdf>

susceptible to changes in the external environment, while those for whom the “internal motivators” for entrepreneurship are leading have opportunities for recovery and stabilization after crisis phenomena (for example, technological entrepreneurs have the potential to respond to crisis phenomena).

In the study, among the parameters that determine population involvement in necessity-based and opportunity-based entrepreneurship, we will primarily consider socio-demographic characteristics, as well as aspects related to the perception of entrepreneurs of their activities (self-realization, success achievement, moral satisfaction), potential realization, and willingness to improve themselves in a professional direction [20].

#### **Information base and methodological aspects of the research**

Information base of the research is monitoring data of the quality of labor potential of the Vologda Oblast population conducted by the FSBIS VolRC RAS in 2020. The object of the study is the working-age population of the Vologda Oblast. The survey was in Vologda and Cherepovets, as well as in eight districts of the region (Babaevsky, Velikoustyugsky, Vozhegodsky, Gryazovetsky, Kirillovsky, Nikolsky, Tarnogsky and Sheksninsky). The sampling method is zoning with proportional placement of observation units. The sample type is quota-based by gender and age. The sample size is 1500 people; its error does not exceed 3–4%.

The study focuses not just on the working-age population, but on entrepreneurs, who decided to engage in this type of activity is determined not only by external circumstances, but also by internal prerequisites. Due to this a subsample was formed from the sample population for subsequent analysis. The respondents were selected based on the answer to the question “How are your relationships formed in your main job?” (possible answer

“I am an individual entrepreneur/self-employed”). We identified necessity-based entrepreneurs when choosing a positive answer on the following aspects: “I have to engage in entrepreneurship because I can not find a more decent job (including for hire)”, “If I could choose, I would prefer to do something else”; opportunity-based: “Entrepreneurship allows me to realize myself professionally”, “Entrepreneurship provides me with an acceptable prosperity level”.

Within the framework of the research, opportunity-based and necessity-based entrepreneurs were considered from the standpoint of socio-demographic characteristics, job perception, assessment of professional prospects, and readiness to carry out certain actions.

In the course of the analysis, the author pays attention to some aspects:

- the article analyzes *perception of work* in relation to the following aspects: to feed yourself (family), to feel safe, to earn respect, recognition, to realize yourself as a person, to achieve success, to earn money, to make a career, to gain new knowledge; it was evaluated from the standpoint of agreement / disagreement with certain aspects of work (“absolutely agree”, “agree”, “not sure”, “disagree”);
- the paper considers *professional prospects* in terms of professional development, career growth, decent pay, self-realization in the profession; they were characterized from the positions of “high” and “rather high”, “rather low” and “low”;
- the work assesses *readiness to carry out certain actions* from the standpoint of mastering new knowledge and skills, organizing your own business, mastering new values and patterns of behavior, using new technologies in work and everyday life, and other aspects; it was considered from the standpoint of “not ready”, “ready” and “ready and already implementing”.

