CONTENT

WINTER MESSAGE 2

PAPERS

Entrepreneurial Education and Start-up Training in Germany 3
Hans-Jürgen Weißbach

Balancing Entrepreneurial Education – Person, Pedagogy and Policy 8
Emeric Solymossy

Entrepreneurship Education: Meanings and Needs 18
Sabine Irine – Virginia Băleanu – Andreea Ioniță

Entrepreneurship Education in Slovakia 26
Michal Šoltés

Entrepreneurial Education and Small Business 31
Tina Sommer

An Entrepreneurs Perspective 34
Madi Sharma

Culture and Business 35
Antal Szabó – Szilvia Nagy

Business Dressing and Culture 44
Ana Langović–Miličević and others

Thoughts on a Crises – Multidimensional Analysis of the Phenomenon 48
Gábor Balogh

Ten Basic Steps for a Successful Entrepreneurial Start-up Part I 53
Marija Zarezankova-Potevska

CONFERENCE PAPERS

• 4th Kraców Forum on Microfinance 65
• Belfast SME Policy Declaration 66
• Agreement between Technical University of Košice and Institute of Economic Sciences (Belgrade) 68

INSITUTIONAL PROFILE

• Belmont University Center for Entrepreneurship 69

CALLS – EVENTS – NEWS

• FSB Annual Conference 2009 South Wales 70
• International Workshop on University Entrepreneurial Education Tîrgu – Mureș 71
• UNESCO Forum on Higher Education Bucharest 73
• ICIRD Conference Thessaloniki 74
• IEPC 2009 Harrogate 76
• International Small Business Congress 2009 Brisbane 77
NEW YEAR MESSAGE OF THE SCIENTIFIC DIRECTOR

Dear Readers, Distinguished Friends,

2009 and the New Year is here. The joys of Christmas 2008 have passed away and the birthday of Jesus Christ has brought with it extreme cold weather and frustration with outmoded energy politics along with global uncertainty and threat. First: the Middle East is yet again in flames. This is a disgrace not only for Israel and the inhabitants of Gaza but also international leadership, in particular the UK and US, who have not focused on the dangers and desperate need for a resolution of violence in the region. Second: there is the sickness that comes from using energy as a political weapon. The World Bank and World Trade Organization demand that Russia accepts the rules of world trade but seemingly are not concerned about their impact on the Newly Independent States, formed from the former Soviet Republic such as Belarus, Moldova, Ukraine and other Russian oil and gas-dependent countries. Their dictates take no account of whether these countries can pay for world hydrocarbon prices, or what they can sell on the world market to cover such costs. The situation brings increasing poverty and unemployment to these countries. It makes it appear as if human beings are merely coefficients in the profit equation of global enterprise. Think: The increasing economic and financial crisis demonstrates that the ultraliberal economic approach is as much a dead end as the planned economy. Questions need to be asked about the liberal word economic order. In Hungary, this appears to involve sucking out Euro 6.5 bn per year through profits from multinational plazas and shopping centres. In contrary, the IMF and EU generously provide Euro 25 bn for 2009 to be able to pay the country foreign debt by their underpaid employees and pensioners. Despite being a Member of the EU, poverty in the Hungarian population has increased by 30% the The European Commission seems to have taken little share in assisting the Government in such an unhappy situation. It is the reverse of Hungarian expectations from membership of the EU.

We must turn for good advice to the Christmas Message of His Holiness POPE BENEDICT XVI. He called for reflection on the theme: FIGHTING POVERTY TO BUILD PEACE in the following words: "Back in 1993, my venerable Predecessor Pope John Paul II, drew attention to the negative repercussions for peace when entire populations live in poverty. Poverty is often a contributory factor or a compounding element in conflicts, including armed ones. In turn, these conflicts fuel further tragic situations of poverty. “Our world”, he wrote, “shows increasing evidence of another grave threat to peace: many individuals and indeed whole peoples are living today in conditions of extreme poverty. The gap between rich and poor has become more marked, even in the most economically developed nations. This is a problem which the conscience of humanity cannot ignore, since the conditions in which a great number of people are living are an insult to their innate dignity and as a result are a threat to the authentic and harmonious progress of the world community”. Pope Benedict XVI went on to state that “fighting poverty requires attentive consideration of the complex phenomenon of globalization."

From a methodological standpoint these wise words are important to us all. They focus attention on needed economic and sociological research into the many different aspects of poverty. They raise the spiritual and moral implications of globalisation in our dealings with the poor. In this regard, we should also note that. 2008 marked the 60th Anniversary of the Universal Declaration of Human rights. It is worth remembering the words of the Preamble: “WHEREAS recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice, and peace in the world. ARTICLE 22 is equally relevant. “Everyone as a member of society has the right to social security and is entitled to realization through national effort and international cooperation and in accordance with the organisation and resources of each state, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."

As Pope Benedict has emphasised “we all share in a single divine plan: we are called to form one family in which all – individuals, peoples and nations – model their behaviour according to the principles of fraternity and responsibility.”

I offer this wise advice for consideration by our ERENET members and Dear readers, may it be a Happy, Prosperous and more Positive New Year for .All.

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ENTREPRENEURIAL EDUCATION AND START-UP TRAINING IN GERMANY

Compared to the U.S.A., the history of entrepreneurial education in Germany is relatively short and recent. Only in the late 1980s and early 1990s, the idea of entrepreneurial training found first resonance in the academic field. The discovery of the need for entrepreneurial education had much to do with the experience of economic stagnation of the 1980s.

While at the beginning of the 1950s, about 25% of the West German working population were self-employers of any type (including farmers) or their family members, this rate had dropped to about 8% in 1982/83. The dynamic regenerative power of capitalism seemed to be exhausted at that time. Economic growth went down dramatically.

At that time start-ups developed rather in economic niches than in core industries, or were results of economic activities of people who tried to bypass career obstacles caused by their unemployment. Among the founders were many migrants, academic dropouts, women who had in vain tried to return to employment, collective unemployment initiatives whose projects would remain niche activities without growth perspectives. Another obstacle of the development of a start-up culture was the German attitude and policy to protect and subsidize existing industries rather than to accept the Schumpeterian “creative destruction process”. So the production factors and a lot of know-how remained tied up to perishing industries or unemployed. Still today we can observe what we call a “tightly coupled” innovation processes in Germany. Innovation has to be accepted by the existing industries and their social partners. The chance that an innovation will establish a base for radical market changes and create new business is low.

Because of the extent of unemployment in the 1980s, nobody believed that the development of start-ups could be a remedial strategy to create more jobs. Also the academic world remained doubtful about the introduction of practical entrepreneurial training at universities. If we look back to that time, we find that due to the perception blockades of the political and academic mainstream, the conditions were not ripe for the idea of entrepreneurship and entrepreneurial training. The first spin-offs from universities in the early 1980s remained a marginal phenomenon from the point of view of mainstream business administration and economy (as an exception see Szyperski/Klandt 1980).

Consequently researchers used to speak of a German culture of dependence (Braun 1999, Sternberg et al. 2001). The results of American and British entrepreneurship education and research (see e.g. Rabbior 1990) that had already started in the 1950s were completely ignored. As the consequences of the world wide recession of the early 1990s were less dramatic in Germany due to the “unification boom” which lasted until about 1994, the problem could be ignored until negative consequences of a protective policy and of the globalization process on employment and growth were felt in Germany, too.

A technology gap became obvious in the 1990s. The rate of investment in high tech and science dropped so that Germany fell back to the 10th rank in E.U. Due to the fact that also big “protected” companies laid off more and more employees, and to increasing employment problems of academically qualified people, the attitude of ignorance slowly changed. Scientists and politicians suddenly discovered entrepreneurship as a remedy against job losses and innovation gap.

First systematic research activities on entrepreneurship were established at the Universities of Cologne and Dortmund, at the private research institute BIFEGO e.V. (www.bifego.de), at Free University Berlin, and elsewhere in the 1980s and early 1990s. Among the first researchers were Profs. Drs. Müller-Böling (founder of BIFEGO, at that time at University of Dortmund), Szyferski and Nathusius (University of Cologne), and Faltin (FU Berlin). The later has also been a successful entrepreneur for years, well-known by his tea import company. It was a bank (KfW) that made the first efforts to stimulate the development of Entrepreneurship studies in German universities. These efforts got underway in 1998, when the setting up of a professorial chair in new company formation at the European Business School in Oestrich-Winkel (Prof. Dr. Klandt) was financed by the KfW bank.
The focus on academic activities with regard to start-ups remained purely theoretical at the beginning, highlighting the role of creativity, biographical aspects of entrepreneurship, or the need to develop entrepreneurship in order to prevent Germany from being excluded from international economic development. Strategies of giving support and consultancy to start-ups and of incubating spin-offs were not the main issues of the academic researchers. A lot of discussions were even held on the question whether entrepreneurship could be taught, and if yes, whether it should be taught in a systematic way within the frame of a regular curriculum or rather ad hoc, according to spontaneous needs of the founders. The more systematic analysis of the role of new businesses in the process of capitalist growth was carried out, the more optimistic the consequences became. As a result of these studies it became clear that the structures of academic education did not really meet the needs of SME and new industries like media, IT, health sector, production-related services, etc. but that the university had to contribute to develop entrepreneurial resources.

At the beginning academic teachers proposed that even if it could be a task of the universities to care for entrepreneurship education within the frame of regular and obligatory curricula, but by providing additional eligible and flexible forms of training and coaching. In October 1999, Hans Emge, Peter Sulzbach and Hans-Jürgen Weißbach formulated a sceptical attitude, concerning the installation of extensive sequential entrepreneurship curricula in the “10 Statements from Frankfurt concerning entrepreneurial education at universities” (www.frankfurter-modell.de).

The core thesis was that it there is a paradox that people coming from university have to forget everything they have learned there if they want to become successful entrepreneurs. Universities are not a preferred and preferable location to educate entrepreneurs. They are bureaucratic bodies. The teaching staff is either euphoric or risk-avoiding. However, universities are closer to student start-up initiatives than chambers of commerce. Students don’t accept that universities hold a core competency for teaching entrepreneurship. They do not expect universities to help them but perceive only some few professors as experts. Entrepreneurial education is not popular among the universities’ staff. It is difficult to integrate them into such projects. The reactions of the professors oscillate between “We are already offering this content” and “These issues have nothing to do with academic teaching.” Permanent tenures for entrepreneurship do not meet the demand for change, flexibility, and innovation that is needed. In most cases, the German professor is not an optimal role model for start-ups. A similar position was formulated by Braun 1999 who taught in the new federal countries where universities had even less contact with entrepreneurial reality.

According to this paper, at Fachhochschule Frankfurt a “minimalistic” program of immediate support for student start-ups had been introduced in 1998, being completely separated from the normal curriculum, but offering access for all students from all departments. It was established without any governmental support or funds but in cooperation with some private partners (banks, media, etc.), free of fees, and included non-obligatory trainings in self-presentation, marketing, business plan negotiation, a quick check of business ideas and coaching by external experts.

From today’s point of view, the position that the academic staff could not be motivated to engage in entrepreneurship proved to be too pessimistic. Like technical education had been accepted as academic teaching issue throughout Europe in the late 19th century, entrepreneurship was relatively quickly acknowledged as a serious discipline by more and more German universities at the beginning of 21st century. Of course this had to do with the overwhelming boom of the Internet economy which suddenly made it more attractive for young people to develop their own creative business ideas with an academic background. If they needed support, they would not have addressed chambers of commerce or private consultants but their professors for ICT, Marketing, etc. The first efforts of some universities to establish entrepreneurial training schemes came just in time to successfully support the internet economy. The availability of the internet
considerably boosted the development of entrepreneurship. An important barrier to make up a business fell down.

Already in 2000 the situation had completely changed. At a conference in Berlin, to which also the author of this paper contributed, the so-called 10 Berlin Propositions were formulated, including statements like:

1. A specific encouragement of independent thinking and acting according to the spirit of entrepreneurship is possible and an important responsibility of universities.
2. Universities should foster entrepreneurship on three levels:
   - toward the general capability of independent thinking and acting,
   - toward self-employment, and
   - toward entrepreneurship and the creation of jobs by starting new companies.
3. Entrepreneurship at universities should reach all faculties.”

While the employment impact of the internet economy was strong at the beginning of the hype, the life-span of the new start-ups proved to be short. A lot of money was “burned” in 2001/2002. The high number of failures indicated the need for more systematic training activities. However, the whole climate for entrepreneurs had improved during this time. Since then, a “second chance” has been given to founders without success. This has been a completely new trend for the entrepreneurial culture in Germany (see Sternberg et al. 2004).

In 2001, the EXIST program of the Ministry of Research was extended to 10 other university clusters or regions (EXIST II) in order to intensify the systematic curriculum development based on the experience of the first 5 model regions. A lot of money flew into these projects. Within the scope of this program, in 2002 the implementation of an entrepreneurial curriculum and of incubators started in the regional university network “Route A 66” (www.routeA66.de) of four partners in the Rhein-Main region, one of them being Fachhochschule Frankfurt. The project was granted by the Federal Ministry of Research. It got its name “Route A 66” from the highway A 66 linking the four locations. In spite of our original doubts, the FH Frankfurt played an important part in the local application and implementation process. During the first some years of the project, FH Frankfurt supported more start-ups than Goethe University at Frankfurt.

Further important milestones of the idea of entrepreneurship in Germany were:
• the foundation of the “G-Forum” (a scientific community of economic and social research on entrepreneurship) in 1997
• the business-plan competition sponsored by German saving banks, the McKinsey Company, and the journal “Stern” since 1997 which had high participation rates
• the establishment of endowed chairs by the KfW Bank and of programs of elective courses like the “Frankfurter Modell” from 1998 on
• the EXIST Seed program established in 2005 to give support to potential spin-offs from universities by enabling them to develop a systematic business plan on base of a one year grant.

The impact of the New Economy could also be felt in academic teaching. Business administration and informatics extended the range of issues by start-up-related themes. More and more members of academic staff opened businesses of their own or participated in the Internet economy.

However, after the boom of the Internet economy had been over, from about 2003/04, the quality of the business ideas became worse. Among the start-ups there were more and more “necessity founders” coming from unemployment, lacking career chances in industry due to the general employment crisis. The average age of the founders in Germany rose up to end-30 and early 40. Only in 2006, about 160,000 founders coming from unemployment were subsidized by the Federal Labour Agency. Their business plans were often very poor and had not been checked before the opening of their businesses. Again, the idea of making up one’s own start-ups had lost its charm and reputation due to an increasing numbers of failures. Meanwhile, the misuse of subsidiaries has been abolished while support programs have become more specific with regard to target groups (women, migrants, etc.). However, the academic research was forced to look closer at the diversity of the founders, their biographies, competences, role models, etc. (see e.g. Voigt, Weißbach et al. 2005).
In 2005, the program leadership of EXIST went over from the Ministry of Research to the Ministry of Economy. Although universities went on to apply for and to receive grants, the focus of the program sharply switched from academic entrepreneurial education to immediate help and direct support for start-ups by increasing the incubator capacities mainly for high tech founders. In this situation, the Institute for Entrepreneurship has been established at FH Frankfurt (www.ife-frankfurt.de) to support long-term work on more sophisticated start-up activities. The boom of 2005 to 2007 has boosted start-up development again and improved the quality of business ideas. Congruently, the aim of EXIST III was to support business ideas with a scientific background developed by members of universities and other research institutions. The program is re-financed by the European Social Fund.

Meanwhile, the academic teaching of entrepreneurship does no longer need to be financially supported by government. Many endowed chairs are sponsored by banks like KfW. Today, entrepreneurial education and start-up training is provided by more than 60 universities and many Fachhochschulen. A list of universities running EXIST and having installed chairs for entrepreneurship can be found in Thust (2005).

Recent trends reflected in German research and teaching have been
- the internationalization of entrepreneurial education and research (Sarmiento et al. 2007)
- the shift of the training focus and of scientific attentiveness from the early start-up phase to later phases of entrepreneurial and business development
- the analysis of the multiple relations between culture, creativity, and entrepreneurial success (about the activities of a “creative class” see Grimm 2005)
- the discovery of the strengths of migrants as builders of start-ups and of the diversity of “styles” of successfully developing start-ups (Weissbach 2007)
- the attempt to transfer the idea of entrepreneurship to bigger corporations (“Corporate Entrepreneurship” and “Corporate Venturing”, see Orlovic 2004)
- the tight integration of elements of entrepreneurship in specialized master courses e.g. in tourism, design, coaching, etc.

However, the idea of entrepreneurship is far from being popular in every university department. We estimate that more than 70 % of the chairs have been implemented in departments for business and economy, and that still the minority of chair holders have intensive business and bank contacts. So we can guess that more than 50 % of all business plans submitted in the form of a diploma or bachelor or master thesis will not be come into action.

Sources:


Ripsas, S. (2000): Business Plans: Ten Propositions to Foster the Culture of Entrepreneurship at German Universities. In: ScienceCareers, July 7th


BALANCING ENTREPRENEURIAL EDUCATION
- PERSON, PEDAGOGY AND POLICY -

Abstract:
Entrepreneurship Education should not be considered or evaluated outside of its context. A three domain model is presented beginning with an individual within a socio-cultural context, operating within a political and economic system, impacted by education and training from experience and pedagogy. This model permits discussing some of the possibilities and challenges implied by the ranges of each domain, concluding with a characterization of Entrepreneurship Education being comparable to a balance scale, wherein each element must be weighed, and based on its unique considerations tipping programs towards either a functionally based, task-oriented, more traditional curriculum, or an experience-based, non-traditional constructionist approach.

Economies are in the midst of an unprecedented shift. Modern capitalist economies are experiencing changes to the nature of production, organization of work processes, and the structure of industries (Parker, 2001). Traditionally production oriented industries (e.g., manufacturing) are continuing their decline, while service-oriented industries have emerged and grown. Long-term employment expectations and public employment have declined, with a corresponding increase in a contingent workforce. Technology permits flexibility and decentralization of production, however places greater emphasis on the availability of and appropriation of information and knowledge, necessitating continual learning. These changes have transformed economies into a "global, entrepreneurial, and knowledge-based economy." (Atkinson, 2007, p.5). Whether one reads the economic journals or the popular press (e.g., Thomas Friedman’s best-selling book *The World is Flat*) the transition points to education being a crucial infrastructural component, and one of the keys to enduring success.

Entrepreneurship Education has been a hot topic around the world for several years. Entrepreneurship is portrayed as the foundation behind successful economies and the hope of developing economies. Small firms represent 99.7% of all employer firms, and employ about half of all private sector employees in the United States. It is generally accepted that small companies contribute the most to employment growth. Recent pronouncements indicate that “over the past decade, small businesses created 60 to 80 percent of the net new jobs. In the most recent year with data (2004), small firms accounted for all of the net new jobs. Firms with fewer than 500 employees had a net gain of 1.86 million new jobs. Large firms with 500 or more employees lost more jobs than they created, for a net loss of 181,122 jobs” (Bronstein, 2008). As will be discussed later, the economic reality of entrepreneurship is positive, but may not be the magical economic cure being promoted. Never the less, entrepreneurship education is crucial to a vibrant and healthy economy since it encourages the formation of high-growth enterprises, supports innovative behavior, and equips individuals to be productive, entrepreneurial employees for large firms and public enterprises.

Entrepreneurial, small businesses enable personal dreams to be fulfilled, and in the process create employment, generate income, and provide tax revenues. Therefore, tending to the healthy creation of small businesses is an economic and political imperative. Socially, while big business may seen cold, bureaucratic, and representing impersonal efficiency, small businesses elicit image of personal ingenuity, hard work and self-reliance. Not unlike a farmer, small business people work tirelessly in order to harvest the fruits of their labor. It is easy to understand people seeking to reap the rewards of their efforts, rather than seeing their hard work enriching others. This is one reason many individuals seek opportunities for self employment rather than working for others. On the other hand, many successful small businesspersons did not seek entrepreneurship, but were pushed into self-employment; yet, they were equally successful. (Solymossy, 1998). Regardless of the motivation for wanting to start a business, most require education and training in one or more areas in order to succeed. Many will require comprehensive education in order for them to pursue entrepreneurial opportunities.
Not many years ago, there were only a handful of university programs promoting entrepreneurship. David Birch’s research in the late 1970s and 1980s is frequently cited for drawing attention to the economic impact of small firms (e.g., Birch, 1979), resulting in political and social pressure to increase entrepreneurship studies. Today, virtually every Business School and University in the United States (and, likely in the rest of the world) has some form of entrepreneurship training, even if only one course. This is in addition to programs being offered in secondary schools, community colleges, and by private organizations. Increasing numbers of programs have resulted in competition for being declared “best” programs. (e.g., the 2007 Princeton Review / Entrepreneur.Com’s Top 50 Best Entrepreneurial Colleges). Hundreds of millions of dollars are being invested in establishing business development centers, funding faculty, and developing programs. While it is argued that graduates of these programs do tend to start more businesses and make more money, (e.g., Safransky, 2004, Charney and Libecap, 2000), others are not convinced that current entrepreneurship programs are effective. (e.g., Honig, 2004, Krueger, 2008). Still others call for developing better methods for assessing the effectiveness of entrepreneurship programs (e.g., Fayolle, Gailly, & Lassas-Clerc, 2006). Amidst the emotional hype, and at the risk of standing in front of a run-away train, (since entrepreneurship can be visualized as “the little train that can”), there is a need to pause, review pertinent theory, and analyze available data to provide insight into what can be done to foster entrepreneurship.

