

# THE PROFILE OF THE ENTREPRENEUR IN POST-COMMUNIST COUNTRIES: WHAT AND WHY?

## SUMMARY OF SURVEY RESULTS AND ANALYSIS

Bulgaria, Georgia, Kyrgyzstan, Lithuania



■ This publication was made possible through the support of a grant from the John Templeton Foundation



INTRODUCTION.....	2
LITHUANIA .....	2
Survey results.....	2
Analysis of the image .....	4
BULGARIA .....	6
Survey results.....	6
Analysis of the image .....	8
GEORGIA .....	11
Survey results.....	11
Analysis of the image .....	12
KYRGYZSTAN.....	14
Survey results.....	14
CROSS-COUNTRY COMPARISON .....	16

## **INTRODUCTION**

During the fall of 2012 opinion polls were conducted in four Post-Communist countries: Lithuania, Bulgaria, Georgia and Kyrgyzstan. The opinion polls and the following studies were done to determine the image of entrepreneurs and entrepreneurship in these countries and to discover the reasons for such an image.

To ensure maximum representativity, the surveys were conducted by structured interviews, using a standardized questionnaire, which was identical in all the four countries. The interviewees were selected using a multi-staged, proportionate, stratified, random sampling method. On some questions more than one answer was possible so the sum of the percentage points may not always be 100%.

## **LITHUANIA**

### **SURVEY RESULTS**

The results from the opinion poll about entrepreneurs in Lithuanian society are ambiguous. It appears that the image of the entrepreneur is controversial and it could even be said undeveloped. On the one hand, the majority of the population realizes that businessmen create wealth in a society, that entrepreneurship requires a lot of hard work, risk and forward-looking and these qualities are admired. On the other hand, most still maintain that entrepreneurs get rich by exploiting other people's work, and that they only care about the money. The image of the entrepreneur in the Lithuanian society is a mix of admirable and contemptible qualities and a general consensus on the role and the importance of entrepreneur, it seems, does not exist. However, most people do not have a negative opinion about entrepreneurs. When asked what would encourage more people to start their own business a significant majority said that lower taxes and less government regulation.

Most people (74%) agree that entrepreneurs are create wealth and economic growth in a society, so their economic role is not questioned. However, trust in entrepreneurs is not widespread – 22% of respondents reported that they trust entrepreneurs, and 21% that they do not trust them. The significant majority – 38% neither trust nor mistrust entrepreneurs. This neutral opinion can in large part be explained by the lack of direct contact with people who start their own businesses: only 5% of respondents reported that the most significant personal experience that forms their opinion about entrepreneurs is their personal experience of starting a business. Also only 16% said that their relations with friends or members of the family who are business owners influenced their opinion. Most people form their opinion based on their experience as consumers (40%) or employees (25%), therefore they do not have personal experience of starting a business, and do not know close people who have done so.

□ Also when asked about the most significant external factor influencing their opinion, most people (61%) reported that the media is the most significant factor. This result is almost twice as large as the next two most popular choices – friends (36%) and family (27%). Also a significant part – 24% – reported that public servants influence their opinion. Since the representation of entrepreneurs in the media is generally negative (news in general can be said to have a negative bias), their influence on the public opinion is significant and, sadly, negative. Only 3% of respondents have reported that institutions of education and 0.4% that religious institutions influence their opinion.

□ Most people, when asked what are the main functions of entrepreneurs, say that entrepreneurs create jobs (56%), provide goods and services (41%), earn profit (34%) and pay taxes (32%). However, the creative and innovative part of entrepreneurship is largely forgotten – only 20% of people say that among the most important functions of entrepreneurs is the creation of new products and services. Creation and innovation was the second least popular answer.

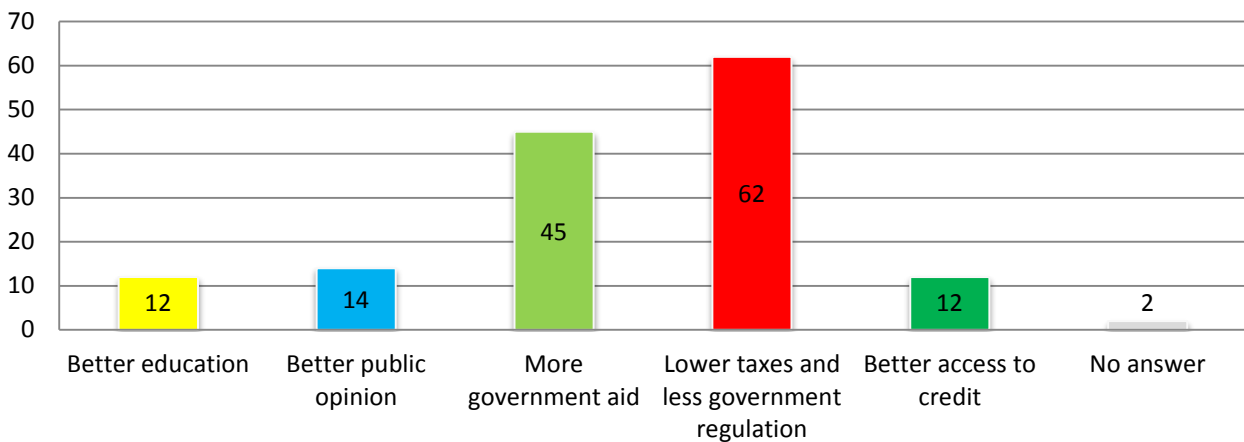
□ When asked what are the three most important characteristics of entrepreneurs most people tend to mention positive characteristics first. Out of a list of twelve characteristics, from which seven were positive (forward-looking, hardworking, moral, giving, responsible, risk taking, innovative and creative) and five were negative (cheating, selfish, exploitative, greedy and corrupt), the five most frequently mentioned were positive. Only the sixth most frequent answer – greedy – was negative and was mentioned by only 20% of the respondents. When asked to describe what do you mostly associate entrepreneurs with, most people mentioned social status (39%), hard work (39%), glamour (32%) and risk (31%). It is notable that the same social group (people over 35 years old, residents of smaller cities and towns, people with lower earnings) that mentioned that media has the most significant influence on their opinion, also were more likely to say that they associate entrepreneurs with social status and glamour.