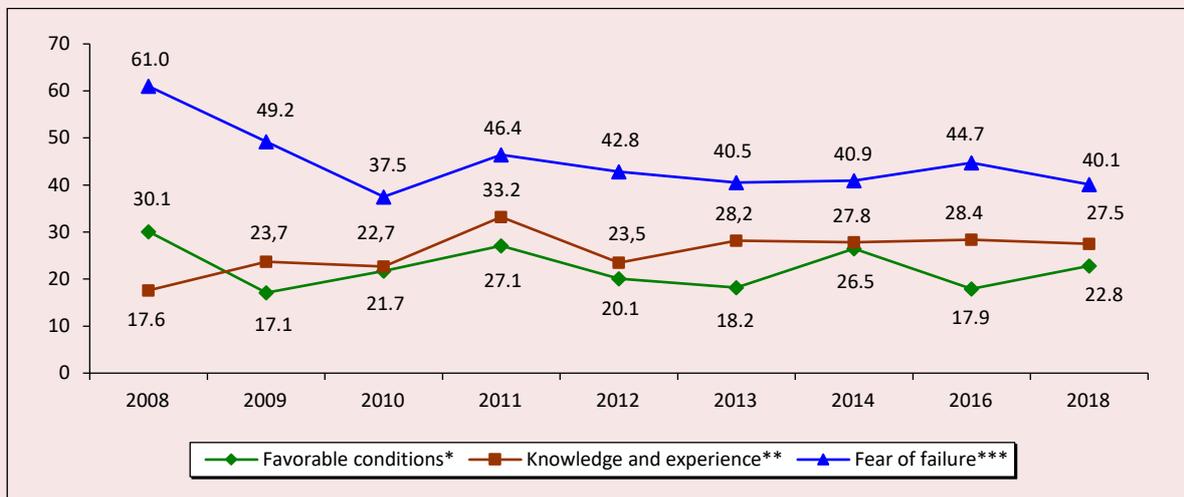
## Research results

Turning to the research results, first of all, we note the factors that influence exact entrepreneurship. Such data contain in the global entrepreneurship monitor that notes that over the previous decade, the number of people experiencing the fear of failure has decreased by 20%, while the number of people realizing the importance of knowledge and experience, on the contrary, has increased (Fig. 1).

According to the results of expert assessments, the factors that have the greatest impact on entrepreneurship are the dynamics of markets, access to infrastructure, vocational education, cultural and social norms. At the same time, the significance of these factors increased in 2011–2018 (Fig. 2).

Speaking about the research results, we note that among individual entrepreneurs and self-employed women predominated (54% vs. 46% of

Figure 1. Assessment of business perception factors, % of the number of respondents



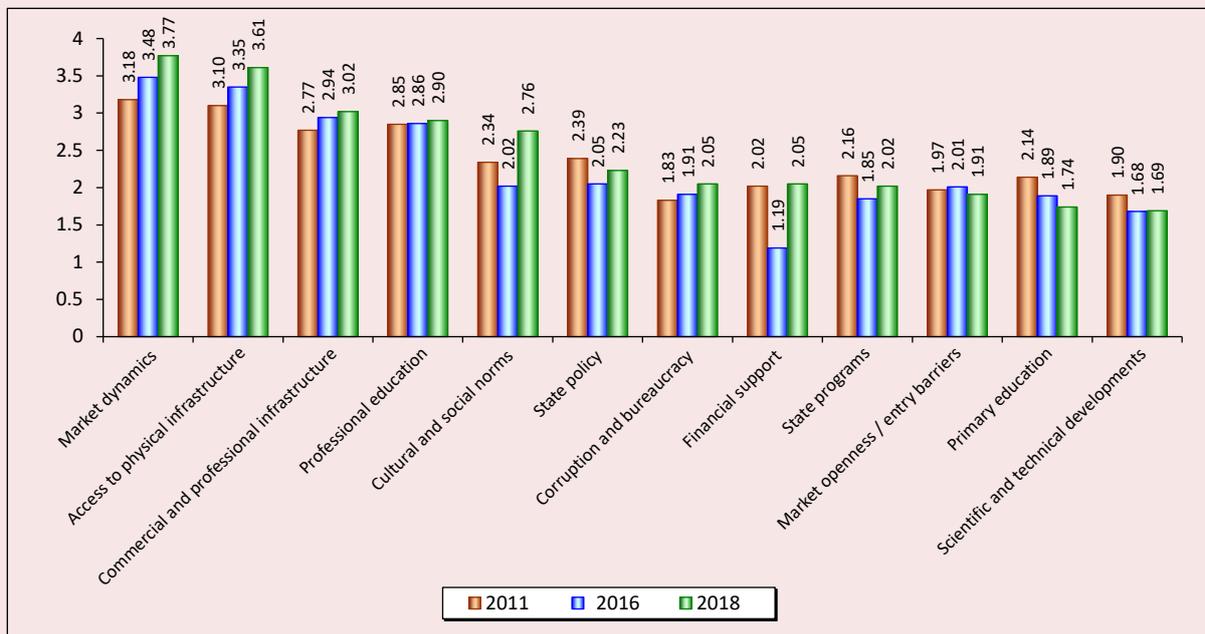
\* Assessment of the extent to which the environmental conditions in the area where the respondent lives are favorable for starting a business in the next 6 months. In this case, we are not talking about an objective assessment of environmental factors, but about how the conditions of the external environment are perceived by the individual. On the other hand, this assessment may partly indicate whether an individual is able to see business opportunities in the national business environment.