The paper’s principle focus is considerations for developing an effective entrepreneurship education program. It is not advisable, however, to consider any educational program outside of its context. It is impossible to measure or even consider the effectiveness of an entrepreneurship education program without recognizing that it is only one element of an interrelated set of factors involving an individual within a cultural and economic context.

With this focused goal, we propose a basic model of entrepreneurial activity to guide our discussion and deductive analysis. As indicated in Figure 1, entrepreneurial activity can be segmented into three specific domains, each of which is required to work in harmony to achieve positive results. The first domain is the person within a cultural context. The second domain is pedagogy, or the learning process, and the third domain is policy. Each domain has different impact on the eventual impact of entrepreneurial activity, and each can be seen as either a mediating (with the ability to sever the dependent relationships) or moderating (with the ability to impact the relative strength of the relationships) between the intention to pursue entrepreneurial activities and the ensuing success. While diagrammed with three distinct boundaries, the boundaries are not intended to be fixed, or discreet. Rather, the boundaries are drawn to suggest the principle area being influenced, recognizing that each domain will overlap the adjacent one to some extent. Simplifying the model in this manner permits theoretically based discussions, leading to reasoned application choices occasioned by identifiable variations in individual, pedagogical and policy circumstances.

**Figure 1**

Domains Influencing Entrepreneurial Activity

**THE PERSON IN A SOCIAL CONTEXT**

Entrepreneurial activity begins with an entrepreneurial individual; someone who is innovative (starting something new), and by economic activity accepting measures of financial and psychological risk. The entrepreneurial attitudinal orientation (EAO) framework is generally accepted (Shanthakumar, 1992;
Solymossy, 1998), as it encompasses a combination of relatively changeable factors that impact behavior. These include: achievement orientation, autonomy, opportunism, innovation, business-risk tolerance, self esteem, personal control, and goal orientation. EAO is strongly correlated to successful entrepreneurial activity (Solymossy, 1998). Studies have consistently shown that while these attitudinal orientations may appear naturally within some individuals, they are malleable, and therefore affected by exposure, experience, and education. All societies have individuals with some measures of positive EAO, or there is no need for entrepreneurship education.

While classic economics tends to ignore or minimizes cultural effects on economic activity, there is considerable evidence that culture, (socially enforced behavioral norms) can facilitate or impede individual entrepreneurial behavior. Repeatedly, studies show that culture will impact an individual's goals, their willingness to conduct independent activity, and their risk tolerances. Numerous frameworks have been used to differentiate peoples' tendencies towards uncertainty (Hofstede's “Uncertainty Avoidance” dimension), goal orientations (e.g., Trompenaar's achievement / ascription dimension or Hofstede's masculine / feminine dimension), and independent activity (Hofstede's and Trompenaar's “Individuality / Collectivist” dimensions). Each of these help to explain differences in behavior among people of different regions. Further, while not explicitly focusing on entrepreneurial activity (rather, on managerial behaviors), the GLOBE research project (House, et al., 2004; Choccar, et al., 2007) found that 35 leadership behaviors (many of which are directly related to EAO factors) were “culturally contingent,” meaning that they were either acceptable and led to success, or were not acceptable, resulting in negative consequences. For example, the attribute “risk taker” scored between 2.14 and 5.96 (House et al., 2004, Table 21.4, p. 679). The range of the responses shows great variations exist. While outside of the scope of this paper, research argues that culture impacts entrepreneurship in four distinct but related areas; needs and motives, beliefs and behaviors, cognition, and cultural values, and that cultural values will act as a moderator between contextual factors and economic outcomes (Zahra, 2002).

The objective here is to make cultural influences an explicit consideration. For example, Scandinavian countries tacitly operate with the “Jante Law,” which is similar to the Japanese proverb that “the nail which stands out in line will be bashed into line” (Aldersey-Williams, 1999, p.40). Entrepreneurs, by definition, are different; they're not average, they're not traditional or normal. They are unique individuals with different attitudes. The entrepreneurial person is ostracized within a restrictive society; they are punished for being different. Even within restrictive cultures, however, there is ample evidence that individuals with high EAO and sufficient motivation will pursue entrepreneurial ventures in spite of the social consequences (e.g., Ingvar Kamprad, founder of IKEA). Individuals with moderate levels of EAO, when placed in a different context, will be more likely to display their entrepreneurial potential. Peoples originally from cultures that suppressed entrepreneurial activities, flourish and succeed with new enterprises in a new county. (Morris and Schindehutte, 2005). One reason for this is that relocation provided a geographic distancing, therefore removing the entrepreneur from the proximate sources of social criticism. A supportive culture is self-renewing, and can help entrepreneurship grow exponentially. Repeatedly, research demonstrates the benefits of having successful role models and mentors for nascent entrepreneurs. As entrepreneurs become successful, they serve as additional role models and mentors, further reinforcing the culture. The entrepreneurial individual, within an enabling (even if not totally supportive) cultural environment is the beginning point of our model.

We suggest that beyond entrepreneurial tendencies, every individual is unique due to different levels of intelligence, background, educational needs, and desire to learn. It is useful to categorize entrepreneurial students into a continuum, with three principal categories. On one extreme are the most motivated, capable persons, also having the appropriate attitudinal orientations. These are the high performers. We argue that these individuals will learn (and become entrepreneurial) with or without a structured program, and in spite of impediments (either culturally or policy induced). Being motivated, they will actively seek the information and knowledge they need at the time, find opportunities, and seek ways to capitalize on them. We do not ignore this group, but neither do we focus on them.

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1 The concept of the Jante Law stems from the 1933 novel, “En flytning krysser sit spor,” by the Norwegian/Danish author Aksel Sandemose. The fictitious Danish town is governed by its own 10 commandments, seeking to preserve social stability and uniformity. Citizens who break the “unwritten” law are treated with suspicion or even hostility. While officially fictitious, it codifies the unspoken code of ethics within much of Scandinavian Society.
At the opposite extreme, we categorize those who lack the background, have insufficient motivation, and have low levels of entrepreneurial attitudinal orientation. For these, we argue that any learning is a dreaded exercise to be avoided if possible, endured if necessary. While this is a small group, it must be recognized, but for our purposes, will likewise not be considered further as they are a minority, and not the principle targets (or prime beneficiaries) of entrepreneurship programs. The third, central group on our continuum, represents those that have some measures of motivation, attitudinal orientation, and background, but are lacking somewhat in one or the other (or else they would be in the high-performing group). Because of the variations possible within each of the three (motivation, EAO and background), there will be a wide range of combinations in this group. One might argue for more categories, but for this discussion, it is useful to consider one group that needs minimal help, one group for whom help will be ineffective, and a third, large group that will benefit from a well designed and delivered entrepreneurship program. This group can be considered normally distributed, allowing us to readily anticipate the middle group representing the significant majority of persons, and for most programs, represents the target audience. This group will benefit the most from appropriately designed entrepreneurship education and training. These students, to varying degrees will reflect the greatest amount of change, and will demonstrate the long-term effectiveness of an entrepreneurship program, leading us to the second element in our model, Pedagogy.

THE PEDAGOGICAL FACTOR

The purpose of education has been characterized as the “teaching of specific knowledge and skills that have stood the test of time.” (Knowles, 1988, p. 40). All education should fit within a cohesive curriculum, assuring that individuals have the necessary background, and then helping them develop needed skills. This allows us to consider education as a gradual process of developing alternative choices, and as a vehicle to help individuals reach their full potential. This process of alternative choices and striving for potential is the first challenge to entrepreneurship education.

Traditional education focuses more on specific content than on the process of learning. Subjects are taught based on prescribed texts, established and legitimized patterns and routes. This is also the model by which academic practitioners were trained, through the compilation of a specific body of knowledge. Readers of Kuhn’s Structure of Scientific Revolutions are acquainted with the learning community’s tendency to protect tradition, vigorously defend against radical change, and to censure dissenting opinions. Although entrepreneurship programs may have been presented as revolutionary, we argue that they are incremental evolutions, emerging from the methods and habits of traditional academe. Based on a content and task orientation, a business plan writing course quickly became the center of most programs (Myer, 2001). And yet, a vast majority of successful entrepreneurs either had no business plan, or could readily hire another to write one if necessary (Honig, 2004; Aronsson, 2004). As programs expand, business plan courses are supplemented with managerial and functional topics (e.g., Human Resource Management, Accounting, Marketing), resulting in majors or minors in entrepreneurship. These additional topics are not entrepreneurship specific; they can be considered necessary background knowledge. As such, they are necessary, but not sufficient.

Entrepreneurship involves a combination of knowledge, skills, and attitudes. As such, it is involves more than the functional skills that are memory reliant (such as mathematics or accounting). While successful entrepreneurship does utilize all of the functional areas of business, a complete and comprehensive program must address the full range of entrepreneurial activity from innovation to management. This requires more than tasks, more than memory. Entrepreneurship education must contain elements of the processes (how) of dealing within the complexity, in addition to the content (what). This requires combining the content of the education with the process of learning.

Entrepreneurship requires different ways of seeing the world (opportunity recognition, creativity, and innovation), different ways of thinking (search, discovery, choice), different ways of learning (contextually embedded), and a focus on developing personal abilities (such as networking, partner selection, etc.). These are in marked contrast to accepted patterns of knowledge acquisition yielding specific, task-oriented skills with standardized measures of performance and uniform expectations. This causes us to confront the paradigm of traditional education, and the ensuing resistance from academe.

The historic model of education (where knowledge was transmitted to passive students, and learning was based on memorization) is not appropriate for entrepreneurship programs. The more progressive
business schools are evolving from knowledge centered to learning centered (Krueger, 2008). Entrepreneurs need to learn how to learn, rather than learn how to do. An entrepreneur will hire an accountant rather than become one. The process of learning is rooted in thinking. Education should involve more than a unidirectional transfer of information, theory, or fact-based information. It must change how students think, which involves embedding the learning in real-world complexity, including all of the discrepancies and contradictions inherent within the subject of entrepreneurship. This reflects a more constructionist approach to teaching.

All students (and teachers) function with prior knowledge, beliefs, and assumptions, which can cause problems or induce dysfunction in the learning process (Krueger, 2008; Honig, 2004). The processes of stimulating thinking forces participants (students and teachers alike) to confront and resolve challenges and contradictions, preparing students to enter the complex world of business with some measure of experience.

The range of pedagogy required of a progressive, multi-faceted entrepreneurship program is challenging. Most would argue that the perennial business-plan course is the heart of entrepreneurship (Myer, 2001), yet there is very little evidence that this creates successful entrepreneurs (Honig, 2004). Rather, there is evidence that experience, rather than schooling is the secret of successful entrepreneurs (EIU, 2007). Learning is not confined to Academe. One unfortunate consequence of traditional (academic) learning is its potential for restricting creativity and decreasing entrepreneurial enthusiasm (Skeffington, 2004). By enforcing structures, tradition, and conformity, latent tendencies for counter-intuitive, radical thinking or merely doing things differently are penalized. At the same time that successful entrepreneurs claim experience as their best learning environment, equal numbers admit the benefits and necessity of the knowledge and skills in functional areas such as marketing and human resource management (EIU, 2007). This means that both are required; experience and education.

This presents the two extremes required of entrepreneurship training programs; the traditional, functionally oriented, skill-based programs, and the constructionist, thinking and experience-oriented program. Both are necessary, neither is sufficient. An effective argument for an experience-oriented program is made by David Birch, interviewed by Magnus Aronsson (2004), who states that “for entrepreneurs to succeed, they have to create a product or service, sell it, and work with people.” This requires curriculum focusing on how to conceive and create a product or service that people or companies need, how to make sales, and finally, how to locate and lead people. While elements may exist in some areas, selling a product or service is not the same thing as learning marketing. Instruction in these areas is not part of conventional curriculum.

At the same time, only a small percentage of students will actually become entrepreneurs. A large majority will either work for an entrepreneur or for an organization that seeks to be more entrepreneurial. In this case, the traditional schooling and business planning, marketing, and management courses will yield benefits. Programs tend to respond to majority pressure, meaning that the majority of entrepreneurship programs will continue to focus on task-oriented courses. Programs that develop and attract entrepreneur candidates by offering experience-oriented courses will be able to succeed in both dimensions.

THE POLICY FACTOR

As presented at the onset, we are in an entrepreneurial, information-based, knowledge economy. The ability of a region, state, or country to successfully make the transition to this new economy is affected not only by culture, but also by governmental and economic policy and philosophy in three areas, support, regulation, and resource distribution. Governments can stimulate and show support for entrepreneurial activity by legitimizing public-private research partnerships (e.g., the University and Small Business Patent Procedures Act of 1980), supporting such partnerships (e.g., the EU, China, or Singapore technology-based venture funds), or fully subsidizing industry university partnerships (e.g., the U.S. Department of Commerce's Advanced Technology Program). These, and similarly oriented programs give entrepreneurship public credibility, and work to foster further efforts from the public. Governmental support for entrepreneurship ranges from public position statements offering legitimization, to financial supporting and backing. This may be in the form of subsidized loans, supported partnerships, or small-business set-aside programs.

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2 For further reading on the constructionist approach, the reader is directed to Krueger, 2008, as further discussion of the contrast between traditional and constructionist approaches in pedagogy are outside of the focus of this paper.
Governments can further stimulate small business and entrepreneurship by streamlined licensing and regulation. On the other hand, complex, multi-layered regulatory obstacles serve to impede entrepreneurial activity. Increasingly, supportive policies not only minimize hindrances, but also provide procedural support to fledgling ventures in navigating licensing and documentation processes (e.g., Small Business Development Centers, or Business Incubators).

Lastly, governments regulate access to, and influence the appropriability of financial and non-financial resources necessary for entrepreneurship. At its simplest form, it has been shown that entrepreneurship relies on a fair and impartial legal system protecting private property rights of ownership (DeSoto, 2000), and accessibility to a critical mass of resources (Solymossy, 2004).

The three policy areas (support, regulation, and resources) should not only be mutually supportive, but should be synchronized and remain relatively consistent over time. Short-term programs (e.g., 1 year funding for special programs) may yield political results, but may also invite usury; seeking the funds for purposes other than genuine entrepreneurial activities. Programs espousing venture initiation accompanied by actions which restrict (or remove) access to resources provide an inconsistent message to the business community, and can be counter-productive.

**DISCUSSION**

As mentioned in the early part of this paper, measuring the actual economic contribution of entrepreneurship is problematic. Arguments have been presented and seemingly substantiated, that small businesses are the major drivers to innovation, technology, and employment (e.g., Bronstein, 2008). On the other hand, arguments are presented and likewise, seemingly substantiated that the role of entrepreneurial small businesses is overstated (e.g., Parker, 2001). Any decision depends on where one seeks information, exactly what type of information one seeks, and then how one validates and interprets the available data. According to data gathered from the Census Bureau and compiled by the Office of Advocacy, Small Business Administration’s files, we submit that the role of small business (with less than 100 employees) is comparable to, rather than far greater than, medium-sized (100 – 500 employees) or large (over 500 employees) businesses, especially when looking at the previous decade in terms of relative change of number of enterprises and relative change in employment (See Figures 2 and 3).

**Figure 2**

*Change in Number of Firms of Different Sizes*

Data compiled from U.S. Small Business Administration, Office of Advocacy, based on data provided by the U.S. Census Bureau, Statistics of U.S. Business and Nonemployer Statistics.
Figure 3  
Change in Number of Employees, Based on Firm Sizes

Data compiled from U.S. Small Business Administration, Office of Advocacy, based on data provided by the U.S. Census Bureau, Statistics of U.S. Business and Nonemployer Statistics.

Small Business’ impact on economies differs nationally (affected by culture and the political and economic environment), ranging from 24% of employment in Sweden, 64% in Australia, and 66% in the United States (Parker, 2001). Furthermore, there is publicly held, invalid assumption that venture formation rates correlate to quality employment growth. Growth and subsequent employment increase is achieved by a very small proportion of new firms. Findings from Australia corroborate the data from the U.S. (figures 2 and 3, above) indicate no difference in employment increases based on firm size. As shown above, currently available U.S. data for the previous 10 years (using absolute numbers for enterprises and employment as the basis) shows relatively increasing numbers of larger firms, and that they exhibit proportionately higher employment rates. In Sweden, approximately 60% of small enterprises are self-employment firms (not employing any outside workers). In the U.S., it has been estimated that approximately 10% of small businesses account for 75% of the new jobs attributed to the SME sector over the past 25 years (Parker, 2001). Casual employment (temporary, part-time, and contingent work) is higher in small firms, and data indicates that wages are lower (often significantly) in small firms than in large or public employment. Small firms also demonstrate higher employee turnover and job destruction (ibid.) The contribution of entrepreneurial firms, is therefore substantial, but not overwhelming.

Entrepreneurial firm’s role in innovation and technology is likewise subject to interpretation. While only a small percentage of entrepreneurial firms have the resources to invest in research and development (R&D) activity, many firms originate as a consequence of innovative, new technologies (e.g., eBay). Those firms that do invest in R&D reflect higher productivity and research intensity than large firms (Freeman and Soete, 1997), especially where the ratio of capital to output is lower (Nooteboom, 1994). Furthermore, entrepreneurial firms frequently partner with other organizations (which provide the needed capital), performing focused research, such as in the bio-tech industry (Audretsch & Feldmann, 2003). This author is convinced that entrepreneurial business is critical to a vibrant and healthy economy, and absolutely essential for regions to adapt to the current global, knowledge based, entrepreneurial economy. At the same time, a healthy, vibrant economy must be balanced, and data from modern capitalist economies (U.S., Europe, Australia) suggests that entrepreneurial firms have a strong role, but are not replacing, nor supplanting traditional organizations. Healthy, vibrant economies move on two legs; one entrepreneurial, the other, established, larger organizations. This argues for business education retaining a balance serving both sectors.
CONCLUSION

Business colleges and universities, while arguably not a business, must consider their mission, strategy, and resource constraints. In a region with supportive culture and policy, and without resource constraints, the ideal curriculum will offer traditional courses in all of the functional areas as well as experience-oriented, constructionist offerings. As depicted by Figure 4 (Below), we suggest program design and course offerings being similar to a balance scale. On one side, offerings would be dominated by traditional, task-oriented courses, on the other; offerings would be weighted with non-traditional, constructionist learning experiences. The balance scale image is appropriate, as one can weigh the choices based on the three factors and their respective elements. Each influences the final program; the individual in a social, culturally bound context, the policy dimension with regards to support, regulation and resources, and finally, the pedagogical consideration of orientation and available resources (principally, qualified, entrepreneurially experienced instructors).

Figure 4
Balancing Entrepreneurship Course Offerings

![Program Design Continuum](image)

<table>
<thead>
<tr>
<th>Constructionist</th>
<th>Program Design Continuum</th>
<th>Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Entrepreneurial Attitude Orientation</td>
<td>Low</td>
</tr>
<tr>
<td>Supportive</td>
<td>Cultural (Social) Norms</td>
<td>Impeding</td>
</tr>
<tr>
<td>Supportive</td>
<td>Policy (Support, Regulation, Resources)</td>
<td>Impeding</td>
</tr>
<tr>
<td>Entrepreneurial</td>
<td>Pedagogy (Philosophy, Curriculum, Faculty)</td>
<td>Traditional</td>
</tr>
</tbody>
</table>

Individuals with high EAO would benefit from enabling programs, but may actually be more useful as mentors; they can be used as resources to supplement the program. Individuals with lower levels of EAO may benefit more from functional education, until their levels of self efficacy and other attributes increase to where they would benefit from entrepreneurship education. A balanced program (with strong elements of both traditional and constructivist) is suggested in the presence of a supporting culture and enabling policies. Regions with restrictive cultures and obstructive policies may reap more benefit from (and offer stronger support to) traditional, task-oriented education in the functional areas of business.

The task-oriented, traditional course offerings provide needed knowledge and skills for entrepreneurs as well as for employees of traditional firms. The instructors and instructional materials for most of these subjects exist, and are readily available in most areas. Areas with developing, or transition economies (such as Romania) may not have access to either the materials or experienced instructors. For that reason, first priority even in the functional areas to support entrepreneurial activity is gaining access to the materials and developing qualified instructors. Materials are available through a variety of sources. International networks have emerged within the past decade, offering access to a wide range of materials. Course syllabi (e.g., http://www.usasbe.org/knowledge/syllabus/) and other instructional resources are readily available (e.g., the European Commission: http://ec.europa.eu/enterprise/entrepreneurship/support_measures/training_education/index.htm, and the

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3 This author’s experience suggests that most senior academicians in the transition economies of Eastern Europe (those with the ability to control curriculum and teaching assignments) were trained in the Marxist tradition, which did not emphasize capitalistic subjects such as cost control, customer satisfaction, sales, and profit.
Consortium for Entrepreneurship Education: [http://www.entre-ed.org/](http://www.entre-ed.org/) and provide materials or assistance in developing full programs. Education, like economics, benefits from spill-over effects. Whether a student starts their own venture or not, the training they receive in the entrepreneurial functions will benefit their career and their future employer.