□ In the Lithuanian media entrepreneurs are most often depicted in glamour and lifestyle magazines. They form the opinion that entrepreneurs are rich people who lead luxurious lives and are the members of the “upper class”. This situation is also easily exploited by politicians – it is easy to polarize a society, and prove that businessmen are something separate from the general population, “the other” that could and should be regulated much more strictly, and taxed even higher. Also since most people do not have the experience of starting a business, and since only 16 percent of respondents were influenced significantly by their friends or relatives who have started a business, most people do not have direct contact with entrepreneurs. So they are much more likely to evaluate entrepreneurs based on various negative stereotypes that are prevalent in the popular culture and the media.

□ Most people believe that the regulatory climate in Lithuania does not encourage people to start their own businesses – 62% percent of people said that better regulatory climate and lower taxes would mostly encourage people to start their own businesses. 45% of respondents noted that more government aid would also encourage people to start a business.

□ A positive opinion about entrepreneurs in a society is mostly prevalent among young people, respondents with the highest education, and those with highest earnings. A negative opinion is mostly prevalent among the people with the lowest education, people with lowest wages, people living in smaller towns and the countryside. This is problematic because such opinions increase the stratification in a society and reduce social mobility – the poorest people, who hold the most negative opinion about entrepreneurs are least likely to start their own businesses, to work productively and earn higher wages, therefore reducing their possibilities of increasing their social and economic situation. This combined with the general opinion that the state is not friendly to entrepreneurs means that fewer people will be willing to start their own businesses, which will result in slow economic growth and fewer opportunities for poorer people.

### What would encourage entrepreneurship in Lithuania? %



### ANALYSIS OF THE IMAGE

Perhaps the most significant reason, why there is no unambiguous image of entrepreneur in Lithuania is that historically there were almost no professional entrepreneurs of Lithuanian origin. During the middle and late Middle Ages Lithuania was still a pagan nation, therefore no significant economic ties were developed with the rest of the Christian Europe. Due to constant warfare with neighboring countries, Lithuanian society was a society of professional warriors rather than traders, craftsmen or merchants. After the union with Poland in 1567, the power of aristocracy grew, and most people of low birth were forced into serfdom, and were supposed to work in the fields of the local landlords. The aristocracy had little interest in developing non-agricultural enterprises and supporting the

development of cities and commerce. Most merchants were foreigners of German, Russian and Jewish origin and the local aristocracy increasingly considered themselves to be Polish. Lithuanian culture and language mostly survived in the lower classes of the society, especially in the peasant class. This tendency continued well in to the 19th century: in a survey of merchants operating in the district of Kaunas from 385 merchants only 12 identified themselves as Roman Catholic and only 4 of them identified themselves as Lithuanian or Polish.

The nationalist revival of the late 19th and early 20th centuries idealized the peasants and glorified scenes of pastoral and Arcadian life, while at the same time showing all foreign influences such as city life, commerce and industry in a negative light - . The short period of independence between the two World Wars saw the birth of the first fully Lithuanian owned companies. However, the state played an active part in the economy, and state-owned companies, cooperatives and stores created by consumer unions were prevalent. Foreign-owned businesses continued to operate successfully – in most towns the majority of shopkeepers were Jewish or German, so the association between entrepreneur and foreigner remained strong and Lithuanian entrepreneurship traditions developed slowly.

The Soviet period was characterized by full nationalization and central planning of economic activities and only after regaining independence free enterprise was again possible. The period after the economic liberation saw massive privatization of formerly state-owned industries, which structurally were hardly compatible with competitive free markets, so soon after privatization many bankruptcies followed. Economic development happened quickly and chaotically, and a new class of successful businessmen emerged. However, the influence of the Soviet period is still present as a lot of people still mistrust entrepreneurs and demand strict regulations for any field of business.

Most likely, in the mindset of the Lithuanian people, there is not only a lack of positive image of entrepreneurs, but a lack favorable depiction of enterprising, creative, initiative people. Selfish mentality that values hard work, dedication, and traditionalism, and at the same time dismisses initiative, creativity and hardly challenges traditional values was firmly established both in the late 19th and early 20th century culture and later made law under Soviet rule. However, new influences bring new attitudes and the new generation has a much more positive view of the free market and entrepreneurship, so in this regard the future looks more optimistic.

The regulatory climate in Lithuania is in most ways less favorable to entrepreneurs than the general public. A lot of laws, especially those dealing with employment and zoning regulations, were directly copied from the old USSR law books. Laws regarding employment are especially strict, and no significant liberalization in this field happened since the independence. It is hard for entrepreneurs to hire and especially fire people (in most cases the employer has to pay full wage for the person

that is being fired up to half a year after). The tax burden is high (up to 39% of the wage is consumed by taxes; this rate is the 11th highest in the EU) and high minimum wage prevents a lot of people from finding legal employment and the shadow economy is prevalent and in some estimates is up to 30% of GDP.