\*\* Assessment of the individual's own knowledge, qualifications and experience necessary to start a business. Greater confidence in the availability of the necessary knowledge and skills not only affects the personal attitude to creating a business and increases entrepreneurship's attractiveness as a career, but also affects the perception of how easy it is to succeed in an entrepreneurial activity. This indicator is related both to the overall confidence of individual in their own abilities, and to the assessment of availability of appropriate skills and knowledge necessary for conducting business.

\*\*\* Fear of failure in business, holding back the creation of your own business. In the vast majority of cases, starting your own business is associated with uncertainty about future and income opportunities. The attitude to risk is considered as one of the characteristics of individual that determines the desire to become an entrepreneur along with the desire for achievements and control locus. Individuals who are not willing to take risks and are afraid of being unsuccessful are less likely to create their own business, even if there are or are not opportunities in the market.

Source: Global Entrepreneurship Monitoring: national report. Available at: [https://gsom.spbu.ru/files/folder\\_17/otchet\\_fin\\_rgb.pdf](https://gsom.spbu.ru/files/folder_17/otchet_fin_rgb.pdf) (accessed: December 07, 2020).

Figure 2. Factors conducting and hindering entrepreneurship development in Russia, average score on five-point scale



Source: Structural factors of entrepreneurship development, average score in points on a five-point scale. Available at: [https://gsom.spbu.ru/files/folder\\_17/otchet\\_fin\\_rgb.pdf](https://gsom.spbu.ru/files/folder_17/otchet_fin_rgb.pdf); <http://my-trust.ru/upload/iblock/963/vtgokurcvf%20cqkzoooblv%20qbtbprcixvntouhzyby%20keebso%202011.pdf>

Table 1. Characteristics of individual entrepreneurs or self-employed depending on gender and age, share of agreed with the far mentioned statements, % of those who identified themselves as IE or self-employed

Possible answer	% of respondents	Gender		Age	
		Male	Female	Up to 30 years	After 30 years
<i>Share of categories among IE and self-employed, %</i>	<i>100.0</i>	<i>45.7</i>	<i>54.3</i>	<i>20.0</i>	<i>80.0</i>
Entrepreneurship is my main activity	81.8	84.6	79.3	75.0	83.7
Entrepreneurship provides me with an acceptable prosperity level	65.5	69.2	62.1	75.0	62.8
Entrepreneurship allows me to realize myself professionally	69.1	73.1	65.5	83.3	65.1
I have to engage in entrepreneurship as a cannot find a more decent job (including for hire)	41.8	53.8	31.0	25.0	46.5
If I could chose, I would prefer something else	14.5	11.5	17.2	0.0	18.6

Source: monitoring data of the quality of labor potential of the Vologda Oblast population, VoIRC RAS, 2020.

men), as well as population over 30 years of age (80% vs. 20; *Tab. 1*). Among men, entrepreneurship was considered as the main activity in 85% of cases. Almost three-quarters of the respondents considered it a way of professional self-realization, and 62% of the respondents considered it a way of providing an acceptable

income. As a part of global entrepreneurship monitoring (2018–2019), we have concluded that necessity-based entrepreneurship is more common among women. A similar conclusion can be reached based on data that we have obtained (17% of women vs. 11% of men would prefer to do something else if they chose).

The monitoring results of the quality of labor potential of the Vologda Oblast population for 2020 indicate that necessity-based entrepreneurship was less common (for instance, only 14.5% would prefer to engage in another activity if they had no choice), especially among young people who consider professional self-realization and ensuring an acceptable financial situation as key motives.

The analysis of opportunity-based and necessity-based entrepreneurs by education level allowed concluding that the population with higher and incomplete higher education more often considers entrepreneurship as the main activity type. At the same time, population with no vocational secondary education has the opposite situation – more than half of them are engaged in entrepreneurship due to the lack of a more suitable job (*Tab. 2*).