The constructionist perspective offers more challenges. While perhaps appearing to be easier (due to the presence of a supportive policies and culture), it is contrary to traditional Academe, and cannot be accomplished without appropriate instructors. In contrast to massive and tedious text books, materials may seem elementary, requiring active, vested participation on the part of the student (e.g., Dr. E’s Primer on Entrepreneurship). Instructors need to be entrepreneurial and approach teaching in new and innovative ways, adjusting the materials and delivery to the student audience. There are educators interested in and willing to try these techniques, however they also require a supportive organizational culture (one that accepts non-traditional course approaches). Similar to what is available for functional course materials, there is help available to fledgling programs. There are numerous examples of different approaches ranging from experiential exercises (create a profitable, legal business for £1.00), networking challenges (get the signature of 10 entrepreneurs who have been in business for more than 5 years and have more than 5 employees), to testing a business idea (have 10 strangers complete a form that evaluates the business idea). There are many entrepreneurially experienced educators willing to mentor others, and to assist others in developing successful entrepreneurship programs.

As demonstrated by the pattern shown by most entrepreneurship programs in the U.S., programs tend to evolve. Offerings begin with one or two courses emphasizing small business management or business plan writing, and grow with increased offerings in the functional areas (growing from a traditionally-oriented perspective). Once a critical mass appears, programs begin to offer non-traditional courses (e.g., cross-disciplinary courses emphasizing commercializing technology, courses in creativity, etc.). This is understandable when considering that the largest group of students will gravitate to the task-oriented courses, and institutions have difficulty justifying creative, non-traditional offerings without having sufficient demand. Using successful entrepreneurial graduates as mentors and instructors (or, at the least, visiting lecturers) will help build the necessary culture as well as provide needed resources and mentoring opportunities.

**Resources**

Freeman, C., and Soete, L. 1997. *The Economics of Industrial Innovation*, Pinter Publ.


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ENTREPRENEURSHIP EDUCATION: MEANINGS AND NEEDS

Abstract: The paper explores the implications derived from the EU membership status of Romania as for the imperative of strengthen entrepreneurship education and training and its qualitative dimension. The starting point was a survey on students from the University of Petroșani (undergraduate in economics, Management specialization) concerning the generic skills required to start-up and successfully run a small business. The results of the survey argued for an additional documentary research on the national projects and achievements, and also on the EC recommendations and future agenda related to the explored subject. Accordingly, the paper is structured as follows: first, we present the research methodology and the main findings of our survey, then we point out conceptual and practical guidelines for entrepreneurship education, and finally we discuss particular implications for our country.

INTRODUCTION

In the context of the renewed strategy to achieve Lisbon goals of growth and employment, enhancing the potential of entrepreneurship in the EU became a relevant top priority, justified at least for the following reasons:

► There is a positive correlation between entrepreneurship and sustainable economic growth (that based on innovation and excellence and therefore requires an increasing number of start-ups, which in turn are likely to provide more and better jobs);
► Entrepreneurship can contribute to social cohesion for less-developed regions, to inclusion and employment of unemployed or disadvantaged people, and especially helps young people to be more creative and self-confident in whatever they undertake and to act in a socially responsible way;
► Even if around 23 million small and medium-sized enterprises (SMEs) in Europe provide 67% of total private employment (approx 75 million jobs), the EU’s entrepreneurial potential is not fully exploited yet. There are two major reasons for this: first, not enough Europeans are attracted to the professional challenges and risks of starting and running an SME; and second, legislation and regulation complicates the work of SMEs and/or adds to their costs, not least in respect of taking on additional employees.

Overcoming the major challenge - changing the Europeans’ mindset so as everyone to acknowledge entrepreneurship as a viable career option - requires effective supportive actions for developing the entrepreneurial skills, removing obstacles to the start-up, transfer and growth of businesses. In other words, is necessary to ensure a relevant and well focused entrepreneurship policy for the future in order to promote a more entrepreneurial culture and create a more favourable societal climate for SMEs in the EU. Furthermore, this policy has to be an integrated platform allowing the effective coordination of all the Member States’ actions for boosting entrepreneurship.

Accordingly, the many-sided problem of creating such integrated policy was systematically addressed in the various supportive programmes and documents adopted by the European Commission (EC), for example:

► The Multi-Annual Programme (MAP) for enterprise and entrepreneurship (2001-2006) focused on improving the business environment and stimulating productive entrepreneurial activity throughout Europe. From 2007 the EC included the objectives of MAP and other relevant Community activities within a new framework programme for Competitiveness and Innovation (CIP);
► The Education & Training 2010 Work Programme (that aims to encourage and facilitate reforms of education and training systems of Member States) included the entrepreneurship in the reference framework...
of the eight key competences for lifelong learning. On this base, the progress report on the implementation of Programme (drawing up by the Working Group “Basic skills, entrepreneurship and foreign languages”, 2003) bring out the meanings and approaches of entrepreneurship as a key competence for all; 

The Action Plan: The European Agenda for Entrepreneurship was adopted in February 2004 and highlighted five strategic policy areas (together with nine key actions) as follows: 1. Fuelling entrepreneurial mindsets; 2. Encouraging more people to become entrepreneurs; 3. Gearing entrepreneurs for growth and competitiveness; 4. Improving the flow of finance; 5. Creating a more SME-friendly regulatory and administrative framework.

Setting up the key action for the first policy area as „fostering entrepreneurial mindsets through school education”, the Action Plan places entrepreneurship education in the foreground of the strategic framework for the integrated entrepreneurship policy. Therefore, the EU Member States' education systems (from primary school to university) must become more effective engaged in developing the entrepreneurial skills, attitudes and specific knowledge about business that are the foundations of entrepreneurship. However, the entrepreneurship competence should be acquired and developed throughout lifelong learning (LLL) related to the different levels and types of education and training including not only formal but also non-formal and informal learning processes.

**RESEARCH FINDINGS**

The research methodology is based on the survey and questionnaire techniques, statistical processing of the data and graphic representation of results and also further discussions, direct observations and analysis.

A number of 241 students from the University of Petrosani (undergraduate in economics, Management specialization, full time and distance-learning) defined the survey area. The poll's base was made of the entire student body attending courses of “Business Administration” included as optional discipline in the educational programme of management specialization during the period of survey.

The applied questionnaire (consisting of 50 items) estimates the chances of becoming a successful entrepreneur, as related to the main personal characteristics and skills required to start-up and profitably run a small business more than two years after starting. By scoring in accord with these terms are distinguished five categories of possible respondents as follows:

1. 93 – 150 points: respondents with the more chances of success (a probability of 75% to start-up and profitably stay in business more than two years).
2. 87 – 92 points: respondents with considerable chances of success (about 60% may run the business in profit at least two years after the start-up) which grow on if a partnership with a right person is undertake.
3. 82 – 86 points: respondents with some chances of success on their own account (about 20%) but with a possible increasing (to around 60%) by jointing in a franchise business system.
4. 76 – 81 points: respondents with fewer chances of success (only around 10% of these people can stay in business more than two years).
5. 0 – 75 points: respondents with the minimum chances of success (the many goes to bankrupt in less than one year).

The overall distribution of the students of our sample within the five scoring categories as resulted after applying questionnaire is exhibit in the figure 1.

![Figure 1 Students’ distribution (by weight) within the five scoring categories](image)

Thus, the scores reached by the questioned students revealed the prevalence of the last mentioned category showing that most of them (around 30% of total) seem unlikely to succeed as entrepreneurs. The
analysis of the results grouped by the type of learning showed some differences between the distribution of full time students and distance-learning students within the five scoring categories (see figures 2 and 3).

As can observe in the above figures, the gap between the “successful entrepreneurs” category and the one diametrically opposed become higher in the group of full time students (20.4% vs. 34.7% of total group) while is cancel out in the group of distance-learning students (equally weights of 25.9% of total group). The other direction of analysis of our survey’s results that we choose to present in this paper is argued by its relevance to the EU entrepreneurship agenda as for the topic of unlocking the entrepreneurial potential of women, which has yet to be further exploited. Thus, the analysis of the results grouped by the gender (see figures 4 and 5) revealed a quite balance situation of female and male students belonging to the „successful entrepreneurs” category (23.7% of total female students vs. 23.6% of total male students).

Figure 2 Distribution of full time students by the reached scores

Figure 3 Distribution of distance-learning students by the reached scores

Figure 4 Distribution of female students by the reached scores
Moreover, we can consider that the entrepreneurial potential of women as reflected by the distribution weights of the opposite category (with the minimum chances of success) seems to be more promising (28.1% of total female students vs. 31.1% of total male students belonging to this category).

**CONCEPTUAL AND PRACTICAL GUIDELINESS**

In our view, the right interpretation of the above mentioned findings could not be made without relating them (1) to the relevance of applied questionnaire structure for, and (2) to the specific and general context of the focused subject (entrepreneurship).

Given the apparent commonality with the EMPRETEC Model which seems to have a good feedback from Romanian business environment (according to the National Agency for Sees), we considered the structure of applied questionnaire enough relevant (see table 1).

Referring to the second part for inter-related interpretation of the results we made documentary researches on, and direct observations at the local level (as specific context) and at the national and EU level (as general context).

For the particular framework of entrepreneurship education in our university we notice that:

► in the period of our survey, except “Business Administration”, another discipline focused on entrepreneurship was not included in either economics or engineering educational programmes for bachelor degree. Now, within the new economics programmes optional courses of the same discipline is available to the accounting specialization, while a new compulsory discipline of “SMEs Management” is introduced for management specialization. There are also modules of “Business Development Management” included in two programmes for master degree both in economics and engineering;

► the participation in the survey conducted by European Commission „EU – Survey on Entrepreneurship in Higher Education in Europe” will provide a comprehensive understanding of the entrepreneurship education field. The purpose of this survey is to obtain an overview of the state of teaching of entrepreneurship in European higher education institutions. By participating in the survey the university gains access to an online benchmark tool, also the university will be the beneficiary of the key knowledge on entrepreneurship and, finally, the national, regional and institutional levels concerning entrepreneurship education will be based.

At the higher education level are particularly emphasized the quality driving initiatives for entrepreneurial training projects based on partnerships with the actors of the business environment such as „GSK for excellence” or „Junior Achievement Romania” programmes. Besides such initiatives involving the formal education system, complementary similar measures are reported as for enhancing entrepreneurship culture and potential, in particular „START” Program for youths, and „EMPRETEC Romania” Program.
Personal characteristics/entrepreneurial skills as reflected by the applied questionnaire structure (for the five scoring categories)

The EMPRETEC Model
Personal Entrepreneurial Competencies (PEC) which appear to characterize the behaviour of successful entrepreneurs [ACIM, 2007]

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>93–150 points</td>
<td>Main characteristics of “successful entrepreneur” profile are: initiative, independence, unsatisfaction with a subordinate status, willingness to take on the whole responsibility for their own actions and risks implicitly associated. Such person is also a good observer and analyst; profit-oriented, competitive, persistent and willing to always win, having less fear of failing or tolerance for incompetence.</td>
<td></td>
</tr>
<tr>
<td>87–92 points</td>
<td>These people are available to take on responsibilities of starting-up and carefully calculated risks, able to prioritize and make the right choice, and less disposed to accept any bureaucratic arrangement.</td>
<td></td>
</tr>
<tr>
<td>82–86 points</td>
<td>While having willingness, these people have not the needed determination to start-up their own business neither to take on the related responsibilities or risks, being not “pushy” enough to survive in the harsh business environment.</td>
<td></td>
</tr>
<tr>
<td>76–81 points</td>
<td>Such people are characterized rather by a lack of interest in taking on responsibilities as entrepreneur, preferring the more comfortable status of subordinate worker. Also have a tendency to rationalize (a very logical thinking), but is unable to instinctively react to the problems with fewer real data.</td>
<td></td>
</tr>
<tr>
<td>0 – 75 points</td>
<td>People having fewer if not at all entrepreneurial competencies.</td>
<td></td>
</tr>
</tbody>
</table>

Table 1 Entrepreneurial competency (questionnaire structure vs. EMPRETEC model)

However, regarding the entrepreneurship as subject of study in higher education, the report recognizes that our universities’ actions are less coherent and systematic comparative with those of the others EU’ Member States. Also, the report stresses the need for extending entrepreneurial training initiatives in all the universities and for including entrepreneurship education in the university framework curricula. Of course, all these initiatives suggest a well-advised course of action aligned with the EC guidelines, but still having some inconsistency of the practical finality. For example, the stated final objective of the training courses within the START Program was to provide the knowledge and skills needed for participants so that they becoming able to make business plans and compete for their financing. Related to this objective, and considering the number of about 500 participants in the training program in 2004, the other main results reported seem to be rather underachievement: 86 business plans registered as projects competing for financing (a rate of 17.2% of total
participants), and only 4 eligible projects (4.7% of total registered projects). Such still questionable matters associated with the national context of entrepreneurship education are somewhat of the same kind with the findings of our survey as related to the local context.

To conclude, even if the Romanian context of entrepreneurship education evolved during the last few years yet is not enough supportive for quality outcomes. In our view, a primary step for addressing this problem is a clearly understanding of entrepreneurship education and competence concepts.

ENTREPRENEURSHIP - A KEY COMPETENCE

The progress report on the implementation of Education & Training 2010 Work Programme (drawing up by the Working Group “Basic skills, entrepreneurship and foreign languages”, 2003) clarified the term ‘competence’ as considered to refer to a combination of skills, knowledge, aptitudes and attitudes, and to include disposition to learn as well as know-how. Accordingly, „key competences represent a transferable, multifunctional package of knowledge, skills and attitudes that all individuals need for personal fulfilment and development, inclusion and employment. These should have been developed by the end of compulsory school or training, and should act as a foundation for further learning as part of Lifelong Learning”.

The definition of the entrepreneurship as a key competences refer to a passive and an active component, meaning that „it comprises both the propensity to induce changes oneself and the ability to welcome, support and adapt to innovation brought about by external factors. Entrepreneurship involves taking responsibility for one’s actions, positive or negative, developing a strategic vision, setting objectives and meeting them and being motivated to succeed”.

Consequently, there is a real need for education and training in order to acquire and develop these entrepreneurship competences.

In February 2006 European Commission (EC) published the Communication "Implementing the Community Lisbon Programme: Fostering Entrepreneurial Mindsets through Education and Learning". According with the above mentioned meanings of the entrepreneurship education and competences, the Communication calls the member states to concert their specific initiatives as a part of a coherent framework and aims to support them in developing a more systematic strategy for entrepreneurship education.

That is one of the purposes of the „EU – Survey on Entrepreneurship in Higher Education in Europe”. In the survey context, entrepreneurship education is defined “as that in which the entrepreneurship courses aim to foster entrepreneurial mindsets, attitudes and skills and can cover a range of aspects such as idea generation, stat-up, growth and innovation”.

ASPECTS CONCERNING THE RELATION BETWEEN ENTREPRENEURSHIP EDUCATION, FRAMEWORK CURRICULA AND QUALITY IN HIGHER EDUCATION

The content and coverage of the curriculum serve to set out knowledge fields and approaches that an educational programme aims to make available to the students. There are two basic determinants of the curriculum area: the knowledge base and the time (no curriculum can extend more than the available knowledge and time actually permit). Therefore, the curriculum results from the options that the different stakeholders of the educational system need to made about what to include (or not) in the curriculum, reflecting in the end “some sort of a compromise between these various forces about what to teach” (Airey, 2006).

Recent studies related to the quality in higher education signalize a tendency for an over-concentration of attention on curriculum development (e.g. Tribe, 2002; Stergiou, 2004, 2005; Airey, 2005, 2006). That is, regardless of how rational and well is a curriculum design or structure, the curriculum itself can’t be a guarantee of the way subject of entrepreneurship is embedded in entrepreneurship education. There are also other factors like quality of teaching and learning processes, resources and organizational context which contribute to a successfully entrepreneurship education.

As an example to this logical approach, the framework of reference established by the Quality Assurance Agency (Quality Assurance Agency, 2000) for a nationwide review of quality in UK higher education included the following aspects:

► Curriculum Design;
► Content and Organisation;
Teaching Learning and Assessment;
Student Progression and Achievement;
Student Support and Guidance;
Learning Resources;
Quality Management and Enhancement.

These aspects (excepting the curriculum) also meet with the latest program of the HEFCE (Higher Education Funding Council for England, 2004) aiming to measure the quality in higher education in the UK. This program started in 2005 in the form of a National Student Survey (NSS), which comprised a series of questions that are designed to measure: Teaching; Assessment; Academic Support; Organisation and Management; Learning Resources; Personal Development.

In a more specific way regarding the entrepreneurship education, the list of aspects presented before can be completed with:
- Teaching & Learning
  - teaching methods used;
  - the development of the entrepreneurship curriculum;
  - type and number of students involved in extracurricular entrepreneurship activities;
- Institutional infrastructure
  - The presence of entrepreneurship departments, centres etc.;
  - Entrepreneurship chairs/professorships;
  - Research activities related to entrepreneurship;
  - Cross-discipline structures;
- Outreach
  - The involvement of alumni;
  - Links with stakeholders;
  - Engagement in the community;
- Development
  - The academic staff involved in the entrepreneurship activities and how they are supported;
  - Evaluation of the entrepreneurship activities;
  - Evaluation of the effect of the entrepreneurship activities;
- Resources
  - Income generating activities related to entrepreneurship;
  - Types and sources of entrepreneurship funding;
  - Size of the budget allocated to entrepreneurship activities.

The good practices cases are living proofs of an ideal mixture between framework curricula and factors like quality of teaching and learning processes, resources and organizational for a successfully entrepreneurship education in the quality in higher education context:
- The European Commission recognizes the “Junior Enterprise” concept (entirely student-run consulting companies) as one of the best practices in the field of entrepreneurial education and an aide to foster entrepreneurial mindsets among young people, and importantly as a basic facility for a more entrepreneurial society. A Junior Enterprise is a small- to medium sized enterprise entirely managed by students and related to their field of studies. The students offer different services on a project base, e.g. market researches, business plans, IT consulting, or the organization of job fairs. They experience unique learning opportunities through these projects on the one side, and the management of enterprises on the other. Therefore, the students develop professionalism, and experience entrepreneurship at an early stage;
- Organisation "Les Jeunes Entreprises", who provides supporting documents and guides, organizes seminars, etc. The activity takes place in class within the established curriculum, but is also continued outside the school as a voluntary activity for the pupils. In this "in-class" model, the teacher incorporates the methodology into his/her courses: it makes possible to examine certain matters more into details, compared to an out-of-class and completely voluntary activity;
- The Workshop explored how to evaluate the quality of programmes, and how to assess their impact in terms of creating more entrepreneurial mindsets. Also the problem of making an inventory of all existing programmes and activities was addressed, as quantitative data both at national and European level are still largely incomplete.
CONCLUSIONS

Enhancing the potential of entrepreneurship in all the EU Member States (including Romania) was highlighted as a major driver for achieving the renewed strategy Lisbon goals of growth and employment. Consequently, EC adopted The Entrepreneurship Action Plan – the strategic framework for developing an integrated entrepreneurship policy – that includes as a prime key action fostering entrepreneurial mindsets through school education. Bringing out the main EC recommendations in this line as reference points for estimating the Romanian initiatives related to entrepreneurship education, allowed us to conclude that there is a visible alignment of the statements and documents national policy that supporting action national with these EC recommendations guidelines documental framework.

This allowed us to observe that while there is a large coverage in supportive documents, somewhat incoherence of action and inconsistency of outcomes appear at the national level. Capability to translate the ideas into effective action: the EC agreed terms often seem to be almost impetuously translate into national plans, but and guidelines in the adopting and idea as concerned to translate ideas into action in statements somewhat in a of in interpretation of entrepreneurship competence outcomes the projects declarative and factual levels Since only about a quarter of participant students reached a score reflecting a high probability of success (75%), we concluded that is necessarily to search the ways for further improvement of outcomes.

The need to consolidate the qualitative dimension of entrepreneurship educations becomes an imperative, especially for the new EU Member States with economies in transition, including Romania. On the one hand, these countries should deal with the problems of their general systemic reform, and fill the gap of experience and knowledge about market economy so as to align with the EU developed countries. On the other hand, entrepreneurship in transition economies has yet a different status and some obstacles (e.g. the scarcity of resources, especially capital, or the unstableness of the external environment) not encountered to the same extent in established market economies (Smallbone and Welter, 2001). Thus there are implicitly different grounds and needs for education, in general, and for entrepreneurship education in particular.

References

ENTREPRENEURSHIP EDUCATION IN SLOVAKIA

The small and medium enterprises do have unchangeable role in the economy. More than half of employed people in Slovakia work as sole entrepreneur or for SMEs. Small and medium enterprises produce more than 22 percent of the gross production of the economy. Entrepreneurship is one of the very positive ways of decreasing unemployment and increasing the quality of life.

ENTREPRENEURIAL EDUCATION ON SECONDARY SCHOOL LEVEL

Several years ago, there was no entrepreneurial education included in secondary school curriculum. In Slovakia, there were, and still are, secondary schools which are specialised for business administration so called business academies. They provide the market with graduates, who can easily set up a business and who are able to run their own business, but this is not their main goal. They prepare people to work as low managers, accountant or in the field of administration. They are not supposed to set up their own business.

On the other hand, graduates of business academies are provided with all the important knowledge needed for setting up and running own business, beginning with legal environment, types of businesses, accounting, basics of management, marketing, financial analysis and corporate finance, investments, banking relationships.