Although the “Doing business” index for the year 2013 indicates that from 185 surveyed countries Lithuania has the 27th freest economy, some ratings are especially low. For example starting a business is relatively hard – Lithuania is ranked 107th, while the average rank for Eastern Europe and Central Asia region is 60. Lithuania is also given the 60th place, when considering the complexity of the tax system (lowest score being the simplest, most effective tax system). Scandinavian countries, which are usually mentioned by the Lithuanian politicians as examples of successful states with high taxes, score significantly higher in this index, and have a much simpler and more transparent tax system – Denmark ranks 13th, Norway and Finland share 23rd. In most cases politicians push for stricter regulations and higher taxation than the public requires. Although as the survey shows 62% of people agree, that the most helpful thing that would encourage entrepreneurship would be lower taxes and less regulations, politicians take few steps in that direction, which shows that there are communication problems between the public and their representatives.

## **BULGARIA**

### **SURVEY RESULTS**

The survey outlines the following specific features of the public attitudes towards the entrepreneur in Bulgaria: In general, the distrust significantly dominates over the trust towards entrepreneurs and their image has been deteriorating in the past few years.

The perceptions of various aspects of the entrepreneurs’ image and activity are contradictory: positive assessments of their personal activity (hard work, taking risks etc.), and negative of their financial and material status (perceived as illegally acquired in breach of the moral principles). The result of their activities (new jobs created, goods produced and services provided, paying taxes) has been positively evaluated, while the way of achieving those results (both as genesis and daily practices) is viewed negatively.

A large part of the negative features of entrepreneurs are shared not only by the general public, but by the entrepreneurs themselves. Between 40 and 60% of people are convinced that the entrepreneurs are only interested in profits and often break the moral norms; that their wealth was acquired during the dissolving of the socialist system; that they do not care about the environment etc. To summarize, the self-identification of a considerable part of this group is not just unable to send a positive message about itself but is contaminated by the overall negative group images. This needs an explanation not less than the widespread public attitudes.

As the survey data shows, the two most important factors in the personal experience of people exerting an influence on their opinions towards entrepreneurs are “experience as a client/customer” and “the hired worker/officer” experience.

Entrepreneurship is not a source of pride. This is the interpretation of the data by which on average 47% of respondents deny the statement “I am/ would be proud to be an entrepreneur,” and only 26% said yes. These negative attitudes towards the image of the entrepreneur as possible social identification correspond with the predominantly negative answer to the question “Would you like to become an entrepreneur?” given by 55% of respondents, against 21% who responded positively.

A positive opinion on entrepreneurs is expressed by the confirmation of statements such as “entrepreneurs are creative and inventive” – 61% of respondents against 26% of the opposite opinion, and “entrepreneurship brings more benefits than harm to society” – confirmed by 63% of respondents against 27% who deny it.

The presence/absence of systemic trust in the Bulgarian society towards entrepreneurs can be judged by the responses to the question “In general, do you trust entrepreneurs?”. The question refers to entrepreneurs in general, who are unknown, anonymous. Predominantly negative responses were registered – 12% of respondents do not trust entrepreneurs completely, 25% tend not to trust them, 15% rather trust them and only 4 % have full confidence, while the remaining 33% hold a neutral opinion.

The picture changes significantly when people were asked about entrepreneurs they know personally. 45% of respondents answered positively to the question “Are there any entrepreneurs who you respect and trust?”, while 35% answered negatively.

39% of respondents believe that lower taxes and less government regulation would promote entrepreneurship in Bulgaria.

31% of respondents believe that entrepreneurs in the former socialist countries are worse than those in other countries. Only among residents of the capital the answer that entrepreneurs in post-socialist countries are better dominates.

The data shows that 40% of respondents have not changed their perceptions about entrepreneurs in the last five years.

Traditionally, entrepreneurship is associated with creation of innovative ideas. The opinion poll, however, shows that only 22.5% of respondents have identified the “constructive and creative” among the three main characteristics of entrepreneurs.



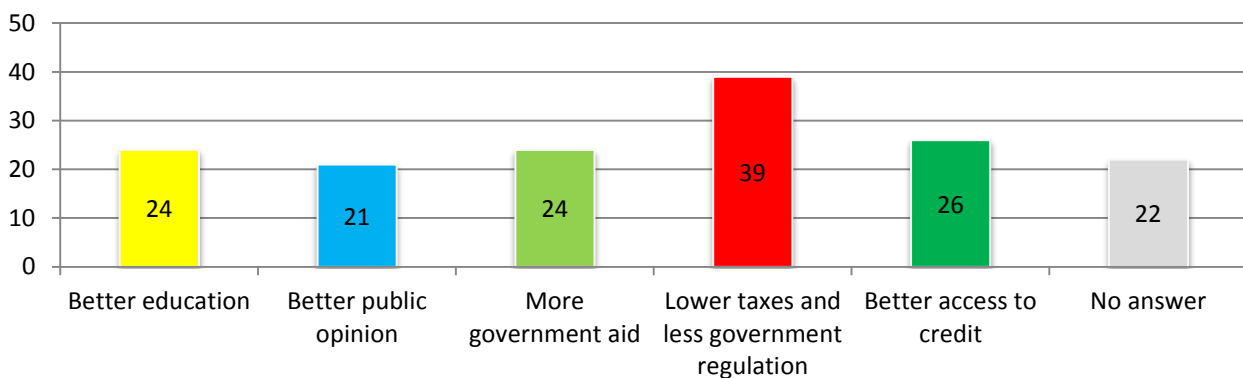
□ Many people associate entrepreneurs with corruption (23.4%). Innovation is only the seventh most frequently mentioned association – it was mentioned by only 14.3% against 23.4% for "corruption", 34.3% "glamour and luxury," and 40.9% for "hard work".

