

EDUCATION FOR ENTREPRENEURSHIP

FROM KINDERGARDEN TO ADULT LEARNING

Dr. Antal Szabó

UN ret. Regional Adviser

Scientific Director of ERENET

E-mail: antal.szabo@gmail.com

Prepared for the

INTERNATIONAL CONFERENCE ON LAW, ECONOMICS AND MANAGEMENT ICELM3

4-7 June 2008 Targu-Muresh - Romania The old Latin saying **non scholae, sed vitae discimus** summarizes my entire view of education. We do not learn (and teach, too) for the school but for the life. This is the motto for many schools, all over the world. This is what we should be doing in the process of rehabilitation and development of the education system in all transition economies, but also the over the post-communist and post-atheist space of Central and Eastern Europe, the South-Eastern Europe and the CIS, but also in all advanced market economies in the EU to move towards the European Community Lisbon strategy and meet the criteria to be competitive in our globalize world.

A starting-point for our reflection on education and learning. There is a distinction between school curriculum and the needs for life. The former school curriculum focused rather on classical encyclopaedical knowledge preparing students for maturity examination and the best ones with school-leaving certificate continued their studies at high-schools and/or universities. Education and learning are on one side synonym terms, but education is more than just learning. It is about presenting knowledge, raising somebody to my level, doing, relating and becoming. Education is contextual. Education is also sharing the teacher's personal experience with the disciple and sharing the experience of one generation with another. The word education implies not only the academic routine of delivering certain knowledge, fostering some skills and training specialists in various fields or subjects, but also it is strategic task of the development of the whole culture to.

In many Countries in Transitions (CITs) the society is suspicious towards entrepreneurs, who intend to become reach overnight, and the mass media prefer to show the negative phenomenon instead of showing the picture of the honest and useful entrepreneurs producing goods and services, which were not available during the era of centrally planned economies. The term "entrepreneurship" itself can lead to misconception. Parents, the business community and the education institution certainly have a different understanding of what this concept means.

The recent Household Survey for Entrepreneurship carried out t the request of the UK Government highlight, that "being enterprising and starting businesses is vital for the success of the UK economy. It provides a source of new ideas and competition leading to business 'churn', which contributes to enhanced productivity and sustained economic performance. The establishment and growth of new small businesses increases competition and innovation, creates employment, opportunities, and revitalises communities." ¹ During the human history it have been entrepreneurs who changed the word, turned opportunities through development into marketable products and services and most of entrepreneurs start up their activities because of the idea in the first instance and not for money.

Europe recognized that education and entrepreneurship are no more two separate issues. Now, to their mutual benefit, more and more bridges link the two.

In the framework of Bologna process, Europe still not unique concerning entrepreneurship university development. However, European policymakers already agree, that **the scope of entrepreneurship education** is much wider that training on how to start a business, as it includes the development of personal attributes and horizontal skills like creativity, initiative, self-confidence, among many others.

_

¹ House hold Survey for Entrepreneurship 2005. DTI Research Report, Published February 2007, http://www.berr.gov.uk/files/file38260.pdf

THE BOLOGNA PROCESS

"A Europe of Knowledge is now widely recognised as an irreplaceable factor for social and human growth and as an indispensable component to consolidate and enrich the European citizenship, capable of giving its citizens the necessary competences to face the challenges of the new millennium, together with an awareness of shared values and belonging to a common social and cultural space. The importance of education and educational co-operation in the development and strengthening of stable, peaceful and democratic societies is universally acknowledged as paramount, the more so in view of the situation in South East Europe" as its states in the joint declaration of the European Ministers for Education as of 19 June 1999.

During the 1st ERENET ² Annual Meeting held on 31 March 2006, the Members of this Network decided to share experiences in this field. Harmonization of the university curricula is very important in our region due to the fact, that even at the reputable old EU institutions there are hiccups in the process, while the new-accession-candidate EU countries and transition economies all facing at once the problems of the transformation of their economies as well as reorganization of their education systems. At the same time the US and far-east universities are booming without the Bologna Process. However, we believe, that it is worth to collect information and share experiences, so in the future we could exchange the good and bad site of the "Bologna-coin" too. The current experiences and practices in CEE we collected in the ERENET PROFILE No. 3 as of August 2006.