Course “Training firm”

In 1998, Slovak centre for training firms (SCCF) was established by Ministry of education of Slovak republic. The main activities of SCCF are

- to provide participants with organizational and conceptual framework of training firms course,
- to simulate the governance – judicature, revenue authority, Trade Licencing Office, social insurance office, health insurance company, employment registry, banks,
- to work as a coordinator of all training firms within Slovak republic and authority for organizing annual Fair of training firms with international participation,
- to provide and to develop international cooperation within this field.

Slovak Training firms exist at all types of Secondary Vocational Schools (SVS) as well as Secondary Vocational Apprentice Schools (SVAS). On 29 February 2008 Slovak Centre for training firms registered total of 594 training firms which are established and work at Business academies, at Secondary vocational schools at all Slovakia and also at the University of Economics in Bratislava and at the University of Economics in Nove Zamky.

These schools provide voluntary course called “training firm”, during which small teams of students create their own enterprises and train all the business functions and activities as for real. It is only a game, actually, but fully based on real data. They use, for example, exchange rates and interest rates stated by real banks, they are credited by banks and have to repay their loans at the same interest rates as in real economy. It is a very good and useful way of training the students and of encouraging them in running their own businesses in future.

Training firm may contribute to

- increase in self-activity,
- development of communication skills, cooperation and presentation skills,
• application of theoretical knowledge in practical solving the problems in different departments of the firm,
• orientation in economic environment and practice,
• mastering foreign languages (through communication with foreign training firms),
• ability of undertaking responsibility for own work and decisions,
• development of ICT skills.

The main advantage is, that in opposite to the real economy, in which entrepreneur pays for each fault with his own money, in the world of fiction every participant can gain much useful experience and knowledge without any risk.

National project “First-rate schooling – successful living”

In 2007, Ministry of education of Slovak republic in cooperation with Entrepreneurs Association of Slovakia and F. A. Hayek foundation introduced a new project concerning entrepreneurial education in secondary schools. The project is co-funded by European commission within European Social Fund.

The main idea of the project is to create a framework for future cooperation between businesses, secondary schools and self-governing regions. The main idea is to create a flexible curriculum for the subject “Entrepreneurship education”. That means that new subject will consist of six modules each full of number of lectures. Teachers at secondary schools will be free to choose a combination of lectures to suit-tailor to the needs of their particular students.

The subject “Entrepreneurship education” will consist of following modules:
• Fundamentals of economy,
• Starting up a business,
• Fundraising and planning of the enterprise,
• Management and marketing,
• Communication skills,
• Business ethics and self-recognition.

Within these modules, 149 lectures in 25 courses were developed. The final textbooks and other teaching and learning materials have considered the fact, that Slovak republic adopted Euro from January 1st, 2009. More than 1300 teachers were trained for teaching this new subject and more than 35 700 students were involved in testing, evaluating and feedbacking the teaching process.

Figure 1 shows general idea of the project:

The needs of the region will be generated by closer cooperation between schools and entrepreneurs and other employers in the region. There will be not only the current situation analysis done, but also prognosis of potential development of the region and its needs and requirements for labour market. The
particular combination of lectures should be done to reflect to these needs. The main advantage of implementing of this process is that educational process will be more focused on practical skills and knowledge applicable in practice instead of memorising large amount of general information.

ENTREPRENEURIAL EDUCATION ON UNIVERSITIES LEVEL

On universities level, we lack the study program for entrepreneurs. In the structure of accredited study programs, there are two programs, which provide knowledge for entrepreneurs, but these programs are generally thought to provide more managers on the low- and mid-levels than entrepreneurs.

The study program “Management of the business”

This study program is provided in all three levels of education – bachelor, master and PhD. Degree. Bachelor in this specialization should be able to solve mid-difficult economic decision problems. He is aware of basic economic and managerial linkages in the business. Master level graduate should be able to solve difficult economic and managerial decision problems of business. He should have enough knowledge to lead the team of employees and to coordinate and manage large projects. He should be able to formulate business strategy and policy. If speaking about entrepreneurial education, the study program provides all necessary knowledge in the first bachelor level. Considering the structure of courses in particular we can say that bachelor graduate should have all knowledge necessary for managing the small business. Of course, knowledge is only one part of items, that education should provide the successful entrepreneur with, others are skills and abilities. We will discuss these later.

Actually, bachelors in this study program are able to analyze simple economic processes in the business and its environment and to undertake simple managerial decisions. They are able to solve mid-difficult tasks on the low and middle level of management, more specifically in the field of calculations, budgeting, management of production, planning and organising of the business processes. They also have some knowledge from the field of national economy and business economy disciplines, law, international business, marketing, finance, accounting, mathematics, statistics and informatics. They can be mainly applied in small and medium enterprises, as well as, as entrepreneurs.

They have got

- knowledge of
  - economic policy, macro- and micro-economy,
  - business economy, finance and management,
  - accounting, statistics and mathematics,
  - marketing, trade and law science,
  - calculations, budgeting and financial analysis of business,
  - management of production, business planning and human resources management,
  - managerial informatics,
  - specific characteristics of small and medium enterprises’ management.
- competences and skills
  - to analyze simple relationships among economic processes in the business,
  - to make a simple managerial decisions,
  - to manage own business,
  - to work in a team,
  - to organise and coordinate a small team,
  - to work with ICT,
  - to communicate in two foreign languages.

This study program is finished by working out a thesis and passing the state exams from the main courses of the program.

The study program “Business enterprise”
The graduate from this program is able to analyze problems and challenges in business activities in different types of enterprises, particular in commercial, tourism and services sector, work out the solutions for optimisation of business processes and to implement them. They are trained in communication with other managers and different specialists. The graduate has knowledge in the field of business economy, finance, management of the business, especially in the area of trade and services.

The graduates of this study program are ready to work as a large spin of specialists in commercial businesses, services sector, they are ready to work as managers in small and medium enterprises, they can easily fulfil tasks connected with all business activities, setting up and running the business.

They have got

- **knowledge of**
  - significant theoretical idioms, principles, instruments and facts about setting up and running the business and its commercial activities,
  - basic economic disciplines and applied economic disciplines, quantitative methods and communication in two foreign languages,
  - proposing effective business processes and activities in the way, which reflects connections and impacts of alternative decisions,
  - procedures and instruments used to implement and measure the performance of the basic business processes in SME’s

- **competences and skills**
  - to propose and implement effective systems of running business processes in commercial and similar enterprises,
  - to measure the performance of these systems within the financial health principles,
  - to sign up the commercial and business relationships in the wide sense of meaning,
  - to use modern technologies and all available information for analyses and decision making process.
  - to analyze and compare existing types of businesses within their advantages and disadvantages,
  - to present the business solutions to different target groups.

Both these study programs are quite popular in Slovakia. Figure 2 shows the number of newly accepted students in these study programs:

![Figure 2 Number of newly accepted students according to the faculties providing „entrepreneurial” study programs, data from [2]](image)

The number of students was calculated as the total number of accepted students for the faculty, because of lack of data. So it is not totally exact number of students as faculties do not provide only one study program.

**ENTREPRENEURIAL EDUCATION ON “COURSES” LEVEL**
Courses for entrepreneurs are provided mainly by private companies and agencies and by the National agency for development of small and medium enterprises (NADSME). This agency was founded by state and is responsible for activities, which tend to support the development of small and medium enterprises in Slovakia.

This agency provides SME’s and also possible future entrepreneurs with some courses, mainly focused on business planning. First of all, the basic course provided by NADSME is called “How to write a business plan”. This is probably due to the fact, that many potential entrepreneurs do not have enough knowledge about writing the business plan, but starting capital either. So, the main problem of starting up a business is the problem of getting the initial financing. This is mainly provided by banks and business plan is obligatory condition to be given a credit.

NADSME also supports selected risky target groups of people, who do have less potential to get a job. It provides a training program for women, who would like to become entrepreneurs. It is training course that provides women with basics of economics, management, marketing, business finance and planning as well as accounting and fundraising. Within the system of microloans, there is even the possibility of funding the start-up phase of the business. In year 2006, for example, there were ten courses with 160 participating women, who worked out 95 business plans. Out of these, 7 microloans were given in total sum of SKK 580 thousand.

CONCLUSION

We can say that entrepreneurship education in Slovakia has made a large progress in recent years. This is mainly because of the fact that significant steps were made on the secondary schools level. The very important point is, that suggested system of education raises from the cooperation among all the partners who are present on the labour market – region, schools, students, employers.

There is a lack of entrepreneurial education on the level of universities. There are some study programs, that provide necessary knowledge and basic skills, but there is no study program specialised on entrepreneurship itself. There is open space for universities to fill in this gap at least through the courses because the process of accrediting new study program is quite complicated. The curriculum of course “Entrepreneurship education” is being developed in this time within the international project “European Entrepreneurship Education”, in which partners from Romania, Hungary, Slovakia, France and Germany are involved. There were six modules developed and in 2009, course will be evaluated in each partner institution.

Resources

Entrepreneurial Education and Small Business

Introduction

As a businessperson with 35 years experience the notion of entrepreneurial education has always intrigued me. Being brought up in a family of entrepreneurs and then setting up companies in a variety of industries and countries, I never felt that I needed education in this field. My knowledge was acquired through daily challenges, sometimes assisted by somebody else's knowledge, but mostly through my determination to find a solution to a problem.

In 2001 however, I saw an advertisement for a University course that offered entrepreneurial education via a 3-year degree course. It was not so much the subject that appealed to me, but the offer of free tuition and a free laptop. This may come as a surprise, but attractive incentives persuaded me to make the time available to learn in addition to running a business and being heavily involved in small business lobby activities in the UK and Brussels.

After successful completion of the course I finally realised that my knowledge could have been so much better had I taken education in this field more seriously before. I am now convinced that many very costly situations in my business life could have been resolved more positively, had I taken advantage of suitable education earlier.

What is Entrepreneurial Education?

From a small business view, this is a fair question. There seems to be a misunderstanding between academia and the business community.

Wikipedia defines an entrepreneur as follows: An entrepreneur is a person who has possession over an enterprise, or venture and assumes significant accountability for the inherent risks and the outcome. 4

Most of my fellow small business owners would agree that the main distinguishing feature between a business owner/entrepreneur and an employee is the risk involved. If you feel confident enough in your skills or product to set up a business, why would you need further education to run this business? How would education be in any position to teach what seems to be a very personal inclination and traits such as determination and risk friendliness? These traits cannot be taught.

Interestingly, during a conference of the Federation of Small Businesses some years ago, the question was put whether entrepreneurs are born or taught. The outcome was a par. 50% believed entrepreneurs are born and 50% believed they are taught.

If 50% believe that entrepreneurship cannot be taught, then they will not see the point of having entrepreneurial education. From the arguments I heard then I believe that there is a fundamental misunderstanding in what entrepreneurial education actually is.

Only recently I had a conversation with another small business owner where this very misunderstanding came to light yet again. He understood entrepreneurial education as teaching the skills of a trade i.e. plumber, carpenter, etc. No mention was made of all the other skills required to run a business. My understanding of entrepreneurial education now is the teaching of skills involved in running a business i.e. finance, management, marketing, etc. These skills are in addition to the skills for providing a specific service or product. These skills are not part of the traditional education in school, even these days, and they are not skills anyone is born with.

Once it is made clear what kind of skills we are talking about, then the understanding and readiness to consider further education increases.

4 Definition by Wikipedia, accessed 8th January 2009
There is a strong need to explain the purpose and content of entrepreneurial education to the business community, especially start-ups and small business owners. Their main focus is the trade they know and not the necessary skills to manage that business.

WHO CAN AFFORD ENTREPRENEURIAL EDUCATION?

In my case, the offer of free tuition was a major attraction. For a small business to spend precious cash on leaning does not seem the best investment. There are always other more urgent expenses to be considered. The real cost however is the time required. Whether it is a university course or an accounting course or any other activity, time is the most precious commodity for any entrepreneur. Time in business is money.

During my three years in education I had to work an extra 15-40 hrs per week. This was extremely hard. However, in retrospect I am absolutely sure it was worth it. The actual time requirement was not made very clear to me on enrolment. Perhaps this was good for me, as I might not have gone ahead, if I had known the full commitment necessary.

For existing businesses entrepreneurial education is a very costly affair and few will go down this painful route. Individual, time limited course may well be easier to handle in terms of cost in funding and time commitment.

For start-up, the question of education is even more important. The priorities here however are getting the business going and all concentration has to go into that effort. Fees for courses are certainly low on the priority list to be spent and time is just as precious as it is for the existing businessperson. The first three years of an enterprise are crucial and any distraction could cost dearly. *Entrepreneurial education for this category could be best dispensed through mentors and advisors who work alongside the candidate and give help and advice on an ongoing basis.* Various organisations in the UK offer such a service.

The best time for entrepreneurial education in my view is school, vocational education and university as well as parents, if they are in business. My knowledge undoubtedly stemmed from my parents who involved me in the business from the age of 12.

Schools and Universities have a unique opportunity to include business knowledge in their courses. *The biggest challenge here is to link the theoretical knowledge with practical application and experience.* I have spoken to young students in Sweden who were encouraged during their course to set up a business for real for one year. They developed a product and after one year where selling it at exhibitions. They were just in the process of finding finance to produce in greater numbers. Although the project was only for one year, they were allowed to continue and take over the business for themselves. This is a great example where teaching becomes real life experience.

A number of FSB members in the UK are engaged in going to schools and Universities to talk about their practical experience as well as answering questions from students. The link between Universities and business people is still very weak. *Strengthening this link will have highly beneficial effects for the students as well as the entrepreneurs.*

Considering that most students now leave University with a debt of £ 25,000 to £ 30,000 after 3-4 years study shows quite openly another major obstacle. This kind of debt does not allow for setting up a business or getting finance, not to mention the need for accommodation and setting up a family. The cost of knowledge has increase to such an extent that it is now preventing graduates to go into business.

I can only speak for myself in this instance, however, I was able to run a business, pursue my lobby activities and study. *Why is so much time wasted in Universities? Why are courses not compressed to a much shorter timeframe thus saving money and giving back valuable time?* This is an area that could and should be addressed. More and more knowledge is required to find your way though an ever more complex world. Can we afford to waste 3 months on a summer holiday, as attractive as it may seem at the time?

With regards to vocational training and entrepreneurial education I can recite the examples of Germany and Austria. My sister trained as a hairdresser and after 3 years apprenticeship was a qualified hairdresser. This however, did not allow her to run a hairdressing shop. For that she had to study a Masters where entrepreneurial skills are taught during a 1-year course. Having successfully completed the course she was then able to set up shop. She had at least in theory the knowledge to handle a business and all its challenges, which she has successfully applied for the last 10 years.
Such provisions do not exist in the UK. After an apprenticeship everyone can set up business. It is clear to me that the German and Austrian system are superior to the British education, as they take into account the need for entrepreneurial skills and make provisions for it. Even in terms of legislation the master certificate is required to set up shop.

The British viewpoint would be to see that as a license to trade, which it is. But perhaps the emphasis should be placed more on the knowledge necessary rather than the notion of being allowed to trade. The difference in outlook on this subject is quite large and needs to be resolved through debate, if entrepreneurs are expected to be more successful. I believe the real difference will show when it comes to growing the business.

Without suitable education expansion is a very challenging topic and most small business owners will never consider it.

DO WE NEED ENTREPRENEURIAL EDUCATION?

In my view we most definitely need entrepreneurial education for a number of reasons. In the UK very few of the schools, tertiary and secondary education establishments offer entrepreneurial education. The result is that many businesses cease trading within 3 years of startup. This does suggest that not sufficient knowledge is available to either judge the market or mistakes are made during the set up or running of the company.

As the biannual survey of FSB members quite clearly shows, the average age of current business owners is between 55 – 65 years old. This means in the next 10-15 years the vast majority of small business owners in the UK will either sell their business or cease trading. If we do not have knowledgeable successors to these businesses or sufficient start ups, then a large stock of businesses will disappear. These businesses are part of the community and large supply chains. In Wales alone we have 15,000 cessations a year and only 13,000 start up to counter the reduction in businesses. The net result is an ever-decreasing stock of businesses.

Statistics in the UK have shown that only 4% of all businesses ever grow to larger enterprises. To achieve these 4%, 96% of the rest serve as a platform for growing business. Education can help to increase this 4% of growing business and also increase the stock of business to choose from. Of course there are many reasons why some companies grow and others don’t, not least the fact that a large number of business owners simple use their business as a lifestyle income. However, entrepreneurial education can provide the knowledge and confidence to aim higher and eventually provide a stock of Middlestand companies that are so successful in Germany.

CONCLUSION

The participants in my degree course were people of all ages and walks of life. We were the first batch of students for this brand new course and only two students, including myself, were already running a business. At the end of the course I asked some of my fellow student whether they now felt more confident to set up shop. Only two said they might try some kind of home-based business whereas the majority felt that it was far too risky and costly to do so. These answers somewhat shocked me, as it seems the result of all this training had the opposite effect of what was to be achieved.

The main reason given for not becoming an entrepreneur despite the knowledge acquired was clearly the danger of risk in terms of financial impacts and their consequences. I fully sympathies with these concerns, having lost my home to the business myself, many years ago. Knowledge can make you aware of the dangers and give you the tools to circumvent them, but it also makes you aware of dangers you may otherwise simply ignore and deal with as they arise, as in my case. My fellow students quite clearly decided that the knowledge gained has warned them not to go any further and stay in the safety of employment.

I still say we most definitely need entrepreneurial education simple because there will be others who will be more risk friendly and safer in the knowledge that they have the tools to deal with problems. There will be others who are born with the traits of an entrepreneur and who will benefit greatly from the additional safety to learn the skills necessary to start, consolidate and grow a business. However few there may be, we need them to produce the companies of the future. We need them to provide the jobs that will give safety to the less adventurous. We need them, because there is no alternative.
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AN ENTREPRENEURS PERSPECTIVE  
ENTREPRENEURSHIP WITH A HUMAN FACE

The European Economic & Social Committee (EESC) is an entrepreneurial organisation – It has identified a niche and exploited it by being a rare combination of employers, employee representatives, NGOs and other civil society representatives. Its unique selling point is that it is the bridge between civil society and EU institutions. Dealing with external relations outside of Europe it understands that establishing such an institution elsewhere is not easy under any form of governance.

The application of the science of “entrepreneurship” can be used to achieve success in any field. “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 projects. This supports everyone in daily life at home, and in society.”[i]

Entrepreneurship and innovative activity is not about building businesses, it has much wider applications. It increases opportunities, makes individuals less risk adverse and more open to change. Additionally it creates wealth. Wealth not in terms of money - but in terms of richness in life, health, education, living conditions, quality, equality and respect. Whether an employer, employee, unemployed, or just doing something satisfying, everyone has a “Right” to be Wealthy.

It is essential that by working together all the social partners can make Europe “wealthy” using entrepreneurial skills. In order to do this, the starting point must be a “vision” to ensure everyone has a common goal to work towards. In order to have a vision, we must all feel part of it. Europe’s Vision is growth, employment and social cohesion, in two words a “Wealthy Europe”. Therefore, entrepreneurship is one of the tools that can be used to achieve this ambition.

Three main priorities require action by policy makers to ensure this reality:
1. Entrepreneurship MUST be on every education agenda from 5 years of age to 105. It must not be an after-thought but relevant education that focuses on “learning by doing”;  
2. An entrepreneurial culture is necessary which encourages innovative and creative development and allows individuals to be risk adverse without the fear of failure. An environment conducive to business growth, yet which also recognises the value business brings to the economy, respects workers and their skills which build Europe’s strength, and credits Europe’s NGO’s and civil society actors for their entrepreneurial and often unrewarded activities;  
3. Provision of an investment climate that provides risk capital for a range of entrepreneurial activities, not just in business but ones which address the need to solve the current social and environmental global challenges.

From an entrepreneur’s perspective, additional support for SME growth is always welcome especially as they are the backbone of any economy. However, it is important that employees, infrastructure and the public services are entrepreneurial if Europe is going to be truly competitive.

To reiterate; it is possible to “make” Europe wealthy together. “Make” is a “Doing” word. The problem is entrepreneurs, the Indian and the Chinese “Do” and everybody else “talks” about it. It is time for ACTION Europe.
CULTURE AND BUSINESS

Culture refers to overall human activity. It integrates the human behaviour of the mankind including their thoughts, customs, beliefs, religions and traditions, set of values, arts, music, literature, as well as ways of life. We Europeans share a common cultural heritage, even it is not spelled clearly out, but which is the result of centuries of migration flows, exchanges of people and creativity. We also enjoy a rich linguistic diversity across the world.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) in the document calls Universal Declaration on Cultural Diversity describes culture as follows: "... culture should be regarded as the set of distinctive spiritual, material, intellectual and emotional features of society or a social group, and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions and beliefs".  

"Culture is the collective programming of the human mind that distinguishes the members of one human group from those of another. Culture in this sense is a system of collectively held values.”

Gerard Henrik Hofstede

The European agenda for culture in a globalizing world states, that “culture lies at the heart of human development and civilisation. Culture is what makes people hope and dream, by stimulating our senses and offering new ways of looking at reality. It is what brings people together, by stirring dialogue and arousing passions, in a way that unites rather than divides.