Our findings are consistent with the results of other studies. For example, the work of Alexandrova E.A., Verkhovskaya O.R. indicated that opportunity-based entrepreneurs are characterized by a higher education level and more often than others have a higher education (in 46% of cases) [17, p. 113].

We should note that it is difficult to directly compare the obtained data in this study with our own, as E.A. Alexandrova and O.R. Verkhovskaya made calculations in % of opportunity-based entrepreneurs, while in our work – in the context of education level. Nevertheless, the general conclusions and conclusions in both the first and second cases are identical.

In the context of marital status among those who registered marriage, entrepreneurship was considered as the main activity in more than 90% of cases, as a way of professional self-realization and obtaining an acceptable income – in 76% of individual entrepreneurs. In the social group that was not in a relationship, such statements about entrepreneurship were less common (*Tab. 3*).

The differences between the selected groups of entrepreneurs may be related not only to socio-demographic characteristics, but also to the perception of work. Most entrepreneurs and self-employed characterize this activity type not only as a way to earn money and feed themselves (family), but also to make a career, realize themselves as a person and achieve success (*Tab. 4*).

Table 2. Characteristics of individual entrepreneurs or self-employed depending on education level, share of agreed with the far mentioned statements, % of those who identified themselves as IE or self-employed

Possible answer	Education level		
	Incomplete secondary education; secondary school including vocational school with secondary education	Vocational secondary education (technical school, etc.)	Incomplete higher education (at least 3 university courses); higher education
<i>Share of categories among IE and self-employed, %</i>	<i>28.6</i>	<i>34.3</i>	<i>37.1</i>
Entrepreneurship is my main activity	75.0	68.4	95.8
Entrepreneurship provides me with an acceptable prosperity level	75.0	52.6	70.8
Entrepreneurship allows me to realize myself professionally	75.0	68.4	66.7
I have to engage in entrepreneurship as a cannot find a more decent job (including for hire)	58.3	26.3	45.8
If I could chose, I would prefer something else	33.3	10.5	8.3

Source: monitoring data of the quality of labor potential of the Vologda Oblast population, VolRC RAS, 2020.

Table 3. Characteristics of individual entrepreneurs or self-employed depending on their marital status, the share of agreed with the far mentioned statements, % of those who identified themselves as IE or self-employed

Possible answer	Marital status		
	I am in a registered marriage	I am not in a registered marriage, but I live together with my husband (wife)	Divorced; unmarried (single); widow (widower)
<i>Share of categories among IE and self-employed, %</i>	52.9	15.7	31.4
Entrepreneurship is my main activity	93.1	62.5	72.2
Entrepreneurship provides me with an acceptable prosperity level	75.9	50.0	55.6
Entrepreneurship allows me to realize myself professionally	75.9	62.5	61.1
I have to engage in entrepreneurship as a cannot find a more decent job (including for hire)	48.3	25.0	38.9
If I could chose, I would prefer something else	13.8	0.0	22.2

Source: monitoring data of the quality of labor potential of the Vologda Oblast population, VoIRC RAS, 2020.

Table 4. Characteristics of individual entrepreneurs or self-employed depending on perception of work, the share of agreed with the far mentioned statements, % of those who identified themselves as IE or self-employed (except those who are not sure)

Possible answer	Entrepreneurship is my main activity	Entrepreneurship provides me with an acceptable prosperity level	Entrepreneurship allows me to realize myself professionally	I have to engage in entrepreneurship as a cannot find a more decent job (including for hire)	If I could chose, I would prefer something else
Feed oneself (family)					
Absolutely agree + agree	100.0	100.0	100.0	100.0	100.0
Absolutely disagree + disagree	0.0	0.0	0.0	0.0	0.0
Feel safe and secure					
Absolutely agree + agree	88.6	90.6	90.9	89.5	85.7
Absolutely disagree + disagree	11.4	9.4	9.1	10.5	14.3
Earn love					
Absolutely agree + agree	77.1	79.3	80.6	85.0	75.0
Absolutely disagree + disagree	22.9	20.7	19.4	15.0	25.0
Earn respect, recognition					
Absolutely agree + agree	92.1	96.8	97.1	90.9	85.7
Absolutely disagree + disagree	7.9	3.2	2.9	9.1	14.3