As part of the Bologna process, new development objectives have been set and further changes in economics, sciences and technology. The whole EU business environment demands new rethinking of higher education too. However, in the transition economies including CEE countries, this process is rather slow and controversial. I heard opinion from leading university professor that "we survived the COMECON orders from the socialists Moscow and we shall survive Brussels's directives too". There is an important paradigm that old fashioned teachers/professors are not able to change mentality and respond to the needs of today's challenges. On the other side the Bologna process did not justified itself. In many cases we see universities trying the compress the five years university curriculum into the Bachelor degree, while the two year of the Master courses are somehow repetitions and extensions and expanding of the major curricula of the Bachelor courses. There is also an other problem, that majority of CEE countries phased overproduction problems in certain skills like economics, communication experts, lawyers, etc. and it is difficult for find a job. Out of 5 young economists in Hungary one is jobless. It will create even more problems the first floating of Bachelors. As Professor Miroslav Glas from the University of Ljubljana highlighted "even after two years of work on the new Bologna-based curriculum and the first year of its implementation, we still have some reservations about the employability of bachelors and we could hardly forecast the number of students continuing directly from the first on the second cycle." 3

NEW TASKS OF THE EUROPEAN UNIVERSITIES

On 10 May 2006, Jan Figel, Commissioner in charge of Education & Training, said: "Although they train and teach millions of people each year, Europe's higher education systems remain hampered by a number of obstacles, many of which are decades old. The Communication adopted today is a contribution to the debate on the necessary modernisation of EU's universities."

² ERENET stands for Entrepreneurship Research and Education Network of Central European Universities established on 22 April 2005 in Budapest.

³ Miroslav Glas: New Bologna-based Curricula at the University of Ljubljana. Erenet Profile No. 3, August 2006.

"Universities are power-houses of knowledge generation" said Science and Research Commissioner *Janez Potočnik*. "They will need to adapt to the demands of a global, knowledge-based economy, just as other sectors of society and economy have to adapt. The ideas we are putting forward today should help kick-start a debate among Member States, and also within universities themselves."

The European Commission identifies 9 areas where changes should be made so that Europe's universities can contribute to the creation of a true knowledge economy. Each institution should find the balance of education, research and innovation which is best suited to its role in its region or country. This will necessarily mean a differentiated approach. The aim is to create a framework within which universities can become stronger players in the global knowledge society and economy. The primary goal must be to achieve excellence in the teaching and research functions of universities. ⁴

The European Commission has taken a position on how best to modernise Europe's universities. This is fundamentally important for them to make their contribution to the EU's objective to become a leading global and knowledge-based economy. European universities have enormous potential, much of which unfortunately goes untapped because of various rigidities and hindrances. Freeing up the substantial reservoir of knowledge, talent and energy requires immediate, in-depth and coordinated change: from the way, in which systems are regulated and managed, to the ways in which universities are governed. The Commission's ideas are presented in a Communication adopted today which covers all activities of Europe's universities: their delivery of education, their research activities, and their potential as drivers of innovation. This text responds to a request made at the informal meeting of the European Council in Hampton Court in October 2005 to identify areas for action on universities that can be used to drive forward the Growth and Jobs agenda.

The European Commission identifies 9 areas where changes should be made so that Europe's universities can contribute to the creation of a true knowledge economy. Each institution should find the balance of education, research and innovation which is best suited to its role in its region or country. This will necessarily mean a differentiated approach. The aim is to create a framework within which universities can become stronger players in the global knowledge society and economy. The primary goal must be to achieve excellence in the teaching and research functions of universities.