The originality and success of the European Union is in its ability to respect Member States’ varied and intertwined history, languages and cultures, while forging common understanding and rules which have guaranteed peace, stability, prosperity and solidarity - and with them, a huge richness of cultural heritage and creativity to which successive enlargements have added more and more. Through this unity in diversity, respect for cultural and linguistic diversity and promotion of a common cultural heritage lies at the very heart of the European project. This is more than ever indispensable in a globalizing world. In today’s Europe, cultural exchanges are as lively and vibrant as ever. The freedom of movement provided for by the EC Treaty has greatly facilitated cultural exchanges and dialogue across borders. Cultural activities and the demand for cultural goods are spreading, with unprecedented access thanks to new communication tools. At the same time, globalisation has increased the exposure to more diverse cultures from across the world. This has heightened our curiosity and capacity to exchange with and benefit from other cultures, and contributed to the diversity of our societies. However, this has also raised questions about Europe’s identity and its ability to ensure intercultural, cohesive societies.”

People are living today in increasingly global marketplace and the nations are becoming more interdependent year by year. Globalization of the economy challenges more and more people, not just the

6 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a European agenda for culture in a globalizing world {SEC(2007) 570} /* COM/2007/0242 final */
managers but also the blue-collar workers. At the same time we found that many students from different universities and businessmen do not understand the varied cultures over the world. During my UN assignment I met many times university students from US who were not aware what Europe means, what is the EU and who are the transition economies and why the Russian do not right English. The American students are often conceited, xenophobic and look down on those who do not like McDonald purred by ketchup and Coke. Many believe and think that the American way is the best of doing things.

If cultural understandings are misinterpreted or ignored in different regions, then the risk of failure to a business is enormous. Look at the failors of the Serbian industrialist described in the next paper on „Business Dressing and Culture” by Ana Langović – Milićević and others.

In this age of the global marketplace, even by the use of the Internet, the need to understand and adapt to cross-cultural issues is of great importance. In business terms, culture becomes critical to a firm’s success.

Alibaba.com ® clearly describes how culture influences the business in terms of the 4 Ps - Promotion - Pricing - Product - Place. 7

Examples of cultural and religious influences:

➢ If you want to sell canned food to a Muslim community, you must have the authentication of a HALAL marking. 8
➢ Vegetarian food is best accepted by the Hindu community and some of the Buddhists in East Asia.
➢ Men do not wear silk shirts or gold ornaments in the Arabic culture.
➢ Africans see and perceive the contents of a canned or bottled food as shown on the labels. If you are selling baby food to the African market, do not put a picture of a baby on the label.
➢ Chinese refers to Red colour as a sign of good luck and prosperity. During the Chinese New Year season, they will give money to their children in red packets after receiving well wishes from them. The Muslim community refers to Green colour as sign of good and well wishes.

In this paper we try to highlight the impact of cultural behaviour on business in selected countries and economies. "You have two cows" jokes originated as a parody of the typical examples used in introductory-level economics course material. The "two cows" parodies, however, place the cow-owner in a full-fledged economic system where cows are used as a metaphor of any means of production, property or currency. We use a funny animation reviving the series of the COW ECONOMY well-known from the Internet, like:

• http://www.lotsofjokes.com/cow_economy.asp
• http://www.top20fun.com/funny_jokes/2762.html,
• http://www.cool-teens.com/cow-economy-t50865.html?s=e0b12add174f97751900bb3ac8f36237&amp;t=50865,
• http://blog.wired.com/sterling/2008/02/new-and-improve.html, and many others.

All caricatures are the works of Ms. Szilvia Nagy, a young Hungarian independent artist. We look forward to receiving more models from other countries, so we could expand our Photo Album on Cow Economy.

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7 http://resources.alibaba.com/topic/24348/Does_culture_influence_your_business_in_terms_of_the_4_Ps_.htm
8 In relation to food the trade expression “Halal” indicates that Muslims are permitted by their religion to consume such food in accordance with the Trade Description (Use of Expression Halal) Order, 1975.
TRADITIONAL ECONOMICS

You have two cows.
You sell one and buy a bull.
Your herd multiplies and the economy grows.
You retire on the income.

SWISS ECONOMY

You have 5000 cows, none of which belong to you. You charge others for storing them.
ITALIAN ECONOMY

You have two cows, but you don’t know where they are...
You break for lunch.

FRENCH ECONOMY

You have two cows.
You go on strike, organise a riot, and block the roads, because you want three cows.
GERMAN ECONOMY

You have two cows.
You reengineer them so they live for 100 years, eat once a month, and milk themselves.

BRITISH ECONOMY

You have two cows... both are mad.
RUSSIAN ECONOMY

You have two cows.
You count them and learn you have five cows.
You count them again and learn you have 27 cows.
You count them again and learn you have 15 cows.
You stop counting cows and open another bottle of vodka.

HUNGARIAN ECONOMY

The Government has two cows. The Minister of Finance takes home the milk, then proves that the cows have to privatize because this branch of business is unprofitable. The Cabinet of Ministers decides to sell these cows for a symbolic price. A tender will be launched in a local newspaper with triage 1 only prescribed by a government-closely standing businessman. He applies for this tender and wins. He makes a press conference and states what kind of sacrifice he made by taking on his shoulder these uneconomic cows. Following this he enters into the political arena and with the obtained two cows he gathers a group of other fatheads (meaning cattle).
AMERICAN ECONOMY

You have two cows. You sell one, and force the other to produce the milk of four cows. Later, you hire a consultant to analyse why the cow has dropped dead. You put the blame on some nation with cows, and naturally that nation will be danger to the mankind. In order to save the word you invade the country and grab the cows.

JAPANESE ECONOMY

You have two cows. You redesign them so they are one-tenth the size of an ordinary cow and produce twenty times the milk. You then create clever cow cartoon images called Cow-Ikimon and market them worldwide.
INDIAN ECONOMY

You have two cows.
You worship them.
You die of hunger.

ISRAELI ECONOMY

You don’t have any cows. You claim that the Indian cows belong to you.
You ask the US for financial aid, China for military aid, Britain for warplanes, Italy for machines, Germany for technology, France for submarines, Switzerland for loans, Russia for drugs and Japan for equipment.
You buy the cows with all this and you claim the exploitation by the world.
NIGERIAN ECONOMY

You have two cows.

You eat one and register with the police that one was stolen. The police investigates the case and arrest everybody with cows in a circle of 50 Kilometers. The police torture the suspects as long as somebody confesses that he did. As punishment the police confiscates from each suspect one cow. Hereby you get your cow back and the police enriched with a new cow farm.

EUROPEAN UNION ECONOMY - EUROCRATISM

You have two cows.

The EU regulates what you can feed them and when you can milk them. Then it pays you not to milk them. After then the Commission shoots one, milks the other, and then throws the milk away because the quota has been exceeded. Then it requires you to fill out forms accounting for the missing cow.
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BUSINESS DRESSING AND CULTURE

Abstract

Modern business background needs to respect new rules. Today business systems have a big number of business activity out the native country so they need to respect different culture with different measure values. In this paper the importance of businesses clothes and influence of culture are stressed if we wont to have successful business. Today, business people in Serbia do not have time to think about business clothes and it is not important for them. Business clothes are important for business image. First impression is important so choice of clothes have to be adjustment with that impression and it is very important in intercultural negotiation.

Keywords: business clothes, culture, intercultural negotiation

1. INTRODUCTION

Contemporary business predisposes international negotiations between increasing number of companies, which are becoming part of their life as an unsuccessful negotiation can ruin the previous careful planning.

Complete planning of a given business system is to be directed towards a global dealings which require an appropriate managerial approach aimed at a better understanding of various national influences and cultures on a company’s business.

The issue to be considered is culture factor as an important issue conditioning a whole line of new rules. As on a particular company’s business the culture exercises its influences to neglect of such an important fact will nowadays definitely lead to businesses negotiations failure that would consequently cause an unfavorable transactions’ results.

Mangers of new age should always bear in mind that behavior and business dressing of employees and managers in company are conditioned mainly by unconscious assumptions, values and norms of national culture which they carry into a given business system. In every national community the organizational types and functioning of companies are conditioned by the rules being deeply routed into national culture of such a community. People in companies can not behave differently but in the manner expected by the assumptions, values and norms of their culture.

2 BUSINESS DRESSING

Today the business dressing is very important although in Serbia business people are occupied by their carrier and the relating responsibilities, so that buying of business garments never occupies top of their priority lists.

Although the proverb claims that “THE CLOTHES DO NOT MAKE A MAN”, the wardrobe is indeed important for creation of the business image. One should bear in mind that for image of others the first impression is vital and thus the garment choice should coincide with the targeted impression.
In our milieu business people are lacking quite a number of service opportunity for professional styles, which are at the disposal in the "West" so that responsibility of individuals for creation of own professional image is serious one.

The obstacles preventing the proper attention for business dressing’ issues are:
- Fear tat good appearance might provoke a distrust in the professionalism itself
- High price of good clothes
- Time limitations
- Lack of knowledge about the fashion and of consciousness of its importance

3. BUSINESS CLOTHES AND CULTURES

Starting from the fact that the company’s business is influenced by culture, it is indispensable to consider a whole line of rules applying to business dressing being influenced by the cultures. However, lack of respect of business dressing’ rules in intercultural negotiations will lead to a failure, which would consequently lead to unfavorable business results.

In Germany beside an appropriate dressing style that presumes mainly gray or dark suits with light shirts and moderate scarf tie, a proper body posture is obligatory as it all demonstrate a proper self-discipline. The simplicity and elegance are dressing characteristics of Austrians and for a good impression it is expected for business partners to do the same. It is recommended for men to wear dark suit with white shirt and conservative silk scarf tie. For woman a waistline tailored ensemble outfit with silk blouse or a business uniform is appropriate while outfits with jacket and trousers are to be avoided.

In last years the business dressing in Switzerland has been getting less formal. For men the garments should be moderate so that the suit are well tailored, while the simple shaped shirts are to be of cotton or silk to go with black leather shoes. The dressing should be fine but modest as the Swiss do not like to demonstrate wealth.

The French give priority to very expensive garments and tend to comment dressing outfit of others. The exposed items should be expensive: clothes, cosmetics, furniture or gadgets. The business dressing in France is reflection of social standing or business success. It is of extreme importance to be dressed with a style.

In Italy business dressing is formal but much attention is given to the attire. It is important that a clear distinction is made between summer and winter wardrobes – wool will suit winter garments and cotton and silk the summer ones. The appropriate wardrobe for men is in conservative style suit of dark colors but strong intensive colors for shirts and ties should be avoided. In business dressing women are to express the elegance since the way of dressing reflects the social level (the well being).

In Mexico the business dressing requires dark classical suit, although new times bring some changes and the new generation wear less formal outfits at business meetings.

In Portugal for business meeting a classical business suit is required. Long sleeves and trousers are quite important. The emphasize is on brand name labeled clothes. At business meeting it is accepted to take off the jacket with words “You wouldn’t mind if I …”. The scarf tie is obligatory especially when lunch follows the meeting.

The business dressing in Spain is an indicator of business results and of social standing. Appropriate outfit for men are dark woolen or linen suits and silk scarf ties with while cotton shirts. Appropriate outfit for women are ensemble outfits with shirts and trouser or dresses, while the modesty is in the first plain. If the wardrobe is intended for great designers’ work, then the recognition of people will be bigger.

In Britain the particularity in business dressing is represented. Male business dressing is a manner to exemplify integration, being expressed mostly by wearing appropriate scarf ties that are “revealing” so that it is not recommended to question their significance. In business circles women wear ensemble outfits similar to the male ones but the skirt is expected, although new age has brought some changes. Dark colors staring from dark gray, dark blue, black and thick materials are characteristic. To wear denim clothes is still not appropriate. Some companies even have a prescribed dressing codex. Male are not to keep their writing pens in their waste pockets if the pockets are on jacket’s chest place.
The business culture in Denmark imposes a particular dressing code - for men the suits with white shirts, scarf ties and well kept shoes are expected. Women are expected to wear styled fashionable ensemble garments.

The nation giving particular importance to dressing is Russian nation. The most money is spent on dressing and when there is not enough money for brand name garments, Russians will then rather buy a well made suits but not a copy. The appropriate wardrobe for men is suit and a scarf tie, while color variations are gray, light blue or brown and for festive events black and white variations. Appropriate wardrobe for women would be under knee length for skirt and long sleeves blouse.

In Japan for each situation go another dressing and of course it has to be not only appropriate but in accordance with the standing. Classical dark suits are appropriate for men while women are not expected to wear trousers and the shoes should be without high heels. Gesticulations and sudden movements should be avoided. The silence is considered as appropriate and one should be careful about smiling since it can express not only a joy but also a discontent.

For the first business meeting in Singapore it is indispensable to wear formal dark trousers, light shirts with long sleeves and scarf tie while the jackets are not indispensable. Sometimes even scarf tie is not required since the climate is warm and wet. It is understood for women to wear long sleeves blouse with trousers and under knee length skirts, while any detail like jewels or watches is to look discrete.

From business partners in Arabic world a paid attention to own outlook is expected, which is suppose to represent the standing. An appropriate outfit for meetings is classical suit with a scarf tie. From business partner not coming from Arabic milieu, it is not expected to wear Arabic suit and in Oman it would even contradict their laws. From their partners the Arab word expects respect for Arabic way of living but not imitation.

While making business with Americans when wardrobe is concerned, the best solution is classical business suit, but when other types of meeting are in question, one should follow their American partners. In fact, most of American companies have own rules for dressing.

Example

In June 1991 to visit one of our industrial giants the guests from Japan came: Mr. Kadoyama, director of Mitsubishi Bank from Frankfurt and Mr. Masuda, Director of Mitsubishi Materials - the Mining Concern seated in London.

Japanese wanted to talk about foreign investment possibilities in development of this industrial giant. On behalf of our company the meeting was attended by Deputy President of the Businesses Board, Director of Commercial Sector and Director of Research and Development Department. The first of them wore a light jacket without scarf tie; the other one was properly dressed, while the third company member had a jumper with shirt collar set inside. Contrary to them, two Japanese were dressed in spotless dark suits, light shirts and silk scarf ties.

The negotiations have started. Japanese were asking questions carefully writing down every word. As not to loose time they asked to see Company’s Informative Prospect with basic data relevant for a potential cooperation. After some time the brochure was given to them but it was in Serbian. So Japanese could only watch the brochure photos but could not read the data. On other hand, the hosts were answering questions indifferently glancing at their watches, not being much impressed by the fact mentioned by Japanese (probably to incite them contrary to own habits) that the mentioned bank investment to the Company could go up to 50 million $. However, the meeting finished after an hour and a half although that meeting was the only purpose of their visit to Yugoslavia.

While parting, in front of the administration building of our giant, Director of Research and Development Department sent the Japanese to lunch (accompanied by the translator) to the Company’s restaurant outside the city, excusing themselves that nobody from the company could join them as they were so very busy.

Thus, only Japanese and translator went to restaurant for lunch. Fifty million dollars worth deal has been lost. [ 5 ]
4. CONCLUSION

The skill of proper business dressing is more important than ever observing of cause the culture factor.

Notwithstanding that quite a number of employees prefer the causal wear, when daily agenda includes presentations, business propositions, meeting with client or potential clients or any other activity for which visual impression is relevant, the only proper appearance is the one of high professionalism.

Beside the fact that wardrobe choice depends from gender, the development concept and maintenance of business way of dressing are applicable on everyone and of course it is important to stress the cultural influence today. Purchase of business dressing should be viewed as an investment in professional future.

When the outfit is with a style, the dealing persuasion possibilities rise. During intercultural negotiations the wardrobe, personality and job must match so that the communication with the milieu would be even more successful.

5. Literature

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THOUGHTS ON A CRISIS  
MULTIDIMENSIONAL ANALYSIS OF A PHENOMENON

The information society of Hungary is suffering its third crisis, and the ubiquitous society (cf. Japan) its first. The extent to which this took the profession by surprise is still debated. What can be said for sure is that the crisis started out in a fraction of the market and is surrounded by an enormous lack of information and political wish-wash. The public still considers the crisis as affecting others, and is only beginning to see clearly owing to the planned austerity.

As every crisis, this subprime mortgage crisis is also multidimensional. It started out as organisational, but within one and a half years it grew to be a global one; and its consequences are now affecting the real economy (see the table on the right). The scope of the present paper does not allow me to consider every aspect of the crisis, therefore I will only briefly discuss three dimensions: the economic, the socio-economic and the moral dimensions and as a conclusion word some theses that would help handle the consequences.

1. THE ECONOMIC DIMENSION

Seen from an economic point of view, the crisis is a consequence of the deficient operation of the market. It is based on the hypothesis that the automatic stabilisation mechanisms did not work. More precisely: the inflation went down instead of going up, and the expansion of mortgages was not followed by an increasing of bank funds.

The economic analyses therefore found causes at the levels of a) macroeconomics and b) microeconomics.

The literature names six factors of macroeconomics as having caused the crisis: the increase of liquidity, the decrease of inflation, the long term decrease of interest rates, the decrease of risk premium, the expansion of loans and the rise of the price of assets. An unlucky co-occurrence of these factors caused the crisis.

The causes that originate in microeconomics are the increasing profit-earning needs of the shareholders, the increased competition, and as a consequence easing criteria, financial innovations, new prudential norms and an increasing need to possess assets.  

Some look for the fundamental causes in real economy following Irving Fisher. They think that the main cause of the crisis is the excessive indebtedness, which roots in an increase in productivity and the following economic growth, anticipation of profits, large scale property investments and an increase in

9 “The subprime mortgage crisis is an ongoing financial crisis characterized by contracted liquidity in global credit markets and banking systems triggered by the failure of mortgage companies, investment firms and government sponsored enterprises which had invested heavily in subprime mortgages.”


10 Vö: Patrick Artus - Jean-Paul Betbèze - Christian de Boissieu - Gunther Capelle-Blancard: La crise des subprimes (Rapport), CAE, 2008: 60. oldal
contribution. The lending practice of banks meets these criteria, namely they also anticipate profit and rising housing prices, and implicitly they also anticipate an increase of inflation.

2. THE SOCIO-ECONOMIC DIMENSION

From a socio-economic point of view (from economic sociological perspective) money is a coordinating mechanism; it coordinates economic activities. It takes part in such coordination as an intermediary, and not due to its economic characteristics. There are two parties who are juxtaposed, and they only enter into cooperation if it is in their interest to cooperate. Money appears as an intermediary in such cooperation: money creates an accord between them as it is in both parties interest to gain profits (win-win game). Another form of coordination is competition, which can be considered as a zero sum game, i.e. as opposed to the previous one, what one party wins is lost by the other party.

During a crisis both versions can be found and they are characterised by an asymmetric distribution of information. One party possesses information on fulfilment that the other party does not. Cooperation requires trust: “I do preliminary performance (Vorleistung) hoping that you will reimburse me. The risk of my behaviour is the degree of your credibility, your reputation.” Once the preliminary performance is not returned by the other party, he loses and the game is over; if the other party returns it, the game continues and both parties win. Due to the informational asymmetry the party doing pre-fulfilment bears the risk. Therefore, before he takes action, it is advisable to create guarantees (e.g. to sign a written contract that includes sanctions).

The informational asymmetry (or asymmetric information) is also visible in the shareholder – manager relation as well. Shareholders entrust the managers with running the company. The primary aim is to set that threshold amount for which the manager is willing to act in the shareholders’ interest. If that threshold salary is too low, managers either do not take the job, or work for their own benefit; and if the salary is too high, the shareholders will come off badly. Usually a solution is chosen that is motivating enough for the manager and meets the expectations of the shareholders as well: the managers receive cafeteria and other incentives above their basic salary (the threshold amount), and also become a small shareholder in the company they run. This will motivate the managers to make the company profitable.

Regarding the crisis: the property investment funds that went bankrupt had a good reputation, but they abused this trust (behaved in an opportunistic way), as they withheld relevant information from the investors; or the other way round: the proprietors withheld relevant data, and the lending bank did not investigate whether the borrower was being opportunistic. Namely, banks almost unconditionally trusted the debtor, and the lack of tight control and the opportunistic behaviour of debtors led to difficulties in their paying mortgages.

At that point another feature of money plays an important role: besides being an intermediary it is also virtual. Virtual money is not a physical unit, but an accounting one. This is how it fulfils its coordinating role. However, when one tries to change it, it becomes physical. If it is lost, it cannot be exchanged, and the “bubble” bursts (so far about USD 3,000 bn was “erased”, or in the old terminology: was lost).

The virtual nature of money points at a modern characteristic of finances: the financial dimension of the economy is in reality the credit economy. Credit economy is the basis of Wirtschaftsgesellschaft (economic society): loans are not only a determining factor of economic activities at the micro level, but also becoming a factor in social stratification. While Adam Smith named sources of income as the criterion for stratification, its equivalent on the credit economy is the basis of Wirtschaftsgesellschaft (economic society): loans are not only a determining factor of economic activities at the micro level, but also becoming a factor in social stratification. While Adam Smith named sources of income as the criterion for stratification, its equivalent on the credit
economy is credit rating. A borrower needs to fulfil two criteria to have a positive credit rating from a bank: they need to prove that they possess suitable assets and that they are good consumers (cf. they need to present two utility bills). Namely: the borrower needs to prove that from the bank’s point of view they have the right status in the social inequality system.