□ The opinion poll shows, that job creation is considered to be the most important function of businessmen. 73% of respondents put this answer in first place, while the production of goods and services remains far behind with only 32.5%.

□ According to the opinion poll, media is the strongest factor that influences people's perceptions of entrepreneurs (32.0%).

The comparative data shows that Bulgarians have the highest degree of distrust in entrepreneurs from all the surveyed countries. With increasing age, the share of people who do not trust them increases. Most adults (over 61 years) and those with primary or lower education have the highest level of distrust and consequently the lowest level of confidence in entrepreneurs. The youngest people (between 18 and 30 years) more often say they do not trust businessmen. The 31-40 year old people were the only demographic group where the degree of confidence in entrepreneurs is greater than the degree of distrust (29% vs. 27%). People with higher education and those living in the capital have similar responses of the degree of trust and distrust in the entrepreneurs (29% vs. 28%). In all other groups, a significantly higher degree of distrust is registered than that of trust.

### What would encourage entrepreneurship in Bulgaria? %



### ANALYSIS OF THE IMAGE

As to historical factors, one of the most important circumstances is the lack of historical connection between the stages of entrepreneurship in Bulgaria. Here, the most important fact is that the layer of personal experience of entrepreneurship from the era before the socialism in Bulgaria is almost completely absent. Also of importance is the deficit of positive first-hand information about people who have been entrepreneurs in that era.

Another important factor is the social egalitarianism, and decades of socialist legacy, which created a negative image of enterprising and creative people. This negative image has not entirely faded away.

Delayed economic reforms in Bulgaria, the parcelled and backward agriculture, the regulatory burden and the bureaucratic impediments to the small and medium businesses led to a loss of social and economic status for the majority of the people. For the 20 years after the end of the communist rule (1989), a sustained and considerable in size middle class has failed to form. Majority of the Bulgarians place themselves at the bottom of the social hierarchy. The economic and financial behaviour, the dependence on the state, the values and market behaviour of these people are much closer to those of the lower social strata, up to the lower middle class perhaps than to the typical middle class. After the end of communism free entrepreneurship in a free market economy was considered to be the road to a welfare state and the increased standard of living.

Since entrepreneurship has not contributed to a significant increase of the incomes of the majority of the people, and the middle class has not developed, the public opinion can hardly change to the positive side.

According to the public, the individual entrepreneurs may possess certain positive qualities (such as diligence, inventiveness, creativity), but their entrepreneurial activity has not increased the peoples' social status. According to the popular opinion, entrepreneurs are accumulating the benefits from other people's work, while the blue collar workers remain in poverty and deprivation. It is indicative that the strongest negative associations with an entrepreneur are related to luxury and glamour. This leads us to the hypothesis that until the results from the activities of entrepreneurs become obvious in the form of increased standard of living for the "average Bulgarian" and a stable middle class forms, entrepreneurs will be perceived in a predominantly negative light.

Bad work regulation framework and ineffective control of the compliance with fundamental labour rights enhance the "exploiter" image of the entrepreneur.

As the survey data show, the two most important factors in the personal experience of people exerting an influence on their opinions of entrepreneurs are "experience as a client/customer" and "the hired worker/officer" experience. So, the immediate work and consumer environment of the people has a strong impact on the entrepreneurs' image. For people with basic education and low qualification, for people living in smaller settlements and employed in blue collar work there is a high level of statistical correlation between the negative opinion of the entrepreneurs and its formation on the basis of the personal experience of a hired worker or a consumer.

Having in mind that a considerable part of the practices involving abuse of working conditions, paying securities (or actually either not paying them or paying the minimum possible), working hours, leaves, and irregular payment of salaries etc. affect those social groups precisely, we could judge about the "contribution" of the incorrect employer practices to the image of entrepreneurs. For example, according to the results of various studies, the share of the shadow economy and those working without a labour contract is quite high in the main business sector, i.e. construction.

Anthropological studies show that entrepreneurs are not perceived as a homogenous group. While big business is most often associated with political clienteles' networks, links with the underground world or the ex-secret services (known as "appointed businessmen"), the perceptions of small and medium business have a positive trend. In the specific case, the positive opinion for entrepreneurs is expressed by the confirmation of statements such as "entrepreneurs are creative and inventive" – 61% of respondents against 26% of the opposite opinion, and "entrepreneurship brings more benefits than harm to society" – confirmed by 63% of respondents against 27% who deny it.

39% of respondents believe that lower taxes and less government regulation would promote entrepreneurship in Bulgaria. This view is shared by people irrespective of their education, from all age groups and regardless of the place of residence. These results correspond with the popular belief that the business environment in Bulgaria is not good and is particularly detrimental to small and family businesses.

Entrepreneurs are not a homogenous social group. They are not perceived as such a group by society as well. Since the image of the entrepreneur is not monolithic but "divided", it is more correct to speak of entrepreneurs in the plural. Ethnographic evidence suggests that many people clearly distinguish large from small and medium entrepreneurs. While for the first the relationship is negative and always involves assumptions for illegitimate and illegal sources of wealth, connections with the political elite or criminal networks, for the small business there is a positive attitude. Small entrepreneurs, in turn, shared their disappointment with the functioning of the institutions and give examples of barriers to their business because of overregulation. Often they described the situation as "survival" in a hostile environment, not prosperity. It gives them a sense of insecurity and distrust that generate informal strategies to overcome the difficulties arising from systemic conditions.