The proposals put forward by the Commission today include:

- 1. Boost the proportion of graduates spending at least one semester abroad or in industry.
- 2. Allow students to make use of national loans and grants wherever in the EU they decide to study or do research
- 3. Bring procedures for the recognition of academic qualifications in line with those for professional qualifications and make European degrees more easily recognised outside Europe.
- 4. **Introduce training in intellectual property** management, communication, networking, entrepreneurship and team-working as part of a research career
- 5. Refocus courses to allow greater participation at later stages of the life-cycle, thereby addressing the skills needs of Europe's workforce, and ensuring that universities are able to adapt to Europe's ageing population.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/592&format=HTML&aged=0&language=HU&guiLanguage=fr

- 6. **Review national student fee** and support schemes so that the best students can participate in higher education and further research careers whatever their background.
- 7. **Review systems for funding universities**, to be more focused on outputs and give universities more responsibility for their own long-term financial sustainability, particularly in research.
- 8. Allow universities greater autonomy and accountability, so that they can respond quickly to change. This could include revising curricula to adapt to new developments, building closer links between disciplines and focussing on overall research areas domains (e.g. renewable energy, nanotechnology) rather than disciplines. It could also include more autonomy at individual institution level for choosing teaching and research staff.
- 9. Support the modernisation of EU universities through a **process of identifying and sharing good practice.**

PROMOTING ENTREPRENEURSHIP AND SKILLS

The new EU Partnership for Growth and Employment document ⁵ underlines the need to improve the business environment, especially for SMEs and take account the entrepreneur's concern on making business. SMEs in practice create more jobs than large enterprises, while they are more flexible and innovative; however, they are also more vulnerable than large enterprises. To revitalise the economy, Europe needs more people willing to become entrepreneurs. This is why it becomes paramount importance to promote entrepreneurial culture in the entire Europe. By 2010, half of the jobs available in Europe will require people with high skills. Only 15% will be available to those with such primary education.

Therefore entrepreneurial friendly policy both at the European Policy level, as well is in individual Member States become more important to stir up and boost the European potential. For that reason the European Commission is taking actions to keeps SMEs high at the political agenda and proposes a new start for SME policies to be implemented in close relations both with the Commission as well as with the neighbouring countries. The Commission emphasises the "Thinks Small First" principles in all its actions. Unfortunately this is not the case in many transition economies yet.

In order to giving fresh impetus to SME policies the Commission sets out a number of objectives and actions especially in the field of implementing the Lisbon integrated guidelines by SMEs. The new SME is based on a comprehensive view of SMEs' role in the society that highlights their importance as a significant and basic factor of economic and social cohesion at local and regional level. Moreover, today there is a requirement that SMEs would committed themselves to corporate social responsibility, which allows them to improve their competitiveness and behaviour those having a positive impact on the local community and the environment. This requires fair relations also from the big companies, especially multinationals making SMEs as fair sub-contractors. At time being multinationals in CEE many times abuse with their power playing to sub-contractors over 90 days, requiring fees for placing sub-contractors products on their selves and forcing down prices hardly covering the prime costs of the suppliers, while they are making extra profit sometimes due to Government special subsidy benefits.

⁵ Communication from the Commission: Common Actions fro Growth and Employment: The Community Lisbon Programme. COM (2005) 300.

The new actions to improve SME's capability and competitiveness in accordance with the new EU policy ⁶ include the following:

- Promoting Entrepreneurship and Skills
- Improving SME's access to markets
- Cutting red tape
- Improving SME's growth potential
- Strengthening dialogue and consultation with SME stakeholders
- Promoting entrepreneurship and the image for SMEs

In the context of the above-mentioned I would like to reflect the question of promoting entrepreneurship and skills. The EU recognized, that its entrepreneurial potential not fully exploited yet and there is somehow lack in sufficient start-ups. There are lot of factors, which do not support start-ups and we are eyewitness of these processes in many CEE countries as well. The Commission in the future intend to set up efforts toward increasing the appreciation of entrepreneurs in society, promote awareness of career as an entrepreneur and foster entrepreneurial mindsets. In order to do this the Commission intends to increase entrepreneurship education.

An other important steps will be strengthening support for activities to reduce the burden of risk intrinsically linked to entrepreneurship. While in many EU countries a business failure makes the entrepreneur unviable and deprive of further financial resources, in the US this is considered as an advantage, because the failed entrepreneur in the meantime collected significant experiences in making and managing a business.