In case of a crisis, the state also takes steps. These steps do not really aim to avoid banks going bankrupt or to stop the crisis, it aims to prevent the collapse of the social inequality system and the heightening of social conflicts. Actions taken by the state are at the system level: it does not act in order to protect individuals or companies, but to maintain the given system and to handle the consequences. In terms of socio-economics the state intervenes in order to preserve the social characteristics of money, and to save the basics of socially structured inequality (c.f. distributive inequality).

The fundamental aim of government intervention is therefore to prevent a change of the system – while it allows for a formal structural change and/or a moderate reshaping of functions in the mechanisms that coordinate economic activities (power, competition, exchange, rationality).

3. THE MORAL DIMENSION

From a moral point of view the present crisis is a consequence of the violation of three basic moral principles: public welfare (bonum commune), frugality and responsibility (see the table below). The principle of public welfare says that private property has a public purpose and this has to be taken into consideration. However, in a libertarian economy the interests of proprietors and shareholders often overwrite this principle, which raises problems in allocation and participation. Problems in allocation are primarily present in the concentration of private property and the concentration of capital, while problems in participation become dominant related to resources. The heart of the problem is not concentration itself, but the fact that this way others are excluded from property and the principle of suum cuique (give each one his due) is violated.

The present crisis includes a huge amount of capital concentration: some wealthy groups engross companies (banks) that could be of strategic importance for them. The financial market is being restructured: previously competitive banks were bought up by wealthy groups and while they are increasing their economic power, they are restraining competition. If this restructuring takes place in a way that is in accord with the system, the state allows such buying up, and only interferes if it sees the necessity to save a bankrupt organisation or one that is on the verge of bankruptcy.

Another moral criterion is frugality, which leads to moderation, temperance, sufficiency and simplicity. Therefore frugality affects the relation between production and consumption, because the aim of production is to create products while keeping in mind economic rationality. By economic rationality the literature means the application of the minimax rule: minimum expenditure and maximum results. This matches the principle of maximising profits.
The Pope John Paul II. advised us to be considerate when he wrote in the encyclical Centesimus annus (1991): „The Church acknowledges the legitimate role of profit as an indication that a business is functioning well. When a firm makes a profit, this means that productive factors have been properly employed and corresponding human needs have been duly satisfied. But profitability is not the only indicator of a firm's condition. It is possible for the financial accounts to be in order, and yet for the people — who make up the firm's most valuable asset — to be humiliated and their dignity offended. Besides being morally inadmissible, this will eventually have negative repercussions on the firm's economic efficiency. In fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavouring to satisfy their basic needs, and who form a particular group at the service of the whole of society. Profit is a regulator of the life of a business, but it is not the only one” (35). Namely, maximising profits violates moral principles if it offends people's dignity or the community nature of the company. Therefore, every effort that only aims at a maximum satisfaction of the needs of shareholders and claims profitability above all at the expense of other factors that determine a business infringes the principle that claims that in a business the community is just as important as the profit.

Likewise, moderation is necessary in consumption as well. Virtues that would limit excessive consumption are distorted in consumer society. Man has new consumption habits and consumerist attitudes „which are objectively improper and often damaging to his physical and spiritual health. – Then, the Pope continues: Of itself, an economic system does not possess criteria for correctly distinguishing new and higher forms of satisfying human needs from artificial new needs which hinder the formation of a mature personality.” Frugality serves to ‘make things right’: “It is not wrong to want to live better; what is wrong is a style of life which is presumed to be better when it is directed towards "having" rather than "being", and which wants to have more, not in order to be more but in order to spend life in enjoyment as an end in itself” (Centesimus annus 36).

Finally, responsibility is a virtue that creates harmony between values and human resources. Free market disrupts this harmony, as it only focuses on things that have a price, and considers resources to be assets and assets to be resources. But many values and resources that belong to the integrity of humans are not marketable, and still they are necessary. It is from this aspect that the Pope raises the question of the responsibility of leaders, the wealthy, and the state.

If we carefully examine the present crisis, we find that all of the following have to bear responsibility for it: the company leaders consider people to be simple means of production to gain profits, and held economic continuity above all; the wealthy (shareholders) aimed at maximizing their profits (maximizing their dividend), and expected companies to give it to them; and the state gave in to a misconception of economic ideology did not take the necessary steps to prevent the crisis. In sum: all three groups are responsible for the present situation.

4. CONCLUSIONS. THESES TO HANDLE THE CRISIS.

The above three moral principles serve as a basis for building up the solution to the crisis and the proper handling of its consequences.

1. To create international and national financial resources to cover damages

2. To reconsider the current international and national lending practice in accordance with the principle of public welfare (bonum commune)

3. To correct the parameters of efficiency and competitiveness (e.g. to create a harmony between growth and participation, to enforce the principle of economic continuity, to modify the shareholder-stakeholder concept, etc.)

4. To introduce a new system to prevent the formation of “speculation bubbles” (e.g. measures to avoid the formation of “virtual money bubbles”, a new boom in oil prices, and the fluctuation of exchange rates, and to handle their consequences)
5. **To contain inequalities of income** (e.g. to correct the cafeteria system, to prefer the principle of self-determination in waging and allowances, and to modify the shareholder-stakeholder concept, etc.)

6. **To introduce an “exploitation fee” for foreign companies** (e.g. to correct the extra profit by development indicators, measures to suppress economic migration, etc.)

7. **To change the function of the Annual Percentage Rate** (e.g. to eliminate interests or to set a maximum for the annual percentage rate, etc.)

8. **Deceased’s estate instead of inheritance** (e.g. to eradicate the practice of inheritance, to set a maximum to the value of the deceased’s estate, etc.)

9. **To bring those accountable to international court** (e.g. personal liability – cf. the Nuremberg Trial)

10. **To oblige states responsible to pay for damages** (e.g. the responsibility of the G8)

Of course, these theses are not comprehensive; they would only provide a moral satisfaction for the victims. If they came true, the shareholders, company leaders and leaders of states would have a more considerate attitude and would take more carefully thought out actions. The theses would not fully compensate the victims (it is not their aim either), instead they point out the dangers of the free market and that “there are many human needs which find no place on the market. (…) Even prior to the logic of a fair exchange of goods and the forms of justice appropriate to it, there exists something which is due to man because he is man, by reason of his lofty dignity” (Centesimus annus 34). And this fact should be respected by all.
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TEN BASIC STEPS FOR A SUCCESSFUL ENTREPRENEURIAL START

Part I

PROLOGUE

The young people that have been listening to my lectures organized by the well-known consulting agency “Motiva” in Skopje, have inspired me to record my views and encouraging words which I have, with great enthusiasm, relayed in order to inspire them to consider entrepreneurship, to motivate them to take their destiny into their own hands, to become active participants in the marketplace, and consequently to become confident and independent, innovative and courageous, unique, and with their own identity and reputation.

These young people, with their positive attitudes and approving expressions, gave me the impetus and strength, the courage and the will, to write this handbook, with my general attitudes of assurance and guidance towards the basic forms of entrepreneurship and small business, towards the initiation of independent economic activity, as the main working principles.

There are many guides, handbooks, and similar publications, mostly written by foreign authors, which advice and reassure potential entrepreneurs (and even potential millionaires) with common suggestions; but very few of these have direct link to and are a direct representation of the Macedonian reality and the needs of the Macedonian citizens and the Macedonian youth in particular.

A plethora of well-known and widely accepted economic principles have been successfully presented in the general Economic literature and, more specifically, in Management textbooks; however, at the current level of development of the Macedonian economy, in unfavorable conditions resulting from the transition towards a capitalistic economy, the need for this type of relevant guidebook is evident.

QUIET RIVER

Always
And forever
You existed

The trough long
Long, too long
Narrow and wide
You surely pierce

Surmounted by
Wide plane trees
As if to smother you
And you silently sense them
And boil from within

And then,
As the trough gets narrow
You pour forth widely
For the fields to bear fruit
And the birds to sing in harmony

Oh quiet river
Born in riot
Blue with skies
Green with youth
Don’t count the days
Rush, rush,
Coast can do nothing to you

29 March 2004, Skopje
Poet Trajce Vojneski
dedicated to
Marija Zarezankova-Potevska

11 The paper was review by Prof. Dr. Radmil Polenakovic, translated by Elena Kostovska, MBA and originally published by the University Cyril and Methodius, Business Start-up Center in Skopje
That is why I embarked on this noble task; a task I believe will inspire many young and educated people as well as others with great ideas, and help them succeed in life as independent, self-sustainable creators and innovators who seriously consider self-employment. On this road to successful existence, they undoubtedly need help, support, encouragement and motivation. I believe this handbook will contribute on that road.

I want to use this opportunity to extend a heartfelt thank you for the understanding of Prof. Radmil Polenakovic, PhD, the manager of the Business Start-up Center of the Faculty of Engineering at the University “St. Cyril and Methodius” in Skopie, and to the financial aid needed for the publication of this handbook with the objective to make it more accessible to the future entrepreneurs and to young people in need of support and encouragement.

I can only hope that entrepreneurship and creativity, two challenging concepts I have always held dear, will become a challenge to the knowledgeable, the capable and the creative people with a willingness to develop their own business and realize their ideas and visions.

INTRODUCTION

With the collapse of the socialist economic and political system, the Macedonian society commenced its return towards the capitalistic system, defined - in its most rudimentary form - by the accumulation of capital with all the negative repercussions stemming from it. This phenomenon of returning to a previous economic system requires detailed analysis, but the essence of the process lies in the strong negative influence on the life of the common man, characterized by pronounced gaps among social strata, the rise of unemployment, the growing poverty rate, and the accumulation of wealth in the hands of the few as a direct result of criminal business activities and a highly defunct model of privatization.

On the other hand, the neo-liberal definitions of the marketplace as a single allocator of production factors - imposed by the global financial institutions and the US - completely rejected the Neo-Keynesian concepts of the necessity of state regulations of the national economies. World renowned economists and experts such as H. Stiglic, H. Sax, G.Kolodko, among others, rightly criticize the marketplace fetishism and the globalization, monetarism, and liberalization for liberalization’s sake! The EU is a union where the majority of member state economies are socialist (Germany), and where parallel to the market rules, a strong influence of state interventionism and employee protection is evident. The agrarian protectionism of the EU and the USA is widely known despite the efforts of the World Trade Organization (WTO) to impose full liberalization and deregulation.

Macedonia has no clear standpoints on the above issues and the definition of such standpoints and the decision on the preferred economy system by the national team of experts it is of utmost necessity.

Macedonia needs measures and an economic policy which will ensure the development of the market regulations with designated assistance of the State and support of certain segments of the economy and social policy, including entrepreneurship as both an exit strategy and a viable business alternative with beneficial effects and influences.

In these difficult and vague market conditions of the last two decades; in conditions of strong and often conflicting influences of foreign investment; in the unfavorable environment dominating throughout the Macedonian economy and social life in general; as a result of the exhaustingly long and sub par transitional period, the issue of choice and equal opportunities inevitably comes front and center.

There is an urgent need to guide the vast numbers of unemployed, educated, young, creative people towards their inclusion in the economic life and the subsequent insurance of financial existence. It is necessary to guide them towards a vision of their life as successful and eminent citizens through the development and nurturing of their entrepreneurial skills, knowledge, ideas and visions.

Today’s entrepreneurial society signifies a world of entrepreneurs, courageous and decisive people, trained and ready for new challenges and business endeavors towards a new dimension of quality and prosperity. In such conditions, entrepreneurs have to be ready to thrive in the real and brutal world characterized by trends of globalization and the rule of the stronger, the more successful, and the one with better quality. That is why the contemporary entrepreneurial society requires the continuous improvement of

12 Remark of the Editor: in this paper Macedonia is the shortened name of the international officially used The former Yugoslav Republic of Macedonia
entrepreneurs and employees in general and their training in modern management methods with the goal of higher standards of products and services as a visa for success and prosperity both in local and international markets.

On this road, Macedonia needs to make many more steps on all levels: well defined economic policy on a strategic level, the increase of efficiency of and the confidence in institutions; the increase of faith in employees and entrepreneurs by the provisions of various support systems and aids.

Various motions have been carried and send a clear message to entrepreneurs that the state has commenced a serious support program for the development of entrepreneurship as a vital factor of the development of today’s business environment.

1. DEFINITION OF ENTREPRENEURSHIP

Entrepreneurship, as a process of business organization, management and risk-taking, has introduced significant changes in the national and world economy. The entrepreneur has a vision and exercises judgment; the entrepreneur is decisive, motivated, optimistic, courageous, dedicated, willing and skilled to create the optimal combination of production factors in the realization of an idea. Entrepreneurs are small business managers who never rest; they always create and introduce quality, demand and seek changes, innovations and idea realizations. They are competent in sensing the market needs and react quickly upon them, ready to take risk. An entrepreneur executes ideas; an entrepreneur is a visionary and an achiever.

Entrepreneurship, as an immeasurable factor of business development, manifests its prime through the growth of small businesses. "The small business is oftentimes described as the backbone of entrepreneurship. It constitutes the ideal environment which enables the exposure of the entrepreneurs' real talents and the realization of envisioned ideas."

The freedom of self-employment offers an unlimited range of opportunities for economic prosperity and development. An essential factor of successful work – the ability for decision-making to reach a goal – is a vital characteristic of entrepreneurship. The capital and the natural resources remain passive developmental factors and only the active role of the human factor with its creative capability can act as the force towards the creation of new wealth and economic and social affluence. In all successful economies, entrepreneurs are viewed as essential factors for economic growth, as driving factors towards the creation of new jobs, and the advantages of small businesses are by now almost universally accepted.13

The contemporary capitalistic system of commerce and management, as well as the economic literature, place a special importance on entrepreneurship, as the result of the affirmation of the neo-liberal conservative economic school of thought which glorifies the marketplace as the basic re-allocator of production factors and the introduction of a new technological model.14

Despite the multitude of varying theoretical standpoints in respect to the treatment of entrepreneurs in modern economic theory, a question arises as to whether entrepreneurs are predestined for their business activities or whether their excellent organizational skills and creative and innovative characteristics are a direct result of adequate environments and the solid academic background in management, marketing, IT etc., all of which influence the personality of an entrepreneur.

The latest work of Thomas L. Harrison titled “Instinct”15 and published in 2005, suggests the genetic preordainment of entrepreneurs to be creative, active and innovative. I hold this to be very true, but a certain dose of creativity resides in every person and needs stimulation and guidance.

The entrepreneur is future-oriented with constantly new ideas and production innovations, which makes entrepreneurship a dynamic development factor, given the strong correlation between the development and entrepreneurial function.

With the creation of a favorable business environment for the development of entrepreneurship, with no administrative and legal barriers, through the active operation of marketplace legalities, with the elimination

of the monopolistic role of certain large enterprises and commercial groups, and of course with the active policy of support for entrepreneurial activities, the conditions for economic development ripen.

Therefore, entrepreneurship stands for the undertaking of business activities, a philosophy of business functions which enable the expression of creativity, innovation, and the creation of new values through the realization of advanced business ideas.

Entrepreneurship is a process of initial business risk, organization of resources and taking into account future risk and gains.

An entrepreneur is a person capable of recognizing and executing sustainable business ideas.

Entrepreneurs are idealists but they are also persistent, hard-working and energetic. They don’t waste time; rather, they use their talent and knowledge, their time and energy.

The term “entrepreneurship” originates from the French verb “entreprendre” which means attempts, takes on; the noun “entrepreneur” denotes a person who attempts, undertakes, an entrepreneur.

The phenomenon of entrepreneurship must be nurtured and developed as it creates new values and develops the creativity in people.

SHORT HISTORY

The roots of the term entrepreneurship and entrepreneurial initiatives can be traced back to 1755 in the work of Richard Cantillon (1680-1734), when the word “entrepreneur” was first used in the economic literature. Adam Smith (1723-1790), with his theory that labor is the basic creator of all values in society and the distinction of the three production factors (labor, capital, land – and subsequently: workers, capitalists, landowners), was an advocate of the free market and made the comparison between entrepreneurs and capitalists. Contrary to Smith, Jean Baptiste Say (1767-1832) made the distinction between capitalists and entrepreneurs, claiming that the entrepreneur’s role (in combination with the production factors) is crucial. E.B. de Condillac (1715-1780) accounted for a fourth production factor – the entrepreneur – and reckoned that profits are divided between the four participating parties in production: capitalists, landowners, entrepreneurs and labor workers.

Among the British economists, John Stuart Mill (1806-1873) was the first to introduce the term “entrepreneur” as well as the idea that profits are a reward for the capitalist for his risk-taking and entrepreneurship. Carl Marx (1818-1883), points out to the division of gross profit to a) an interest rate as a result of the ownership of capital and b) the entrepreneurial gain as the result of the function of capital. Ascertaining the extra profit, Marx gave his contribution towards the development of entrepreneurship as the reflection of the competitive struggle for profit and extra profit, even though he was of the opinion that every active capitalist is an entrepreneur at the same time.

One of the founders of the Marginalist Revolution and the general equilibrium theory, Léon Walras (1834-1910) considered the entrepreneur to be the central figure in the economy, given the fact that the marketplace, the perfect competition, and the free activity of economic laws, create the general economic equilibrium of demand and supply at all three levels (capital, products, services). The equilibrium is fostered by the help of entrepreneurs who intervene in the marketplace by the purchasing of goods and capital and by selling final products, which balances the expenses of production and the amount of the total income of the sale (no profit or loss). Alfred Marshall (1842-1924), the founder of the neoclassical school of thought, contributed towards its development by treating entrepreneurship as a fourth production factor; a factor which helps the substitution and combination of inexpensive production factors with the end goal of reducing production costs.

Joseph A. Schumpeter16 (1883-1950), in his dynamic theory of economic development, considers the entrepreneur as a cornerstone of all activity due to the innovative nature of the entrepreneur and the motivation he gives to the economy to abandon the balance. For Schumpeter, entrepreneurship is a development factor. Innovations revive the economy, and entrepreneurs are likely to invest up until the first signs of inflation which reduce the economic activity and profits, and the period of recession begins due to the need to return lent resources. This state of recession lasts up until the emergence of new entrepreneurs eager to undertake new activities and begin a new cycle of economic development. However, by the separation of

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the function of ownership and that of management, and with the appearance of managers with no inclination
to risk-taking, capitalism as a system is possibly looking at its own demise.

The most contemporary thinkers and theoreticians (Drucker P., Kilby P. (1971) and others) place
emphasis on entrepreneurship as a motivating and growth factor and a priority in the industrial policies of the
most developed countries in the world, while in transitional and developing economies, entrepreneurial
activities are viewed as a means to ownership and structural adjustment and as a solution for the growth of
competition and competitiveness.

Therefore, entrepreneurship, as a creative and affirmative social force expressed through a plethora of
innovative business activities is undoubtedly a phenomenon of the modern economic growth; a phenomenon
which, through its functions, creates new values and hence requires care and support. The development of an
entrepreneurial spirit and culture must become a permanent task for all involved parties within every society.

1.1. TYPES OF ENTREPRENEURSHIP

Entrepreneurship, as a philosophy of business activity in the marketplace (given the nature of the
marketplace being one of greatest freedom of activity) is characterized by creativity and innovation in all
spheres of economic and social life.

Thus, entrepreneurship manifests itself in:
- a) Large corporations (intrapreneurship) – otherwise know as internal entrepreneurship and employee
  innovation, specifically in the production function with the invention of new technological solutions and
  practices by individual entrepreneurs;
- b) New Technologies Entrepreneurship – which is also called technopreneurship;
- c) Information Technology Entrepreneurship – also known as infopreneurship;
- d) Social entrepreneurship – a reflection of the active role of the non-governmental sector and all
  institutions and individuals who introduce change in the social environment of life and work, in conjunction
  with the active government policy of social prosperity and wellbeing.

2. CHARACTERISTICS OF ENTREPRENEURS

The basic characteristics of entrepreneurs include:
- Self-confidence
- Talent
- Creativity
- Challenge
- Dynamism
- Vision
- Initiative
- Realism
- Optimism
- Ability to take criticism
- Wit
- Persistence
- Risk-taking
- Independence
- Polyvalence
- Need for realization
- Flexibility
- Envisioning
- Energy
- Non-conformity
• Profit-orientation\textsuperscript{17}

Without delving into too deep an analysis of whether these characteristics are a result of the psychophysical personality of someone (in other words, genetic) or a direct result of the educational and learning system of continuous education and experience, we can presume that only with a reciprocal correlation (i.e. with constant nurturing, with the knowledge of the brave economic visionaries) can excellent entrepreneurs evolve and jumpstart entrepreneurship.

Other authors\textsuperscript{18} accentuate the desire to create large companies, the capacity for large deals and the feeling of moral and legal responsibility to finish what has been started, as main personality traits of entrepreneurship. They are optimists, perfectionists, excellent organizers; they are profit-oriented – not at any cost, but as a direct result of their efforts.

Entrepreneurship is of course one of the largest social and economic forces of our days. This force has an incredibly strong influence on all economic activities within a society.