## GEORGIA

### SURVEY RESULTS

The entrepreneur is seen by the majority Georgians as the driving force of economic growth and the creator of wealth. At the same time, Georgian entrepreneurs still need to reach western standards in organizational management and human leadership.

Main findings:

The absolute majority of the survey participants agreed with the statement that economic growth is created by entrepreneurs and businesses.

70% of the people think that the main function of an entrepreneur in a society is the creation of jobs.

Furthermore, the majority of the people think that entrepreneurship provides more advantages than disadvantages to the society.

The perception of the entrepreneurs, which, according to survey results, mostly depends on consumer's experience, and hasn't changed in last 5 years.

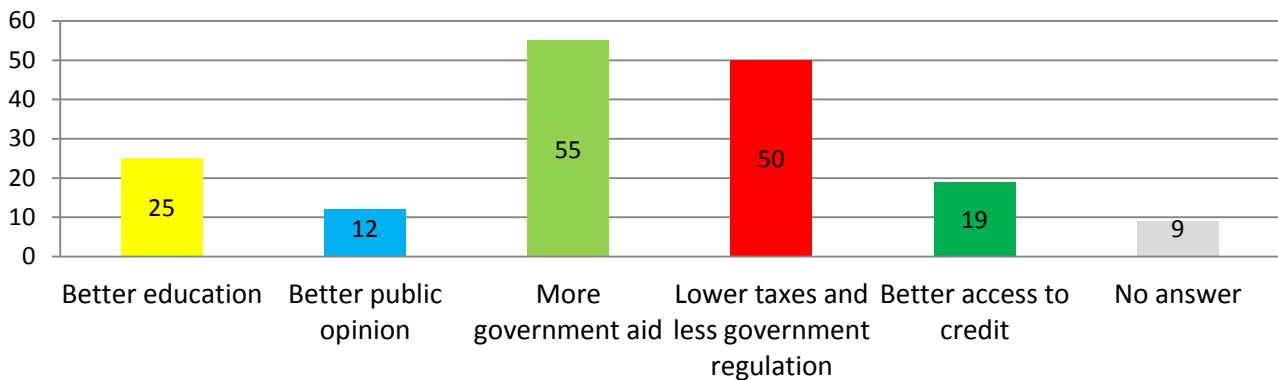
50% of people agree with the statement: „Entrepreneurs get rich by exploiting other people's work“.

62% of the men want to become entrepreneurs themselves, but only 51% wish their sons to have the same job. 48% of the interviewees indicated there are entrepreneur(s) whom they know and respect, while the other half of respondents could not find such examples.

41% of surveyed women would like to be entrepreneurs. 41% of female respondents indicated that there are entrepreneurs they trust and respect and 41% wishes their daughter to become an entrepreneur.

55% of surveyed Georgians believe that governmental subsidies would be most helpful in encouraging entrepreneurship. Slightly less popular was the answer that lower taxes and less governmental regulations would be most favorable for the development of this sphere.

### What would encourage entrepreneurship in Georgia? %



### ANALYSIS OF THE IMAGE

Georgian culture and tradition have been influenced by several different religions, cultures and traditions that the Caucasus region has been always very rich of. The country has very strong Christian traditions, but it has also been influenced by Islam and other religions, various Eastern traditions, as well as many historic events and changes. Several attempts to dominate in the region by the Ottoman and Persian Empires ended with the annexation by Russia in the beginning of the 19<sup>th</sup> century, short-term independence and then reoccupation by soviets also played an important role. Unfortunately Russian Empire politicians and then Bolsheviks were very effective in deleting the history of the country, especially institutional part of it; then soviets developed their own history which is hardly close to the truth.

It is quite difficult to understand the mental image of a typical Georgian about entrepreneurship. Soviet ideology simplified this vision to that of laziness and stupidity, of aristocracy who were harvesting the gains from their properties, but were never involved in any other, creative economic activities. At the same time the propaganda insisted that merchants were just liars and had no serious role in the economic life.

This Soviet propaganda lost its ground when Georgians became one of the pioneers of underground economic activities, who organized not only illegal agricultural trade, but also some industrial activities. Strong entrepreneurial spirit of Georgians showed up after the collapse of the Soviet Union, when people who were left without jobs as the factories stopped operating, instead of striking or complaining rushed into the streets to trade to find their fortunes in business.

The soviet period after WWII, especially the time after the death of Stalin saw a rise of entrepreneurial spirit. This, of course, had a dark side, as almost no private action was possible at that time without direct bribery, stealing of resources and illegal support by the communist leadership. There were sectors which were ignored and neglected by the authorities, so entrepreneurs filled those niches. The government

was unable to fight the shadow market even in such sectors like private teaching, health treatment, provision of medicines, etc. The motivation to fight them was also weak since government officials relied on these services themselves. In many cases illegal businesses had political coverage of the communist party leadership and the local authorities. People who participated and used the fruits of this illegal economy had quite sustainable and good living conditions.

After the economic collapse of the Soviet Union, many people were left unemployed and without any earnings. In this situation any individual who had any real life skills tried to use them to find quick employment or to start a small business himself. However, the slow privatization process destroyed any chances for the existing industries and farms to survive. In addition, the blockade of the energy supply and lack of experience in international trade, almost completely stopped the economy.

The new independent government had three goals for reforms: major change of the economic system – moving from central planning to the market economy, the reform of the political system and establishing the country's international status from a peripheral part of the Soviet Union – in fact a southern colony – into an independent, self-sustainable nation.