End of Table 4

Possible answer	Entrepreneurship is my main activity	Entrepreneurship provides me with an acceptable prosperity level	Entrepreneurship allows me to realize myself professionally	I have to engage in entrepreneurship as a cannot find a more decent job (including for hire)	If I could chose, I would prefer something else
Realize oneself as a person					
Absolutely agree + agree	100.0	100.0	100.0	100.0	100.0
Absolutely disagree + disagree	0.0	0.0	0.0	0.0	0.0
Achieve success					
Absolutely agree + agree	100.0	100.0	100.0	100.0	100.0
Absolutely disagree + disagree	0.0	0.0	0.0	0.0	0.0
Earn money					
Absolutely agree + agree	97.7	100.0	100.0	100.0	100.0
Absolutely disagree + disagree	2.3	0.0	0.0	0.0	0.0
Make a career					
Absolutely agree + agree	97.1	100.0	100.0	100.0	100.0
Absolutely disagree + disagree	2.9	0.0	0.0	0.0	0.0
Get moral satisfaction					
Absolutely agree + agree	92.5	97.1	97.2	95.5	75.0
Absolutely disagree + disagree	7.5	2.9	2.8	4.5	25.0
Get new knowledge					
Absolutely agree + agree	90.6	92.6	92.9	88.2	83.3
Absolutely disagree + disagree	9.4	7.4	7.1	11.8	16.7
Source: monitoring data of the quality of labor potential of the Vologda Oblast population, VoIRC RAS, 2020.					

It is rather interesting that in a number of parameters (for example, “feed oneself (family)”, “earn money”, “achieve success”, etc.), differences between groups that consider entrepreneurship as the main activity or, on the contrary, prefer to engage in something else if possible, are absent or minimal, but in other indicators (for instance, “earn respect, recognition”, “get moral satisfaction”, “get new knowledge”), such a difference exists. Moreover, those who consider entrepreneurship as the main activity type demonstrate a greater commitment to positive response options for the indicated parameters.

A similar situation is in relation to professional prospects. When comparing the two extreme groups, the article shows that in the case of replacing entrepreneurship with other activities, population less often assesses their prospects in direction of

improving professional skills as “high” and “rather high” (67% vs. 84), a similar situation develops with respect to career growth (57% vs. 81), as well as decent wages. On the contrary, the position is more often voiced according to which professional prospects are characterized as “low” and “rather low”. If we consider a group of population in which entrepreneurship is associated with professional self-realization, then its representatives are more likely than others to have such prospects as career growth, professional development, and decent pay (Tab. 5).

According to the parameter associated with preferences, there are no differences between opportunity-based and necessity-based entrepreneurs. Both the former and the latter assign a key role to implementation of their own business at their own risk, while guaranteed, but low income is mentioned less often (Tab. 6).

Table 5. Characteristics of individual entrepreneurs or self-employed depending on professional prospects, the share of agreed with the far mentioned statements, % of those who identified themselves as IE or self-employed (except those who are not sure)

Possible answer	Entrepreneurship is my main activity	Entrepreneurship provides me with an acceptable prosperity level	Entrepreneurship allows me to realize myself professionally	I have to engage in entrepreneurship as a cannot find a more decent job (including for hire)	If I could chose, I would prefer something else
Demand in profession					
High + rather high	97.6	100.0	100.0	95.5	85.7
Rather low +low	2.4	0.0	0.0	4.5	14.3
Professional development					
High + rather high	84.2	86.7	93.9	78.9	66.7
Rather low +low	15.8	13.3	6.1	21.1	33.3
Decent pay					
High + rather high	85.7	91.2	88.9	95.2	66.7
Rather low +low	14.3	8.8	11.1	4.8	33.3
Career development					
High + rather high	80.6	86.2	84.8	83.3	57.1
Rather low +low	19.4	13.8	15.2	16.7	42.9
Self-realization in profession					
High + rather high	90.5	94.1	91.7	90.5	75.0
Rather low +low	9.5	5.9	8.3	9.5	25.0
Source: monitoring data of the quality of labor potential of the Vologda Oblast population, VoIRC RAS, 2020.					