There is an other important task in increasing skills by development and redefining of training courses and methodologies. Introducing basic entrepreneurship leaning into schools and universities is an important part of the EU's overall economic programme. The Commissions calls its Member States to review their educational and training policies to make them more responsive to current and anticipated changes in the labour market. Member States should elaborate lifelong learning national strategies in the framework of the Education and Training 2010 programme.

The European Commission for the purpose of entrepreneurial education made the definition see below:

DEFINITION OF ENTREPRENEURSHIP

"Entrepreneurship refers to an individual's ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives. This supports everyone in day-to-day life at home and in society, makes employees more aware of the context of their work and better able to seize opportunities, and provides a foundation for entrepreneurs establishing a social or commercial activity". ⁷

⁶ Communication from the Commission to the Council: Implementing the Community Lisbon Programme Modern SME Policy for growth and Employment. COM (2005) 551 final

⁷ Commission Communication "Fostering entrepreneurial mindsets through education and learning". COM(2006) 33 final.

Entrepreneurial education should not be focused on general economic and business studies. Developing **generic attributes and skills** that are the foundations of entrepreneurship is complemented by imparting more specific **knowledge about business** according to the level of Education. The goal is to promote creativity, innovation and self-employment.

In November 2007, the European Commission assessed the current situation on compliance with the entrepreneurship education objective. This review stats, that "in **few Member States**, entrepreneurship is already a recognised objective of the education systems and is embedded explicitly in national framework curricula (**ES, FI, IE, CY, PL, UK**) but implementing means (teacher training, teaching materials) still need to be stepped up. Elements of entrepreneurship can be in some cases spread horizontally through the curriculum or included in economic subjects. Other Member States are starting to implement or are planning reforms in the same direction. However, Member States where entrepreneurship is well established in the curricula are still **a small minority.**"

Indicator: inclusion of entrepreneurship as a key competence in the national curriculum for general secondary education: ⁸

Belgium	N
Bulgaria	N -
Czech Republic	(Y)
Denmark	N
Germany	(Y)
Estonia	(Y)
Greece	N
Spain	Υ
France	N
Ireland	Υ
Italy	N
Cyprus	Υ
Latvia	(Y)
Lithuania	N
Luxembourg	N
Hungary	N
Malta	N
Netherlands	N
Austria	N
Poland	Υ
Portugal	N
Romania	N
Slovenia	(Y)
Slovakia	N
Finland	Υ
Sweden	(Y)
United Kingdom	Υ

Legenda:
Y Included
(Y) Reforms are planned /
Included partially
N No inclusion

Remarks Czech Republic, Denmark, Estonia, Slovenia, Sweden: reforms planned

Germany, Latvia: partial implementation

Legenda:

Y Included (Y) Reforms are planned / Included partially No inclusion

⁸ European Commission: Assessment of the compliance with the entrepreneurship education objective in the context of the Spring 2006 Council conclusion, Brussels, 27 November 2007

As far as Romania is concern, the report makes the following statement: "The NRP recognises that the reinforcement of entrepreneurship in RO is sill a desideratum. Some general measures are mentioned: improving entrepreneurship, business infrastructure etc. For the period 2007 – 2010, Romania intends to accomplish a set of elements of reform in terms of implementing concrete modalities for sustaining entrepreneurial initiatives and to unblocking the entrepreneurial spirit.

IMPROVING SKILLS OF YOUNG ENTREPRENEURS

Since the mid-1990s, many nations recognized the importance of the youth and national youth policies have been developed. The countries of the EU are leading this process and the candidate countries are forced to develop similar policies in accordance with the process of adaptation of the acquis communautaire. However, national youth policies are often exposed to political battles between the competing parties and as a consequence of these the programmes are delayed and often changing and the supporting infrastructure are not sustainable.

A **national youth policy** is about the vision of a Government about young people; it mainstreams youth-related policies by all sectorial ministries, provides directions and priorities of distribution of the government resources to solve the problems faced by the youth, and meet the requirements and needs of the young generation, particularly of the most disadvantaged young men and women. It is not necessary to spend more money, but rather a nation-wide communication and coordination of different governmental authorities, the private sector and NGOs to ensure to solve the most alarming problems and to provide services and programmes affecting youth more effective and efficient.