Georgian politicians were concentrated on purely political reform – the establishing of government structures and the organizing of state institutions, while caring little about the economic aspects. New Constitution of 1995 allowed private property but kept a lot of powers for the central government. In fact the Georgian constitution and legislation contains several ways to protect business and property but it also establishes soft and flexible limits to the power of the government.

The 2005-2008 economic reforms sharply increased the economic freedoms in the country. This resulted in higher than average economic growth and sky-rocketing number of registered entrepreneurs, which now reached 400 thousand. Tax reforms and deregulation made business easier than ever. At the same time politicians and the media and left-wing NGOs campaigned for pro-government and anti-market reforms.

Unfortunately, when Georgian government felt it had to do more than just manage governance resources, and started inventing so called social programs, which increased government subsidies and tried several ineffective unemployment programs. It also hesitated to start the privatization of remaining major enterprises like railways; instead it founded several hundreds of limited companies in the so-called necessary sectors and created hundreds of legal entities of public law, and providers of fee based services. Some of the successful examples of these public businesses were actively propagated by government as a successful example of for-profit state-owned companies.

Unfortunately, the reforms were not strong enough. Experience of the Western nation's powerful interventionist policies were also a bad example for a reforming economy, and many short lived welfare programs were launched, in order to reduce poverty instead of the long term solution of stable, free and rapidly growing economy. Beneficial reforms that were started in 2005 are slowing down, and without them the economy stagnates.

## **KYRGYZSTAN**

### **SURVEY RESULTS**

The survey results showed that more than half of respondents in Kyrgyzstan (54%) believe that businesses create economic growth in the society. 30% of respondents believe the government is an engine of economic growth. The Kyrgyz society remains psychologically separated from the class of entrepreneurs, which indicates that there is a gap between the classes of the society. Furthermore, the lowest trust of entrepreneurs was expressed by citizens with incomplete secondary education: 34% reported that they trust entrepreneurs, while 37% of them said that they do not trust them. Entrepreneurs are trusted the most (51%) by people with the highest education.

When asked "What external factors had influenced your opinion about entrepreneurs?" 44% of people answered that friends were the biggest influence, and 38% that family members. 28% of interviewees have got their opinion about entrepreneurship from the media.

58% of interviewees think that the main role of an entrepreneur is job creation, 47% – doing profitable business, 39% – paying taxes.

The respondents of the survey admire the personal qualities of entrepreneurs. The majority of respondents called them hardworking (56%), risk taking (46%), responsible (36%) and forward looking (27%) people. On the contrary, a fifth of respondents call entrepreneurs greedy (20%), exploitative (18%), selfish (13%), corrupt (13%).

The majority of the interviewees associated entrepreneurs with positive qualities like hard work 54%, creativity 24%, innovativeness 18%. 34% of the respondents associate entrepreneurship with luxury. 44% of respondents associate entrepreneurship with risk, 17% with bankruptcy. Negative associations, such as crime 18% and corruption 17% were less popular.

In the last five years there was a positive shift of opinion about entrepreneurs. 45% of people mentioned that their opinion changed to the positive side and only 9% of people said their opinion about entrepreneurs deteriorated. The rest 46% of

interviewees said that their opinion about entrepreneurs did not change or chose not to answer.

A significant majority (59%) said that they would like to be entrepreneurs themselves.

59% of respondents believe that failure in business is normal, although 23% of respondents suggest that the failure shows they are not ready for such activities. 7% of respondents think that failure may have been intentional, in order to steal other people's money.

Most people (52%) are inclined to believe that entrepreneurs do not care about the environment.

The majority (77%) believes that entrepreneurs are only interested in money. 22% of respondents deny this idea. 68% of respondents believe that entrepreneurs get richer by exploiting other people's work.

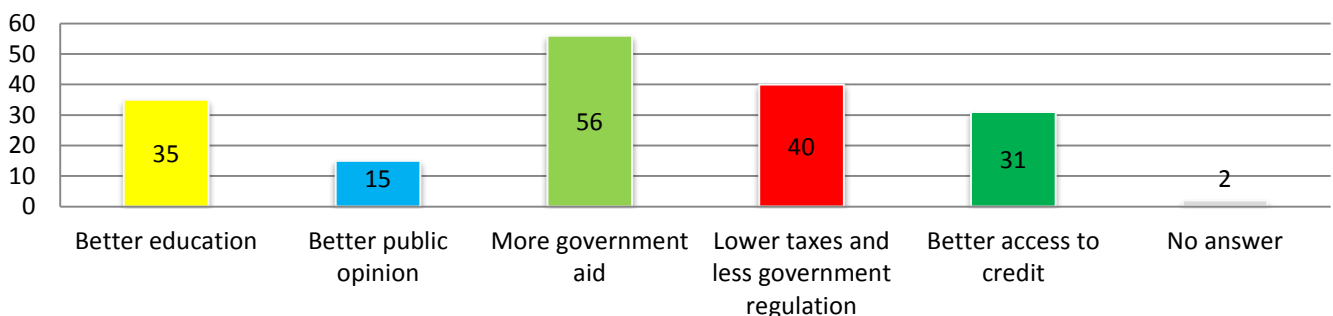
Despite some negative sentiment about entrepreneurs, the majority (74%) agree with the fact that entrepreneurial activity does more good to the society than harm. Also, 73% of respondents agreed with the statement that entrepreneurs are creators and innovators.

24% of the respondents say that Post-Soviet entrepreneurs were better than entrepreneurs from the West. 34% respondents believe that entrepreneurs from the Western countries are better than entrepreneurs from Post-Soviet countries.