Table 6. Characteristics of individual entrepreneurs or self-employed depending on warranty or risk preferences, the share of agreed with the far mentioned statements, % of those who identified themselves as IE or self-employed (except those who are not sure)

Possible answer	Entrepreneurship is my main activity	Entrepreneurship provides me with an acceptable prosperity level	Entrepreneurship allows me to realize myself professionally	I have to engage in entrepreneurship as a cannot find a more decent job (including for hire)	If I could chose, I would prefer something else
Guarantee, stable, but low income	11.4	13.9	13.2	13.6	16.7
High income, but no guarantee for the future	31.8	30.6	31.6	27.3	33.3
Вести на свой страх и риск собственное дело	56.8	55.6	55.3	59.1	50.0

Source: monitoring data of the quality of labor potential of the Vologda Oblast population, VoIRC RAS, 2020.

When describing the selected groups of entrepreneurs regarding their readiness for various kinds of actions, we have revealed that entrepreneurs are more focused on reproduction of their intellectual potential. This is expressed in willingness to become highly qualified specialists, to master new knowledge, patterns of behavior, to use new technologies in various spheres of life. Entrepreneurs' propensity to such actions is explained by the fact that global economic development is associated with constant growth and updating of knowledge, support for entrepreneurial initiatives.

Despite the fact that entrepreneurship is recognized as a source of job creation and realization of public goals [1], all the selected groups of entrepreneurs are less likely to be involved in socio-political activities (only one in three is ready for public work or is already engaged in it). The situation is slightly better with entrepreneurs' involvement in implementing social projects to solve local problems. It is worth noting that a greater propensity in this direction is shown by necessity-based entrepreneurs, who, if they can choose another activity, would be more willing

to solve social issues compared to those who consider entrepreneurship as the main activity type (Tab. 7).

It is necessary to pay attention to a number of other points. The first is due to the fact that in almost 60% of cases, both those who consider entrepreneurship as their main activity, and those who are engaged in entrepreneurship to improve their financial situation and improve their professional level, do not plan to learn a foreign language. This may be one of the barriers to companies entering foreign markets. The same applies to the unwillingness of entrepreneurs in almost half of cases to change their place of residence, move to territories with more favorable conditions for running their own business.

Foreign works (for example, V. Piazza-Georgi<sup>7</sup>) emphasize that even if there is a "market demand", not everyone is ready to move to another city, learn a new profession and change jobs for a better life. It is the education system that leads to an increase

<sup>7</sup> Piazza-Georgi B. The role of human and social capital in growth: Extending our understanding. *Cambridge Journal of Economics*, 2002, vol. 26, no. 4, pp. 461–479.

Table 7. Characteristics of individual entrepreneurs or self-employed depending on warranty or risk preferences, the share of agreed with the far mentioned statements, % of those who identified themselves as IE or self-employed (except those who are not sure)