If the Government neglect the youth, it neglects also its own future and destiny. This is why investment into the youth is the more valuable input into the development of any society. This need full commitment and national-wide consensus in order to achieve and exploit the creativity and the energy of young men and women, as well as encourage positive perspectives towards global and national issues and foster economic development and well-being.

<u>Development of youth entrepreneurship programmes</u> have to be based on the recognition, that promotion of young entrepreneurship is part of the national youth development programme, as well as an organic part of the small business development programme, and those it contribute to economic development, job creation, economic empowerment and poverty alleviation. While national youth programme are the "mother" for the promotion of youth entrepreneurship, the national SME focal point organization must be considered as the "father" responsible for the development of an overall small business development economic climate. Other governmental organizations, as Ministries of Labour, Health, Education, etc. have to play an important role in this process.

While developing a national youth policy, attention should be given to youth entrepreneurship and enterprise-based youth employment policies. ⁹ Youth entrepreneurship could move young men and women into self-employment, so it create jobs, it contribute to economic empowerment and alleviate poverty. Young entrepreneurs provide useful goods and services to the society and quite often find new solutions and ideas to doing things more innovative way.

It is importance to recognize that youth entrepreneurship is not a solution of the youth unemployment and the problem of the economy. The promotion of youth entrepreneurship is

⁹ Simon White and Peter Kenyon: Initiatives for the development of enterprise action and strategies. InFocus Programme on Sills, Knowledge and Employability. ILO Skills Working Paper No. 1, 2001

rather a programme of developing new skills and experiences that some of the young men and women could and will applied in comparison of many other challenges of their life.

Young people face the challenge of skills – both in technical, marketing and human relations -, limited life and work experience and have also less financial resources than older people. However, they are more innovative, hard risk-takers, better understanding the IT, honest, but sometimes also gamblers and unsuspecting and naïve ones.

The experiences of various international youth enterprise promotion programmes show, that the promotion of youth entrepreneurship would be based on two consecutive steps:

First: Creation of awareness and understanding of entrepreneurship and business, and *Second:* Creation of self-employment and/or micro-enterprise.

The attitude of the peoples towards entrepreneurship and entrepreneurs widely vary across Europe, and the differences are great between regions. The level of entrepreneurship in the EU is very high, and there are many initiatives encouraging and adopting the most appropriate approach for producing more entrepreneurs. Inclination of the citizens in the CITs towards developing entrepreneurship could be improved. Compared to the EU and the US, there is less entrepreneurial dynamism in the CITs.

There are many influences on young men and women in their decision to start their own business. One way, in which they learn about entrepreneurship, is family business that means growing up in families where business becomes a way of life.

There is a need to develop firm enterprise culture based on a set of beliefs and values operating within a society or community accepted by these, which lead to entrepreneurial aspiration and creation of entrepreneurs not by forced self-employment, but true and real self-realization and commitment.

The key objectives of youth entrepreneurship promotion programmes should be the following: 10

- Support creation of self-employment and micro-companies;
- Provide business consultation by business service institutions or mentoring;
- Secure adequate start-up funds;
- Help in marketing and finding business partners;
- Help in increase the rate of survival and success of businesses;
- Assist in implementation of new business ideas and innovation

The <u>main orientation of a youth entrepreneurship development programme</u> should be built on the following:

- 1. Promotion of self-employment;
- 1. Youth business incubation;
- 2. Skill training:
- 3. Financing;
- 4. Community information centers/telecenters;
- 5. Mentoring:
- 6. Development social entrepreneurship; and
- 7. Youth entrepreneurs' competition.

¹⁰ Dr. Antal Szabó: Development of Youth Entrepreneurship as Means of Poverty Alleviation in Rural Area. International Conference on "Entrepreneurship – The Best Answer to the Future"

THE ROLE OF ERENET 11

On 22 April 2005, representatives of universities from Croatia, Hungary, Romania, Serbia, Slovakia and Slovenia inaugurated and signed a foundation declaration on Establishment of an Entrepreneurship Research and Education Network of Central European Universities, called ERENET.