More parents would like to see their sons as entrepreneurs (72%), rather than their daughters (62%).

56% of people believe that more government aid would help developing entrepreneurship in the country. 40% responded believe that lower taxes and minimal government regulation would help.

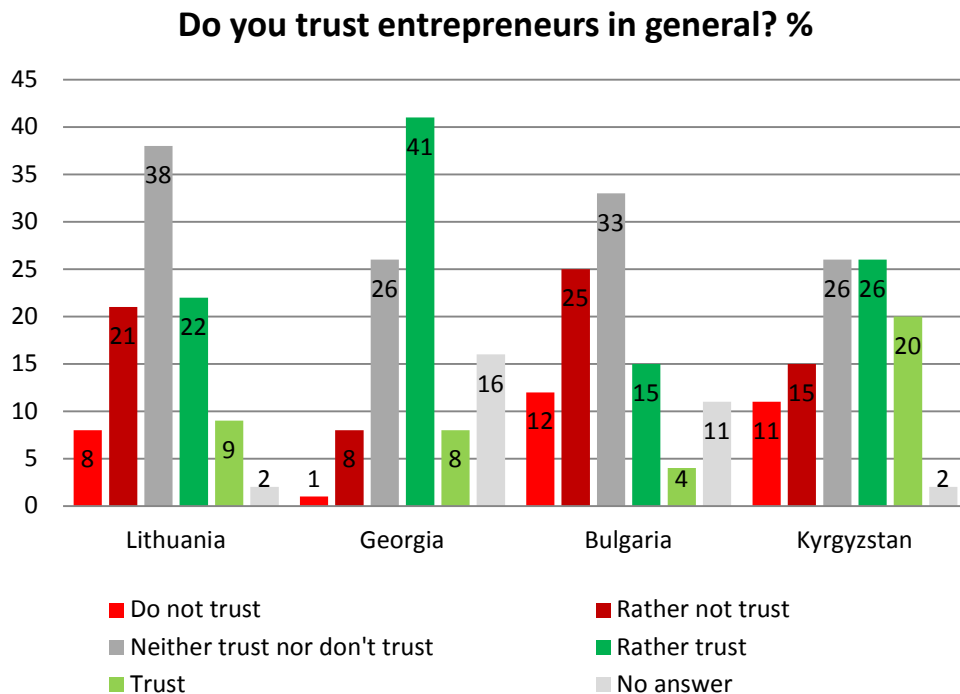
### What would encourage entrepreneurship in Kyrgyzstan? %





## CROSS-COUNTRY COMPARISON

The general tendency is that the non-EU post-Soviet countries have a more positive view of entrepreneurs than the new EU member states – Bulgaria and Lithuania. However, in general in all of the countries the attitude towards entrepreneurs is rather neutral. In most of the countries (except Georgia) the most frequent answer to the question “Do you trust entrepreneurs in general?” was “neither trust nor distrust”. Also the economic role of entrepreneurship is not questioned – a majority of people in all countries reported that economic growth is created by entrepreneurs and businesses rather than the state. The percentage of people who chose this answer was the highest in Lithuania (74%) and the lowest in Georgia (47%).



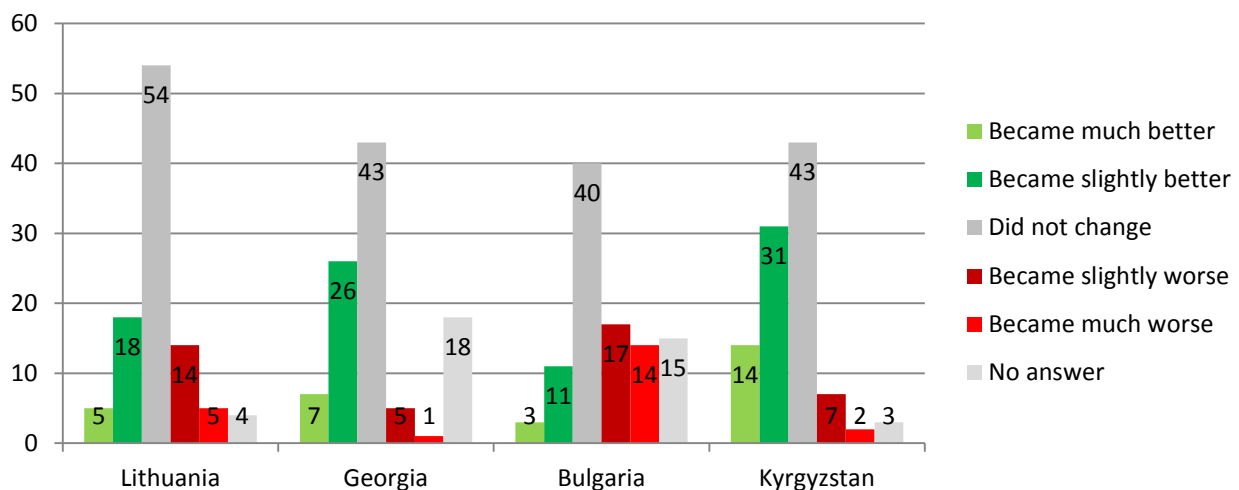
The respondents’ opinion about entrepreneurs is mostly formed by personal experience as customers or as employees. Media plays a very significant role in shaping people’s opinion about entrepreneurs in Lithuania – 61% of respondents mentioned that it was the strongest influence on their opinion. In other countries the opinion is mostly shaped by relatives and friends.