2.1. ECONOMIC CHARACTERISTICS OF ENTREPRENEURSHIP

\textit{a) Entrepreneurship creates jobs}

Entrepreneurship (i.e. small and medium sized businesses), with its economic functions, gives a steady pull to the whole socio-economic growth. That gives it special importance and role in the contemporary economic policy-making of the developed, developing and transitional societies. Entrepreneurship is a job-creating mechanism, which in conditions of increasing unemployment acts as an exit strategy.

b) Entrepreneurship and small businesses enable the growth of the entrepreneurial initiatives in commerce; motivate creativity, innovation and invention, which lead to undeniable economic progress. The growth of entrepreneurship facilitates the development of the entrepreneurial spirit and culture and the awareness for the need of acceptance of constant change and new ideas which lead to economic competition, market competitiveness and tendency to generate new wealth which in turn increase the gross domestic product.

c) Small businesses are characterized by the \textit{relatively inexpensive job} when compared to large corporations, due to the ability to commence business activity with lower level of financial resources. In addition, the basic costs of business – fixed and variable – are lower due to the convergence of one business function in the role of one person – manager, owner, planner, production organizer, etc.

d) Small business, due to its characteristics, has a direct impact on the increase of \textit{competition} in the marketplace which in turns strengthens the competitiveness of the economy.

e) Small batch production enables the \textit{flexibility} of the small businesses, which can easily tailor their offerings to the needs of and the changes in the marketplace supply and demand. As a result, small businesses can, in a timely fashion, easily and without major investments change their product/service orientation.

f) This flexibility is coupled by the small businesses’ \textit{resistance and vitality} even in the hardest of economic conditions. Small businesses can therefore adapt quickly to the needs of the marketplace.

g) Due to the relatively smaller volume of invested capital, small businesses can more easily tackle \textit{business risk}.

h) Small businesses employ knowledgeable expert staff which enables the specialization in various segments of production and service. It is in this way that small businesses become valid outsourcing options for large corporations and produce parts of their product lines which the large company has no specific interest in. As a result, small businesses produce for the needs of the \textit{large businesses} and become a crucial growth factor in the economy.

i) Small businesses more often than not use domestic raw materials and resources and primarily satisfy the needs of the \textit{domestic and local market}, which contributes to a balanced regional development.

j) Small companies are an important factor in the \textit{import substitution} of goods and services with their alternative offering to the local market.

\textsuperscript{17} M. Marchesnay, C. Fourcade, "Gestion de la PME/PMI", Nathan, May 1997, p. 43.

k) Small businesses create conditions for easier management, due to the fact that the managing and ownership function is usually unified and decision making is therefore easier and faster. The structure of governing in small businesses is much simpler, and the effects are larger when compared to large companies. Because of this, the decision-making process and the realization of business plans are faster and more efficient.

l) Small businesses are characterized by the production of various innovations, inventions and patents, which become a vital factor in the market development, because a portion of them in time become “large” businesses.

m) Small businesses act as a buffer for the instability of the national economy, and with their competitiveness they increase the general level of efficiency and competitiveness of the market.

3. TEN ENCOURAGING STEPS

3.1. HAVE AN IDEA AND A BUSINESS VISION, BE UNIQUE AND CREATIVE!

Live with your idea, contemplate it and cherish it, think of ways to realize it! More often than not, people don’t lack business ideas or dreams of success; rather, they are not able to identify whether the particular idea or project will be successful and in turn profitable. Every business idea is good as long as it is based in reality and can generate profit. Some people have original ideas but cannot execute them due to the lack of financial resources. On the other hand, there are people with access to capital and willingness to invest but with no ideas and visions as to which business activities to invest in. Those are the people searching for business ideas but having a hard time finding them because those that do have ideas (the potential entrepreneurs) cherish and jealously protect them.

The entrepreneur, an innovator at heart, more often than not desires to realize his business idea single-handedly.

In developed countries, investors and entrepreneurs meet at specifically designed events where partnerships for plans for joint business activities are made. *There’s an idea for a business! Think about how you can organize this type of events to facilitate the marriage of ideas and monies!*

But you wouldn’t be an entrepreneur (a courageous and dedicated businessman) if you didn’t have your own original idea that you want to execute yourself! So, dream your dream, cherish your idea, be courageous and take steps towards its realization, regardless of whether at this particular moment you may lack financial or other resources needed for that realization. Opportunities will come up, and success will be yours, but persistence and perseverance is needed on this rocky road. If you have a dream, it will become a reality if you persist and if you are confident in your idea! Nourish the feeling of happiness and satisfaction which would come from the idea’s fulfillment and this feeling will lead you on the way to success! Your clear mission will take you to the right place - to your success. A few unsuccessful steps shouldn’t discourage you! The road to success is indeed rocky, but with persistence, dreams become reality!

Sometimes, one idea can give birth to another, a more real, more easily achievable one! That signifies progress and activity, and if you’re active, success shall come!

You can have a “success role model” figure, an inspiring persona to keep you persistent on your path, but don’t copy blindly and at any cost; listen to your internal voice and follow your own vision! If your “role model” is successful in a certain business, it does not automatically mean you will be successful too! Success requires a number of conditions to be met, a lot of effort and sacrifice but the most important thing for you is the motivation which leads you forward!

*Example: Henry Ford had a dream, which he made reality and today his name is the synonym of success in the global automotive industry.*

3.2. FOLLOW YOUR INTUITION AND INSTINCT

Do what you are best at, regardless of whether you have earned certain qualifications in it, or your work experience has made you skilled for it, or you have been given a talent and knack for it!

The most important thing is to know and enjoy what you are doing. If your idea is based on your previous experience and knowledge, setting it up will take less time and money when compared to starting a
business activity you have no skills or previous knowledge in. The success in this new and undiscovered territory may become a reality too, but the uncertainties and risks will be far greater than with something you are familiar with.

If you decide to do something you don’t have much knowledge in, you will need the time to enter the field. “Time is money” businessmen say! Hence, it is more productive to do something you already have some knowledge in. What you do with love will result in the greatest success because you get involved in the idea with all your heart, will and knowledge.

Introduce love in your work and success will be yours! Your intuition and your heart can be the best guide in choosing what to do! Be unique, don’t copy the others; their success does not guarantee your success. Don’t be a victim of the notion of becoming an “important successful businessman”; be original and interesting, an innovator in the real sense of the word. Doing this, your chances of success multiply much more then when you blindly copy someone else.

Both theory and practice have raised the question as to whether entrepreneurs are born or made (the question of nature vs. nurture). The truth is somewhere in between these two extremes; people do carry the institute and intuition within them, but the newly acquired knowledge and skills make them courageous, decisive and ready for business action!

Example: The owner of “Kegi Shoes” in Skopje started his career as a craftsman in a Skopje-based shoe factory, then used his knowledge and skills to begin his own production and in turn, a successful career as an entrepreneur whose trademark products crossed the Macedonian borders.

3.3. FOLLOW YOUR FAMILY TRADITION AND DEVELOP A FAMILY BUSINESS

The following of tradition is extremely important because it ensures continuity, a level of certainty, knowledge and experience. Family businesses are often characterized by trust and respect, factors that are of crucial importance to a successful activity. If you decide to continue the craftsmanship of your father, grandfather or even great-grandfather, introduce your contemporary knowledge, skills and management style. Mobilize all forms of capital and increase the family capital! It is an enormous challenge, to continue where your predecessors left off, to introduce novel and creative concepts and with it, a new dimension of quality in your work! With the interaction of the ownership and the management towards a shared goal, a uniquely efficient system of organization is formed. The already established relations in the family business will enable faster turnaround, less risk and an already established client base. You will be left with the care for the tradition and the introduction of changes in the business strategy, management control and development. These functions are based on the family relations, and depend on the life-cycles of the family members who are involved in the long-term business development. Trust and tradition are the prerequisites for family business success. Use this opportunity and join this kind of business activity; the results will come.

Family businesses are a positive example of good business organization, mostly because of the rationality, motivation and experience of family members. Mutual trust is also of great importance.

The Japanese model of successful management is actually based on this mutual trust, typical of families devoted to success.

Family-based business activities are the reflection of culture, value systems and the belonging to certain social groups.

Family businesses are most common in Mediterranean countries such as Italy, Spain, Greece, Turkey and around the Balkans.

Example: The Italian Benetton, Fiat, Barilla etc. In Macedonia, there are a number of examples of successful family businesses such as “Italex”, “Kegi Shoes”, the shoemaking company “Kole”, the kiosks “Prch” and others.

3.4. ACQUIRE NEW KNOWLEDGE WITH CONTINUOUS LEARNING

The modern economy is in high demand for skilled staff ready for new challenges imposed by the strong competition and globalization, the new technologies predominantly in the areas of IT and Communications, and the new business and trading methods.
Do spend time and money gaining new knowledge; knowledge necessary for the successful handling of your current or future job responsibilities, be it in your own company or as an employee in someone else’s. Do learn continuously and improve yourself permanently; knowledge makes you brave and more confident in yourself.

It is a known fact that knowledge ages quickly which makes retraining and improvement a necessity, particularly in the disciplines we work in, and specifically in the business economy. In the cruel world of business, only the brave ones can thrive. Investing in knowledge can be costly but in the long run its returns are high, because it ensures a higher capacity of your services and increased capabilities and know-how to overcome hardships which result from the unkind laws of free market economies.

Be persistent in your intentions to create new proficiencies, new methods of management, new trends in science and business, in technological processes and corporate communications. Persist in the acquiring of new knowledge. Don’t forget the self-discipline in this process of venturing towards the new, towards the success and the realization of your goal and vision!

Very often, as a young entrepreneur who has just now started working independently, you will face problems related to management and due to the lack of a larger number of employees you will have to perform more functions simultaneously – those of an owner, manager, organizer and planner, controller, coordinator, market researcher, functions of procurement etc. Because of the size of your enterprise, all these functions will merge into your job description. Therefore, you must have basic background in business, in communication technologies, in quality assurance, distribution and other concepts vital to the survival and thriving of your company. To gain valuable knowledge in these fields you can find help through specialized courses, seminars, management workshops etc. The cultural differences which are a direct result of the difference of environments and social values can be a serious obstacle on your way of business deals and cooperation, and require some preexisting knowledge. The service you provide to clients, the respect towards their needs and wants, is a serious challenge for any entrepreneur because it is the foundation of the success of the enterprise.

“The customer is king”, Americans say. Only with continuous lifelong learning and gaining of new business knowledge will you equip yourself with tools to help you overcome obstacles, to be successful and offer quality, to move towards the top! So, learn and only learn, invest in yourself and your improvement because learning makes you stronger and braver! Learning gives you the confidence needed to make decisions, to select business partners, to thrive.

Each new experience can give you new ideas and motives for new activities; it can make you think of new things, it can spark your imagination and push you towards the creation of something new, something yet undiscovered and unusual.

Example: In the highly developed countries, top management engages in training 1-4 weeks every year, just as lower level employees in large enterprises undergo various training once a year. In Skopje, the training and management center of the Skopje Brewery trains its employees and managers, and also opens its doors to external participants. These workshops, organized by the experienced consulting center “Motiva” are highly in demand.

Advice: Keep learning because learning makes us brave!

3.5. USE ALL INFORMATION AVAILABLE

Use all information and help you can get from the relevant institutions in your environment which you can then use to reach your goal of business success. Often, entrepreneurs become blinded by their ideas and courage and don’t see the use of available help and information as a necessity. The developed modern world creates networks of various agencies, bureaus, centers and similar institutions whose goal is to actively aid entrepreneurs. These institutions are established with the goal to help small business owners in all spheres of business; be it finance, management, training, information, quality, technology transfer, exporting etc.

The highly developed countries nurture these networks of institutions on a local, regional and national level, connecting them with the public and private sector, as well as with universities, in order to offer support and help to entrepreneurs. All these institutions are of your immediate interest, and can help you on your road to success through advice on production, management, strategy, planning, promotion and enlarging your business.
Don’t hesitate to ask for help and information from the nearest chamber of commerce, organization, entrepreneurship help center, bureau of quality etc. All of these exist for you, you only need to reach out and use the support they provide. These institutions’ main goal is to help you and your companies in becoming better, more successful, more efficient and competitive.

If you have the information, you have it all! You have the advantage over the ones without it!

Example: In the EU, there is a network of 300 Euro-info centers; centers whose main function is the distribution of information to the entrepreneurs. This information can be of a varied nature and it can relate to business partnerships, auctions, exhibitions, standards and legal regulations.

3.6. BE ETHICAL

Loosely said, be guided by the Ten Commandments in your business. This is to say: respect all honorable and hardworking people if you want to be respected in return. Be an ethical person, develop your business ethics. Being ethical is very important in every sphere of life; business included. Although at first sight it may seem as if ‘everything goes’ in business, that’s a false perception and can only lead you to short term results. No one wants to do business with people he cannot trust! There is no business there; there are no negotiations, no progress. Therefore, business ethics must be nurtured and respected. It is an important part of the complete ethical image of any person. So don’t let yourself be fooled by a seemingly successful businessman who has managed to attract attention upon himself in the society.

Every person needs to have his own personal code of ethics, then his professional and social ethics to which the study of management pays special attention. The US companies are characterized by the existence of an ethical code which is a set of accepted conduct applicable to employees.

Similarly, in highly developed countries and in the EU, although it may seem hypocritical, top management sticks to the rules of ethically correct behavior and nurtures the values of ethical conduct. All deviations from this conduct lead to disapproval and rejection. The Japanese society is particularly known for the high ethical standard of employees.

The erosion of the ethics in general in countries in transition (Macedonia included) has spread to all pores of socio-economic life. Only a strong will and faith in ethical codes and their importance to the overall prosperity of society can be the way out of these negative conditions.

The imposed belief that business is a playground where everything is fair is very destructive and is the result of the lack of respect of legal and ethical norms by various manipulative businessmen with no intentions of long-term operations in the country. There are “game rules” in every sphere of life!

The ethical component in business is very important and every entrepreneur with an objective of success must take care of the ethical codes and business traditions as unwritten rules of conduct.

Don’t make role models out of those with no decency in their business dealings. Rather, chose those that are well respected because of their honor, loyalty, and dedication! Those are the long-distance runner, and you should be too!

Example: Deceit always comes to an end, so, many European and worldwide politicians (eg. Willy Claes in NATO) leave the scene immediately after the revealing of their unethical doings. The infamous bribes given to airline industry managers in various European countries resulted in immediate resignation. (If I ever have the experience of not being given the right amount of change in a shop, I never go back there!).

Advice: Think long-term into the future!

3.7. DEVELOP YOUR BUSINESS THINKING AND PROFESSIONALISM

Develop the professionalism in your work. Professionalism is closely related to ethics. An ethical person works conscientiously, fulfills predetermined plans and agreements, and tries to do the best job possible, with the clear goal of customer satisfaction.

Every entrepreneur should be familiar with best and most professional way to conduct business communication with partners and to tend to proper relations. Do not be stingy in your work; get involved
completely (even if you are just an employee in a corporation or institution) – you will learn to work well and in a professional manner, and results won’t pass you by. In the long run, the success is guaranteed!

Make an effort to surround yourself with positive people; people who have a positive attitude towards you and the environment – this will have beneficial results on you and indirectly on your clients and partners. Surround yourself with positive people who will introduce the positive component in your business, and avoid the negative ones!

Respect your clients; listen to their comments and demands; fulfill their needs, be punctual with your responsibilities towards them and this will result in their trust!

With a plan for work and predetermined and organized activities to reach your goals, with ethics and professionalism in tow, you can only expect positive results!

Example: Always answer received mail, even if you know that the answer will be negative! This will send the signal that you are a person that can be trusted, a company with reputation, and a company which stands behind its principles! (Send an email to a well-known global company with a request for certain information, you will receive an answer immediately – it may be informal but you will get it!). Follow this example!

Advise: Treat people the way you want to be treated!

3.8. INSTILL TRUST

The personality of an ethical businessman creates the conditions for people around him to trust him, to rely on him and this helps the development of solid and lasting business relations. Without trust from your partners, all your other business efforts will be fruitless!

But you have to trust people too; you have to trust your partners, your clients and all human relations. Mutual trust must be nurtured and nourished as a lasting value of business!

Don’t be blinded by short-term success; think into the future and think of ways to remain and thrive in the market, to become recognizable with your quality and with your reputation of a proper and honorable entrepreneur. The economic transition shook the criteria of real values in everyone’s life and this made way to the urban myth that “all is possible in business”? Old folks say “Lies have short legs”, so think long-term and think sustainability! Trust in others and make others trust you!

Example: The Japanese economy develops at a rapid pace as a result of the mutual trust of employees and top management. The Japanese example of building trust towards the institutions, towards people in general, is an example of successful management based on trust. Even the most developed Japanese companies dedicate financial resources to the support of the future entrepreneurs because, as they say, it is the society’s responsibility to do so.

Advise: Trust in people and they will start trusting you back!

3.9 BE BRAVE, QUICK-ACTING AND DECISIVE

Contemporary business requires quick and efficient decision making!

So don’t wait for someone else to solve your problems, dilemmas and decision – be brave and decide! In the USA, according to some analysis, 80% of the companies flop because of slow decision-making!

In the Macedonian society, because of certain prejudices and insecurities about the future economic growth, a lot of entrepreneurs have lost track of time by waiting for someone else (i.e. the government) to solve the business issues of various industries.

The modern world and the globalization of economic relations require fast action and clear-cut decisions because competition is all around and can easily overtake you and grab a piece of your profits. So, courage, as a synonym of entrepreneurship, gained by new knowledge and skills must guide you through the rivers of business. Only the brave and the decisive will survive in the marketplace.

Knowledge ages quickly and today’s innovation is tomorrow’s old news, so contemporary economies react quickly and succeed in the process!

So, be brave in making decisions and the results will be far more favorable then the ones resulting from no decision at all!
Example: Many Macedonian businesses have failed as a result of the inefficient model of privatization but also because of inefficient top management which bought these businesses but had no vision and knowledge of how to maintain and contemporize them. They bought them, but had no idea about how to manage them, and then waited for years without making any decision and nowadays these businesses are governed by inexperienced staff, old technologies, and a general inability to react to the marketplace. Bill Gates, with his courage and innovation, succeeded in developing his business by managing it through a course of turbulence.

Advise: There is nothing you cannot do and no problem you cannot solve!

3.10. BE DETERMINED AND PERSISTENT

Determination and persistence in all your efforts of executing your business plan will bring results. In conditions of highly developed national economies in Europe and worldwide, the new and young entrepreneurs face strong obstacles in their businesses.

Globalization denotes the domination of the best, highest quality, most inexpensive goods and services in the marketplace. In these conditions, new entrepreneurs face strong competition even locally.

Only the brave the persistent ones, the ones who will take on the challenge of the contemporary trends of business and the applications of IT, will survive. The risk always exists but only the perseverance and the persistence in realization of your priorities and plans can result in success.

Example: Replace the hesitations with quick decisions and persistence in the realization of your business activity and goal. Set goals and achieve them with your knowledge and skills. Be persistent towards success!

Advice: Think positive!

ABOUT THE AUTHOR

Marija Zarezankova-Potevska, PhD, has earned her Doctorate Degree in the field of Economic Science, with special emphasis on Small Business and Entrepreneurship. For over 20 years, she has actively worked on the issues concerning the development of small business and entrepreneurship, and directly participated in the creation of the development policies for entrepreneurship and small and medium sized companies, during her tenure at the Ministry of Economy.

She has participated in various training sessions in the US, EU, Japan and at home. Her active role as an expert in international, foreign and domestic conferences, seminars, debates and public appearances is also of particular importance. She has been widely published in the sphere of entrepreneurship and small business management.

She was appointed Associate Professor at the European University in Skopje in 2005, while in 2006 she took on a Professor assignment at New York University, Skopje, teaching the course “Principles of Management”. A procedure for her selection as an “Entrepreneurship” Professor the First Private University FON, Skopje, is currently in progress.
CONFERENCE PAPERS

4TH KRAKÓW FORUM ON MICROFINANCE

Expanding Access:
Eastern European and Central Asian Policy Makers Participate in Regional meeting

Despite uncertainties in the global financial system, the objective of financial inclusion remains a compelling challenge. Ten countries from Eastern Europe and Central Asia met on the occasion of the "Fourth Krakow Forum on Policy, Law and Regulation for Inclusive Finance" on 2-4 October 2008 to examine policy issues associated with inclusive finance, which seeks to ensure access to financial services to all segments of the population.

"The current financial crisis provides additional perspectives on the right approach to the regulation and supervision of inclusive finance," said Tim Lyman, Senior Policy Advisor for CGAP, one of the sponsors of the forum and a global resource center on financial inclusion. "The challenge for policy makers is to focus not only on the goals of stability, solvency and soundness, but also the goals of access to financial services, consumer protection and the promotion of innovation."

Despite the impressive growth in the financial sector of the economies represented at the Forum, the goal of financial inclusion has not yet been met. A number of challenges persist: inadequate and sometimes inconsistent legal and regulatory infrastructure, insufficient innovation in products and the delivery channels, poor financial infrastructure, inadequate customer protection and limited financial literacy. Also, after a decade of work by inclusive finance advocates, microfinance in the region remains dominated by microenterprise credit, and too little has been done to broaden the range of products to include other financial services that lower income people need, such as reliable and affordable means of transferring money and safe places to save money.

In the keynote address of the Forum, Her Royal Highness Princess Máxima of the Netherlands, representing the UN Advisors Group on Inclusive Financial Sectors, called upon governments and regulators to keep pace with rapidly evolving financial sectors, focusing on the job of creating a helpful policy environment. "The progress made thus far has come under your stewardship," Princess Maxima told participants. "It is timely to explore more deeply the nature of a conducive policy, legal and regulatory environment."