The signatories of the declaration on cooperation accepted that education plays a significant role in the development of entrepreneurship and that research and education could ultimately contribute to closing the gap in entrepreneurship between countries of Central and Eastern Europe and those in Western Europe and North America. He went on to say that: Taking advantage of international experience based on research of issues, such as good governance, enterprise-friendly economic and social policies, administrative burden and the financial environment, can speed up the growth of entrepreneurship in Central and Eastern Europe to rival that in western countries. ERENET is a research and development partnership acting as an open-ended network. So far, 40 universities, high-schools, research institutions and government authorities from twenty-eight countries have joined ERENET.

On 6 October 2006, within the framework of the 3rd European Day of Entrepreneurs held in Zagreb, ERENET organized a Round Table on "Increasing Investment in Human Capital Through Better Education and Skills". The Roundtable raised awareness about new role of the education systems in EU and Croatia, in particular in the field of higher education and entrepreneurship education. Roundtable analyzed and compared several programs in entrepreneurship education in order to learn from the best practice and share the experiences. Basic papers, conclusion and recommendation of this event see in the ERENET PROFILE No.4 as of November 2006.

In addition to this Round Table, on **10 November 2006**, ERENET co-organized the Budapest Round Table on *How to become successful and socially responsible entrepreneur? Learn from experience*. The main issues of this event in summarized in the ERENET PROFILE No.5.

In mid 2007, ERENET has been launched the EDARO Project on "Benchmarking of Entrepreneurship Education in Selected EU and North-American Countries". The purpose of this project is to collect current practice in entrepreneurship education at the Romanian universities as well as collect best practices and curriculums in entrepreneurship education in the old, new and associated EU countries as well as in North-America in order to develop and establish an advance similar education in the country too. The research is oriented to an educational component which support the economy based on knowledge and innovation, entrepreneurship, sustainable development, elaboration and development of the research networks. The project wishes to gather information in the field of investigation and implementation of the entrepreneurial education in the Romanian universities, specialised institutions of Romania and European Union. ICELM3 is a cornerstone in this project. We shall review the wide variety of entrepreneurial education in old and new EU Member States. However, we look out the European continent and we shall highlight some of the achievements made in North-America as well as in advanced Far-East.

¹¹ See at http://www.erenet.org

¹² Péter Szirmai – Antal Szabó: Lessons to be Learn from the Budapest Round Table. ERENET PROFILE No.5. January 2007, pp. 3-8.

THE PROS AND CONS IN UNIVERSITY ENTREPRENEURIAL EDUCATION

Fostering entrepreneurial mindsets of the population is a process for young people through education at all levels, **from primary school to university**, and later a **long-life learning** for the adult generation.

It is now commonly agreed that **the scope of entrepreneurship education** is much wider that training on how to start a business, as well as how to write a business plan. It includes the development of personal attributes and development of such skills like self-confidence, creativity, initiative, vision, risk-taking and many others.

Teaching of entrepreneurship in higher education is the odd one out. How knows, does – how do not know, teaches. Real life experience is a key. Talking about how to teach entrepreneurship, Professor Vecsenyi said it is similar to the question "whether an ornithologist can fly? However, if somebody can teach how the bird flies, perhaps somebody getting knowledge on enterprise and entrepreneurship can try to be an entrepreneur." A university professor, who didn't sold a T-shirt on the street is not an authentic entrepreneurial teacher. On the other hand, it is no sufficient to bring entrepreneurs into the classroom: student should be directly involved into entrepreneurial project or real businesses. And this creates a big dilemma for the majority of CEE bachelor courses simply due to the fact, that universities have no well-established connection with the business communities.

It is also a big dilemma in majority of CEE universities: what is the value of a bachelor in entrepreneurial education, and how this graduate can start up with his/her business.

In Conclusion, needless to say, that Europe needs to foster the entrepreneurial drive more effectively. We need the existing enterprises willing to renew their skills, and we need more new firms willing to embark on creative and innovative ventures and more entrepreneurs. It is recognized, that education greatly contributes to creating more entrepreneurial culture. It must be also recognized, that entrepreneurship should be considered a mindset that can be usefully applied in all our working activities and in the whole life.