Most people believe that the main role of entrepreneurs is the creation of employment opportunities and the provision of goods and services. However, the creative and innovative aspect of entrepreneurship is largely forgotten. In all the countries less than 20% percent of people said that one of the main functions of entrepreneurs is the creation and innovation of goods and services.

Most people associate entrepreneurs with positive characteristics: hard work, responsibility and risk. However associations with greed and exploitation are also prevalent. People in Lithuania, Bulgaria and Kyrgyzstan also mentioned that they associate entrepreneurs with glamour (over 30% of respondents mentioned this association) and public status (39% in Lithuania and over 20% in other countries), while in Georgia the most prevalent associations were overwhelmingly positive: 64% of people associate entrepreneurs with creativity and 58% with hard work and only 3% with corruption and 1% with criminal activities.

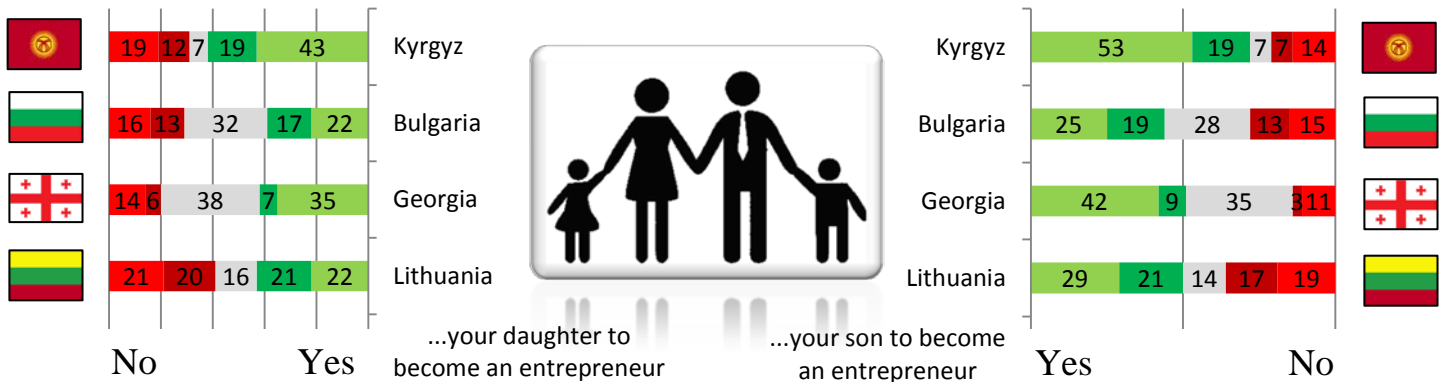
The overall tendency is that the view of entrepreneurs has not changed significantly in the last five years. In all countries, except Bulgaria, there was a slightly positive trend – more people have reported that their view of entrepreneurs has slightly changed to the positive side in the last five years. In Bulgaria 14% of people reported that their opinion changed positively, while 31% said that their opinion became more negative.

**How has your perception of entrepreneurs changed in the past 5 years? %**



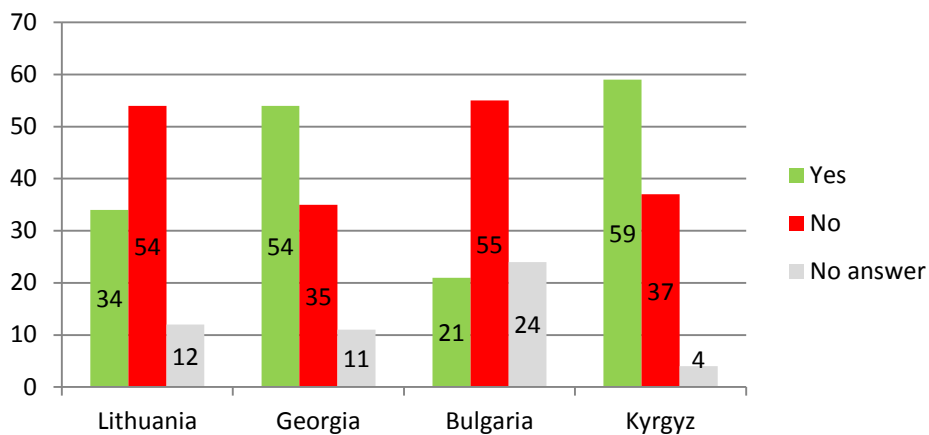
In all the countries there was a noticeable difference in the perceived gender associated with entrepreneurship. People were more likely to say that they would like their sons to be entrepreneurs rather than their daughters. The difference was most significant in Kyrgyzstan (10%) and least significant in Bulgaria (5%).

### Would you like your children to become entrepreneurs? %



There was a significant difference between the countries when people were asked about their personal wish to become entrepreneurs. People in Georgia and Kyrgyzstan were much more likely to start a business themselves than people from Lithuania and Bulgaria. In all the countries the tendency was that younger people, who generally had a more positive perception of entrepreneurship, were more likely to think about starting a business themselves.

### Would you like to become an entrepreneur yourself?



In Lithuania and Bulgaria the most common answer to the question “What would encourage entrepreneurship in your country?” was “Lower taxes and less government regulation”. Respondents from Georgia and Kyrgyzstan reported that more government aid would encourage entrepreneurship.

This publication was made possible through the support of a grant from the John Templeton Foundation. The opinions expressed in this publication are those of the author(s) and do not necessarily reflect the views of the John Templeton Foundation.

For more information visit [www.freema.org](http://www.freema.org)  
Lietuvos laisvosios rinkos institutas (Lithuanian Free Market Institute)  
Šeimyniškių St. 3A, 09312 Vilnius.  
llri@lrika.lt