Possible answer	Entrepreneurship is my main activity	Entrepreneurship provides me with an acceptable prosperity level	Entrepreneurship allows me to realize myself professionally	I have to engage in entrepreneurship as a cannot find a more decent job (including for hire)	If I could chose, I would prefer something else
Learn new knowledge and skills, develop personally and professionally					
Ready + ready and already implementing	92.9	91.2	91.9	95.0	100.0
Not ready	7.1	8.8	8.1	5.0	0.0
Become a high-class specialist					
Ready + ready and already implementing	88.4	85.7	86.1	85.7	75.0
Not ready	11.6	14.3	13.9	14.3	25.0
Organize own business, family business					
Ready + ready and already implementing	82.5	84.4	85.3	84.2	62.5
Not ready	17.5	15.6	14.7	15.8	37.5
Learn new values, behavior pattern that correspond to modern way of life					
Ready + ready and already implementing	81.8	78.6	81.3	73.3	71.4
Not ready	18.2	21.4	18.8	26.7	28.6
Learn and use new technologies in work and in home					
Ready + ready and already implementing	84.2	83.3	84.8	76.5	75.0
Not ready	15.8	16.7	15.2	23.5	25.0
Engage in creative work activity in the workplace (to make innovative proposals, to participate in creation of something new, etc.)					
Ready + ready and already implementing	73.5	65.4	72.4	53.8	71.4
Not ready	26.5	34.6	27.6	46.2	28.6
Learn a foreign language					
Ready + ready and already implementing	35.3	42.9	41.9	43.8	57.1
Not ready	64.7	57.1	58.1	56.3	42.9
Move to another locality of the country with more attractive working conditions					
Ready + ready and already implementing	48.6	51.9	50.0	50.0	66.7
Not ready	51.4	48.1	50.0	50.0	33.3
Participate in realization of social projects aimed at solving local problems (socialization of disable people, employment of vulnerable groups of citizens, production of environmentally friendly products, improving the quality of life, etc.)					
Ready + ready and already implementing	48.4	48.0	53.8	50.0	71.4
Not ready	51.6	52.0	46.2	50.0	28.6
Engage in social and political activities (participation in the work public organizations, trade unions, political parties, etc.)					
Ready + ready and already implementing	37.1	32.1	42.9	31.3	33.3
He rotob	62.9	67.9	57.1	68.8	66.7
Source: monitoring data of the quality of labor potential of the Vologda Oblast population, VoIRC RAS, 2020.					

in the efficiency of a person in conditions of uncertainty and risk, contrary to the position of entrepreneurial abilities as a kind of natural gift (J. Schumpeter). This is also proved by the results of the international PISA study which demonstrates education contribution to increasing population's entrepreneurial activity<sup>8</sup>.

Although the importance of entrepreneurial education is recognized, it remains the subject of sharp criticism. In particular, the forms of its development are not sufficiently effective, existing developments in the field of human capital are not taken into account, and the focus is on individual programs, rather than the mass level<sup>9</sup>. However, in some countries, such as France, entrepreneurial skills are considered universal and mandatory at the school level. In other cases, attention to the entrepreneurial component remains insufficient and formal which requires changes in the countries' educational policy to take into account the ongoing changes.

Despite the identified problematic points, the paper shows that entrepreneurs are distinguished by a tendency to run their own business at their own risk, as opposed to a focus on obtaining stable, but low incomes; among the main motives is the perception of their activities from the position of not only earning money, but also realizing their potential and achieving success in life. Along with the above, an important role for different groups of entrepreneurs is given to the reproduction of their intellectual potential (professional development,

professional training, development of new values and behavior patterns). Similar conclusions are drawn in the work of P.L. Glukhikh, L.V. Voronina, and A.V. Ivanova<sup>10</sup>. Among the main qualities inherent in young people, they note mobility, activity and creativity, the desire to get education, improve skills, career value, and positive attitude to entrepreneurship.

### Conclusion

The research shows the role of entrepreneurship in ensuring territories' economic development, defines the parameters to distinguish two types of entrepreneurship – necessity-based and opportunity-based. The author have identified the groups of factors that influence the prevalence of these types of entrepreneurship (in one case, it is macroeconomic stability, institutions, infrastructure, etc., in the other – for technological improvement, higher education, vocational training, effective markets). Along with it, the paper pays attention to other aspects that determine the prevalence of opportunity-based and necessity-based entrepreneurship (in the second case, for example, poor financial situation, dissatisfaction with working conditions, opportunities for professional growth). Opportunity-based and necessity-based entrepreneurship is identified from the standpoint of socio-demographic aspects, as well as aspects related to the perception of their activities (self-realization, success, moral satisfaction), with potential realization, and willingness to improve in a professional direction.

The study demonstrates that regardless of which of the selected groups an entrepreneur belongs to, they are characterized by a tendency to run their own business at their own risk, in contrast to the focus on obtaining stable, but low incomes; among the main motives that affect their activity is the

<sup>8</sup> Hafer R.W., Jones G. Are entrepreneurship and cognitive skills related? Some international evidence. *Small Business Economics*, 2015, vol. 44, no. 2, pp. 283–298.