"Policy makers, not just in Russia, but throughout the region, have moved financial access high up the policy agenda in recent years, and we are seeing some breakthroughs. But there is much work ahead to continue progress towards proportionate regulatory frameworks that balance financial access, financial stability and consumer protection," said Mikhail Mamuta, President of the Russian Microfinance Center - a sponsor of the event and an important partner to various Russian financial sector regulatory and policy making bodies.

"Regulation and supervision of microfinance institutions, just as that of global market players, require clear objectives, sound principles, and transparency in policies, laws, and regulations. These are the fundamental building blocks of an inclusive financial system," explained Grzegorz Galusek, Executive Director of the Microfinance Center for Eastern Europe and the New Independent States.

The Fourth Krakow Forum was organized by CGAP, a microfinance industry resource center housed at the World Bank, the Microfinance Centre (MFC) for Central and Eastern Europe and the New Independent States, located in Warsaw, and the Russian Microfinance Center in Moscow. Co-sponsors included the UN Advisors Group on Inclusive Financial Sectors and the Inter church Organisation for Development Co-operation.

Source: 1 December 2008, Microfinance Centre (MFC) <microfinance@mfc.org.pl>
INTERNATIONAL SMALL BUSINESS CONGRESS
BELFAST SME POLICY DECLARATION
6 November 2008

Introduction

The International Small Business Congress (ISBC) held its 35th Congress in a peaceful and thriving Belfast, Northern Ireland, in conjunction with the ISBE Conference. More than 950 delegates from around 70 countries and 6 continents attended these two events representing millions of small business entrepreneurs around the world. Herewith ISBC is the world wide platform of small business entrepreneurs. The delegates discussed the key issues affecting the development and promotion of SMEs and entrepreneurship.

SMEs (Small and Medium-sized Enterprises) are the lifeblood of most economies. Small business and entrepreneurship are very important for economic growth, employment and poverty reduction. Small companies are strong in innovation, can adapt flexibly to new situations and challenges; and contribute to the social integration of local and regional communities. In current times they are a source of relative stability in an otherwise turbulent world: as they are mostly not listed on the stock market and are not footloose, they are more able to take a longer view.

Key policy issues

Financial sector
One of the most important issues discussed at the conference was the credit crisis and the impact on SMEs. This severe crisis in the financial sector started last year in the housing sector in the USA with the so-called sub-prime mortgages. It has now extended to many parts of the financial sector in many countries around the world. The crisis will also affect the “real” economy (reducing demand and growth) and thereby affect the SME sector. We don’t know yet if the financial crisis is under control or if there will be a second round of defaults and turbulence on the stock market. We don’t know yet if the recession will be short or long, mild or deep.

There is no “one size fits all” format of SME and entrepreneurship policy; effective policies depend on many variables such as development stage of an economy, structure of the economy, history and tradition of policy making and entrepreneurship. However, there were common themes in the meetings: the importance of macro-economic and international financial stability, transparent policies and governance, fewer and better regulations, incentivising tax and benefit systems, access to finance, life long vocational training, effective business support structures and effective representation of SMEs in the political arena. Many of the themes are also incorporated in the new European Small Business Act.

What is especially needed in these turbulent times are decisive measures from governments and central banks to promote confidence among businesses and consumers, a normal functioning of the banking system after the huge support with equity and liquidity, especially towards SMEs, and an extension of existing credit-guarantee schemes for SME. And furthermore, political decision procedures should be evaluated with a view of shortening them and measures already in the pipeline should be speeded up. In general: some “out of the box” thinking is needed. SMEs will be part of the solution as employment falls in the large corporate sector.

Involvement in key issues
Economic Policy has many different parts, e.g. promotion of small business and entrepreneurship. Small business associations and entrepreneurs representatives are highly involved in these policy areas. But they should not stick to these areas alone, but should also be involved in other policy areas (i.e. health care
reform, social security, tax and benefit systems, transport and traffic systems) as these policies can have a big influence on the economic climate and conditions for SMEs.

Recognised Representation
In many countries, though certainly not all, there are small business associations representing the interests of entrepreneurs and small companies. But even in these countries the “Think Small First” arguments are not always heard in the political arena. And if they are heard, politicians do not always listen. An effective representation of small business interests and arguments is much needed in many countries and the political system should support this representation. In this respect national Small Business Associations can cooperate with national Small Business Researchers. This representation should also take place in the important international fora.

Sustainable development
Sustainable economic development is one of the triple P’s (Profit, People, Planet) and will become more important, not for tomorrow, but already for today. The current financial crisis should not be an argument for delaying necessary measures. Sustainability will not be reached if the SME sector (as well as the normal household sector) is excluded from the solution. The small business entrepreneurs are committed to the goal of sustainable (economic) development. Also in this policy area they are asking for a “Think Small First” approach.

Policy programmes
SMEs and small business entrepreneurs are expecting a convincing short term and long term policy programme
  • decisive measures from governments and central banks to promote confidence among businesses and consumers
  • a normal functioning of the banking system, especially towards SMEs
  • extending credit guarantee schemes for SMEs
  • evaluation of political decision procedures with a view of shortening them
  • measures already in the pipeline should be speeded up
  • “out of the box” thinking on many policy areas to give change a chance
  • “think small first” also in the policy area of sustainable development
  • effective representation of SME associations at the regional, national and international levels.

Note
Closer cooperation between ISBC and ICSB
The Steering Committee of ISBC has decided at its meeting last Monday (4th of November 2008) to intensify the cooperation with the International Council of Small Business (ICSB); as the ICSB Board decided earlier this year. There will be cross appointments on the Board and the Steering Committee and each organisation will be active in the other’s yearly conference. This closer cooperation should lead to a better exchange and discussion of ideas, analysis and policy proposals, to a better mutual understanding and a more supportive and productive environment for SMEs world-wide.
TWO AGREEMENTS SIGNED BETWEEN FACULTY OF ECONOMICS OF TECHNICAL UNIVERSITY IN KOŠICE & INSTITUTE OF ECONOMIC SCIENCES IN BELGRADE

News from the ERENET Members

Professor Vincent Šoltes, Dean of Faculty of Economics of Technical University in Košice signed today, two agreements on cooperation - one with the Institute of Economic Sciences (IES) and the other with Belgrade Banking Academy (BBA). Thus, the new possibilities for future successful cooperation opened, started on the realization of Project V-4.

On the day, when the Institute of Economic Sciences celebrates its 50th anniversary, the respected guests from Slovakia, in honor of this occasion, took part in the scientific conference. Besides, on the same day, the good news from Slovakia – the Faculty of Economics in Kosice was awarded the best faculty of economic sciences in Slovakia.

Source: http://www.ien.bg.ac.yu/vesti/2008/e_dec4_ugovor_kosice.html
INSITUTIONAL PROFILE

Center for Entrepreneurship

Top 25 Undergraduate Entrepreneurship Program
Princeton Review and Entrepreneur Magazine

1900 Belmont Boulevard, Nashville, TN 37212-3757 Phone: 615-460-6601 Fax: 460-6605
Email: ETP@mail.belmont.edu

Business students study entrepreneurship for many different reasons: they want to start a business, they think they want to start a business, they want special training for a family business or they simply know they don’t want to work for anyone else.

If you fit into any of these categories, the Center for Entrepreneurship has a place for you. The faculty and staff of the Center for Entrepreneurship understand the importance of entrepreneurs in today's business world.

Belmont's Center for Entrepreneurship offers a hands-on approach to help you hit the ground running, thanks to its co-curricular environment. Student entrepreneurs are given the opportunities to work in student-run retail spaces on campus or develop their own business ventures with the support of their professors. This hands-on approach equips students with the knowledge, skills and experience needed to be a successful entrepreneur.

Dr. Jeff Cornwall, Director for the Center for Entrepreneurship, is a well-known, respected figure in the entrepreneurial community. Cornwall, an educator, author, and entrepreneur is leading Belmont's efforts in expanding its entrepreneurship offerings and reputation in the greater business community.

The Center for Entrepreneurship has options for students at both the undergraduate and graduate levels. Undergrads can elect to major or minor in Entrepreneurship, expanding their entrepreneurial education beyond the business world. Graduate business students can expand their business education through the Center's graduate-level courses and connections to alumni who are already entrepreneurs.

Whatever your path or vision, Belmont's Center for Entrepreneurship has the expertise, passion and values to prepare you for your own entrepreneurial venture. Entrepreneur magazine named Belmont one of the Top Ten schools in the nation with an Emphasis in Entrepreneurship. In 2008, Belmont University's Center for Entrepreneurship received the USASBE(United States Association for Small Business and Entrepreneurship) National Model Undergraduate Program of the Year Award.

Source: http://www.belmont.edu/ce/about_us/index.html
CALLS – EVENTS – NEWS

CELTIC MANOR, SOUTH WALES

19-21 March 2009

Firing the British Economy

Firing the British Economy will certainly light up the business scene nationally and remind the rest of Europe of the strength and influence of the small business sector in the UK.

Motivation Speaker is Andrew Neil, a newspaper editor, publisher, broadcaster and business consultant on media matters.

The business programme of the event will consist of leading politicians, business gurus and inspiration achievers. John Humphrys, that investigative and incisive journalist of the BBC Radio 4's "Today Programme" will lead Question Time for MPs.

Socially what could be better than a Race Night, a Medieval banquet and Formal Ball over the three nights of Conference.

Celtic Manor is a superb venue and will house most attendees.

More detailed information about the programme can be found on:

www.fsb.org.uk/conference2009
Date: 20-21 May 2009
Venue: Tirgu - Mureş, Romania
Language: English
Organizers:
- Petru Maior University – Faculty of Economics and Administrative Sciences
- Institute of National Economy- Romanian Academy
- Entrepreneurship Research and Education Network of Central European Universities ERENET
  in cooperation with
- Corvinus University of Budapest – Small Business Development Centre
- J.J. Strossmayer University, Osiek
- Technical University of Kosice – Faculty of Economics
- Institute of Economic Sciences, Belgrade
- University of Ljubljana
- University of Strasbourg, France
- Fachhochschule, Frankfurt am Main, Germany

Background of the Conference:

The application of the science of “entrepreneurship” can be used to achieve success in any field. 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, manage and control actions and projects in order to achieve the set aims and objectives.

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.

In the process of education development there is an important task to increase skills by development and redefining of training courses and methodologies. Introducing basic entrepreneurship learning into schools and universities is an important part of the European strategy of sustainable development. Entrepreneurship education should not be confused with general business and economic studies: its goal is to promote self-employment, creativity and innovation. Universities should integrated entrepreneurship as an important element of the curricula. The Commissions calls its Member States to review their educational and training policies to make them more responsive to current challenges and anticipated changes in the labour market.

The Round Table on „Entrepreneurship Education” held within the framework of the 3rd International Conference on Economics, Law and Management (4-7 June 2008, Tirgu-Mureş, Romania) ascertained, that at time being there are only a few teaching staff on entrepreneurship in Romania. There are also little incentives to motivate teachers for getting involved in entrepreneurial teaching and interaction with students. At time being it is not recognized that it is important to build a career in entrepreneurship in addition to research as main promotion criteria. It is also recommended to develop a Bachelor and Master Entrepreneurship Program to be launched at the Petru Maior University in Tirgu Mureş.
Aim of the Conference:

- Review the best practice in entrepreneurship education for Bachelor – BSc - and Master – MSc - Programmes in selected EU member and candidate EU countries, as well as in North America (Canada and USA);
- Discuss the relationship between sustainable development and entrepreneurship;
- Determine the curricula for a possible BSc and MSc programmes on Entrepreneurship Education;

Conference Topics:

- Structure and experience of operation of Bachelor Entrepreneurship Program;
- Structure and experience of operation of Master Entrepreneurship Program;
- Possibility of combining BSc and MSc programs on Entrepreneurship with other curricula (like innovation, sustainable development, etc);
- Experiences with university business incubation programs and creation of university real and virtual incubators.

Call for Papers:

Submissions are invited. Abstracts and CVs should be sent to szabo.zs.katalin@gmail.com as Prof. Zsuzsanna Katalin Szabó, Dean of Faculty of Economics, Law and Administrative Sciences, Petru Maior University of Targu-Mures, before 28 February 2009.

Accepted papers will also be considered for inclusion in an edited book and also in the ERENET PROFILE.

Assistance:

ERENET will provide assistance in mobilizing its Members to make presentation in this event. Dr. Antal Szabó, Scientific Director of ERENET, will send invitation letters to possible speakers. His contact e-mail address is: antal.szabo@gmail.com.

Fee:

- Participation fee 100 €.
- For the authors of the accepted papers the Petru Maior University will cover the accommodation costs and boarding.
- For the invited speakers there is no participation fee and the Petru Maior University will cover the accommodation costs and boarding.

Conference Calendar:

- Deadline for Abstracts: 28 February 2009
- Acceptance Notification: within two weeks of receiving the abstract and CV
- Deadline for Full Papers: 30 April 2009
- Conference: 20-21 May 2009
- Papers Correction by Authors: 15 September 2009
- Book Publishing: 31 January 2010
UNESCO FORUM ON HIGHER EDUCATION ANNOUNCEMENT

Developments in higher education in the Europe Region (including Europe, North America and Israel) are significant for the whole world and deserve particular attention, monitoring and assessment. In this context UNESCO-CEPES and the Government of Romania represented by the Ministry of Education, Research and Innovation, in collaboration with the Council of Europe, the European Commission, EUA, ESU, and EI, are organizing the UNESCO Forum on Higher Education in the Europe Region: Access, Values, Quality and Competitiveness. This event is part of a series of regional conferences organized to bring regional concerns and expectations to the World Conference on Higher Education+10 “The New Dynamics of Higher Education” (WCHE+10), convened at UNESCO headquarters, Paris, France, 6-8 July 2009.

The UNESCO Forum will be held in Bucharest, Romania, from 21-24 May 2009 when ministers and other high level decision-makers, parliamentarians, representatives of the academic community will meet representatives from various academic and research institutions, governmental, national and international non-governmental organizations, individual experts, and media representatives from the UNESCO Europe Region and beyond. The Forum is an invitation only event.

The Forum will focus on the issues of access, values, quality and competitiveness, summing up the results of a series of important recent meetings in the field of higher education in the Europe Region, and assessing major developments and trends in higher education; providing a policy and intellectual platform for critical debate on the state and the future of higher education in the region; as well as providing input to the 2009 WCHE+10.

The following documents will serve as basis for discussions:

- Ten Years Back and Ten Years Forward: Developments and Trends in Higher Education in the Europe Region (also to be presented at the 2009 WCHE+10);
- Commissioned papers on access, values, quality and competitiveness.

The main outcome of the UNESCO Forum will be the Bucharest Message to the 2009 WCHE-Recommendations and Appeal, which will be proposed by the Programme Committee of the Forum for adoption by the participants. The Forum will also provide opportunities for networking, debates, academic book exhibitions, student gatherings, and more. A special issue of the UNESCO-CEPES journal Higher Education in Europe will be dedicated to this major event.

Scope and Aims

ICEIRD 2009 aims to provide an effective channel of communication between decision-makers (government, ministries and state agencies), researchers (universities, research and development centres, start-up centres and incubators), practitioners (SME leaders and managers) and persons concerned with the latest research, scientific development and practice on innovation and entrepreneurship in order to discuss topics that are of currency, relevance and significance for national competitiveness as well as sustainable, robust, and equitable regional development. ICEIRD09 aims to:

- address key factors in regional economic development, entrepreneurial vitality and innovation processes
- raise the level of awareness about innovation, entrepreneurship and competitive advantage
- strengthen the regional and international network among representatives from SEE countries and those from EU member states
- consolidate intra-SEE networks of SMEs, Start-up Centers and Incubators
- understand cultural and national barriers of entrepreneurship in the global economy
- promote best practices in innovation research and business development facilitate regional partnerships and innovation networks

Target Audience:

The conference is addressed at regional and international level and is targeted to academics, entrepreneurs, policy-makers, researchers and students who are involved in the latest research, scientific development and practice on innovation and entrepreneurship.

Conference Topics:

Creativity, Complexity and Competitiveness Issues for Small and Medium Enterprises (SMEs) in SEE vs. other regions (EU and other)

- Managing and Leveraging Complexity, Creativity and Innovation in SMEs
- Trust, Respect, Culture and Collaboration Issues for SMEs in SEE vs. other regions (EU and other)
- Leadership and Management practices that can be applied to SMEs
- SME Knowledge management and technology transfer
- SME Business process modeling
- New Technology Ventures Financing
- Business incubation management and leadership
- Human Resources Practices for promoting innovation for SMEs

South East European Entrepreneurial Innovation Clusters

- SMEs’ Entrepreneurship as an Innovation Driver
- Opportunities and barriers for closer cooperation between South East European SMEs in Innovation & Entrepreneurship:
- Strategic Integration vs. Flexibility and SME Competitiveness
• Innovation Clusters, Technology Transfer and Social Entrepreneurship
• Social Networking as Driver of EICs formation
• Science & Technology Parks and EICs
• Young and Women Entrepreneurs development via EICs
• Benchmarking of Entrepreneurship and Innovation Best Practices in the region
• Innovation policy in SMEs

Technology Innovation, Transfer and Commercialization across Government, University, Industry domains
• The role of the State and Public Policy with regards to SME Innovation and Entrepreneurship
• Governmental and regional policies on entrepreneurship and innovation
• Entrepreneurial Universities and Entrepreneurial Innovation Clusters
• Entrepreneurship education, University – Industry collaboration
• Innovative supply chains, Innovative Supply Chain Management practices in SEE
• SMEs and the role of the Innovation Zone (business centers and incubators)
• Intangibles Valuation and Intellectual Property Rights

Organized by
• City College  Affiliated Institution of the University of Sheffield, Thessaloniki, Greece (http://www.city.academic.gr/)
• South East European Research Centre (SEERC), Thessaloniki, Greece (http://www.seerc.org/)

ICEIRD2009 Call for Paper see at http://www.seerc.org/iceird2009/

Acropolis of Athens
Photos and © by Dr. Antal Szabó
1st INTERNATIONAL ENTERPRISE PROMOTION CONVENTION
15th-17th November 2009, Harrogate, UK
www.enterprisepromotion.org

INTERNATIONAL ENTERPRISE PROMOTION CONVENTION
- best practice in creation and development of small & medium enterprises world-wide
15th-17th November 2009, Harrogate, UK

WHY SHOULD YOU ATTEND?
A new opportunity to learn about best practice in enterprise promotion
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- Share best practice in enterprise creation and support services
- Exchange experience in entrepreneurship education and training
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WHO SHOULD ATTEND? All SME Specialists - for example:
- Business Advisers
- Financial Advisers
- Strategic Analysts
- Consultants & Mentors
- Policy Makers
- Support Organisations
- Educators & Trainers
- SME Bodies
- Trade Associations

TRACKS: (provisional) - dependent on the interest of participants
A - Advancing entrepreneurship education and training
B - Business birth-rate strategy - stimulating & supporting start-ups
C - Community, ethnic, minority, rural and social enterprises
E - E-business, e-learning, e-mailing and website marketing
I - Innovation, Incubation, networks and knowledge transfer
M - Management, skills development and global growth issues
S - Supporting small business development world-wide
V - Venture capital, business angels, finance, regulation & taxation
W - Women's enterprise and family business development
Y - Youth enterprise support programmes worldwide

ASK ABOUT DISCOUNTS FOR EARLY REGISTRATION

FOR FURTHER INFORMATION - Fax to: +44(0)1423 870025 or post to:
Convention Secretariat, PO Box 286, Dept NH902, Harrogate HG1 9AX, UK
E-mail: info@enterprisepromotion.org  Web site: www.enterprisepromotion.org

BY AIR MAIL
par avion

TO:
Brian L Dunsby, Organiser, Perlex Associates
ENTERPRISE CONVENTION SECRETARIAT
PO Box 286, Dept NH902
HARROGATE HG1 9AX,
UK

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I would like to present a paper on: __________________________________________
If yes, please detail: ______________________________________________________
I would also like to: Sponsor ☐ Exhibit ☐ Distribute Leaflet ☐

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International Small Business Congress 2009
Brisbane Convention and Exhibition Centre
Brisbane : Queensland : Australia
29 November - 2 December 2009

Invitation to attend

On behalf of the Organising Committee we take great pleasure in inviting you to attend the 36th International Small Business Congress (ISBC 2009), being held at the Brisbane Convention and Exhibition Centre, Brisbane, Queensland, Australia, from 29 November to 2 December 2009.

The ISBC is the leading international organisation - bringing together policy-makers and practitioners in the Small to Medium Business (SMB) sector, from around the globe. Being held in association with the Council of Small Business of Australia (COSBOA), the 2009 ISBC is expected to attract delegates from over 60 countries, including: small business executives, representatives from trade associations, government stakeholders, financial institution decision makers, business support organisations and academic communities.

The 2009 Congress theme - Small Business Reaching Out - will focus on different ways in which small business can engage with each other, in the community and on an international platform. Topics to be covered include:

- The challenge of e-business
- Building international SMB’s
- Financing SMB growth
- Intergenerational change and business succession
- Building green-friendly businesses
- Creating innovative business
- Franchising and expansion of the SMB sector
- Women in business
- Youth entrepreneurship
- Regional business
- Attracting and retaining staff

We look forward to welcoming you to Brisbane: your doorway way to SMBs across Australia and the world! Further Congress details will be available soon. To receive ISBC09 email updates please send your details to:

info@isbc2009.org
The address of the ERENET Secretary see below:

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