<sup>9</sup> Oosterbeek H., Van Praag M., Ijsselstein A. The impact of entrepreneurship education on entrepreneurship skills and motivation. *European Economic Review*, 2010, vol. 54, no. 3, pp. 442–454; Martin B.C., McNally J.J., Kay M.J. Examining the formation of human capital in entrepreneurship: A meta-analysis of entrepreneurship education outcomes. *Journal of Business Venturing*, 2013, vol. 28, no. 2, pp. 211–224; Neck H.M., Greene P.G. Entrepreneurship education: Known worlds and new frontiers. *Journal of Small Business Management*, 2011, vol. 49, no. 1, pp. 55–70.

<sup>10</sup> Glukhikh P.L., Voronina L.V., Ivanova A.V. *Entrepreneurial Culture of Youth and Factors of Its Development: a Sociocultural Approach*. Upravlenets, 2016, no. 3 (61), pp. 52–61.

perception of their activity from the position of not only earning money, but also realizing the potential and achieving success in life. Along with the far mentioned, an important role for different groups of entrepreneurs is given to reproduction of their intellectual potential (professional development, professional training, and development of new values and patterns of behavior). Another common feature for the selected groups of entrepreneurs is their low involvement in both socio-political activities in general and in implementation of social projects. The aspects are the key features of entrepreneurial activity.

Along with the general features, there are also differences that relate to different prevalence of the selected groups of entrepreneurs. The author shows that voluntary entrepreneurship has become more widespread, while only 12% of necessity-based entrepreneurs would prefer another direction of activity if they do not have a choice. Population's propensity to engage in a particular type of entrepreneurship also differs depending on socio-demographic characteristics. It is worth noting that among entrepreneurs in general, population over 30 years old prevailed. Among the opportunity-based entrepreneurs who consider this activity type as the main one, population with higher and incomplete higher education was more common, in the case of necessity-based entrepreneurship, on the contrary, secondary special education was widespread. In the context of marital status among voluntary entrepreneurs, those who are in a registered marriage were more common, the opposite situation is typical for necessity-based entrepreneurs (people who are not in a relationship are more often represented in this group).

The paper proves that the difference between necessity-based and opportunity-based entrepreneurs is associated not only with socio-demographic characteristics, but also with the perception of their activities. For opportunity-based

entrepreneurs, who consider entrepreneurship as the main activity type, to a greater extent than necessity-based ones, its perception is characterized from the position of focusing on earning respect and recognition, gaining new knowledge, and realizing their potential. In addition, they are more likely to rate their prospects for professional development, career growth and professional improvement higher. Thus, opportunity-based entrepreneurs can act as a group that accumulates intellectual potential in order to subsequently realize it for creating and spreading innovations.

The scientific novelty and practical significance of the research consists in identifying groups of opportunity-based and necessity-based entrepreneurs, their characteristics, analyzing the prevalence of these types of entrepreneurship at the regional level, determining common and distinctive features in their perception of their activities (from the point of view of achieving success, realizing oneself, etc.), assessing professional prospects, as well as readiness for certain actions.

In turn, the latter creates prerequisites for the authorities in terms of creating conditions for each of groups of entrepreneurs, determining the most powerful and effective incentives for activating their potential.

We should emphasize that the policy regarding the support of different groups of entrepreneurs should be differentiated. Some of the measures should be general in nature and apply to all enterprises, while regional authorities should provide a block of directions taking into account the type of entrepreneurship. Special attention in the conditions of crisis phenomena in the economy should be paid to necessity-based entrepreneurs because this group is more responsive to changes in the external socio-economic environment: the prevalence of crisis phenomena in the economy is accompanied by reduction in production, and after that, the staff. In the current situation, some of the measures include tax breaks, state provision

of loans for enterprises, provision of deferred payments for the lease of commercial real estate, support in the field of logistics and customs. It can also be a moratorium on bankruptcy and specialized measures aimed at supporting individual industries<sup>11</sup>. These measures and a number of other areas will help support business sector in unfavorable socio-economic conditions.

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<sup>11</sup> Business support measures and practical recommendations for companies in the pandemic context. Available at: <https://roscongress.org/materials/mery-podderzhki-biznesa-i-prakticheskie-rekomendatsii-dlya-kompaniy-v-usloviyakh-pandemii/>

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