CONTENT

SUMMER MESSAGE

PAPERS

Antal Szabó
Bologna Process

Sanja Pfeifer
Institution Profile of the Josip Juraj Strossmayer University

Josef Glova
Implementing Bologna Process at the Technical University of Košice

Miroslav Glas
New Bologna-based Curricula at the University of Ljubljana

Krisztián Csapó - Gábor Kerékgyártó
Entrepreneurship Education at the CUB in the Bologna Process

László Szerb
Introduction of the Bologna Process Principles at Pécs

Daniela Stefanescu
The Bologna Process in Romania

Ragib Guliyev
Azerbaijan Republic has joined the Bologna Process

Jorma Routti
Creativity, Innovation and the Role of Higher Education in Economic Development

Iulia Iabanji
Promoting the Development of the Small Business Sector in the Republic of Moldova

CONFERENCE PAPERS

• ICELM-2 International Conference on Economics, Law and Management
• Workshop on Benchmarking of SMEs in Selected CEE and CIS Transition Economies
• EC SME Charter Conference

INSITUTIONAL PROFILE

• Engineering Business Management Faculty at ATU
• Faculty of Economics Oradea
• ESBA European Small Business Alliance
• The European Innovation Dialogue

CALLS – EVENTS – NEWS

• Hungarian Association of Young Entrepreneurs
• ESBA Delegation’s visit ERENET Headquarter
• OECD Forum on Social Entrepreneurship
• 3rd European Day of Entrepreneurs Zagreb
• Budapest Round Table
SUMMER MESSAGE OF THE SCIENTIFIC DIRECTOR

Dear Readers, Distinguished Friends,

It is my great honour to forward you the third issue of our joint new Internet periodical ERENETH PROFIL. We are in the middle of the summer. Finland just took over the EU Presidency from Austria. Majority of our university Members are relaxing either on the see-site somewhere at the Adriatic or the Aegean cost, at the Balaton, perhaps on the Carpathian Mountains. Others are visiting historic places like Dubrovnik, Istanbul, Krakow, Prague or Visegrád. Many others make up for lost time with their children and family, perhaps finish writing the new book or at least they have long wanted to read the book.

My just finished reading the book Going to Babadag by Andrzej Stasiuk, an, internationally acclaimed as a successful contemporary Polish writer, who traveled from Poland through Slovakia, Bulgaria, Romania, Albania, Moldova, the countries of the former Yugoslavia and the Hungarian provinces. From this travel journal emerges a treatise about half a continent, its cultures and inhabitants. The protagonists are landscapes that have not changed in years and people who, like the landscapes, have not changed in generations. He records stories of unneeded people and unknown place in the back of beyond and he finds the same things everywhere he goes: trash, decay, emptiness, the provinces, and rootlessness, bohemian. He is searching for acquiring a taste for nearly forgotten favours, which did not depraved by the Western civilization, flavors which keep together and distinguish the people leaving here. “I should write the story of Gypsy eternity, because I sense that in some way it is more enduring and wise than our states and cities and our entire world, which trembles lest it be eradicated,” writes Stasiuk. I like Stasiuk, because he is somehow a symbol for our ERENETH Network too, but while discovering our Central-European history and culture, we are hammering our new destiny.

Since our last publication significant steps were taken in our region. On 16 May 2006, the European Commission adopted its monitoring reports on Bulgaria’s and Romania’s preparedness for EU accession. In the light of its findings the Commission considers that Bulgaria and Romania should be prepared for EU membership on 1 January 2007, provided that they address a number of outstanding issues. Presenting the reports President Barroso said: “…in order to do, efforts must be intensified, especially in the reform of the judiciary and fight against corruption.” The Commission will review the progress of the two acceding countries no later than early October this year. We wish our candidate countries all success in adoption of their performances in accordance with the acquis communautaire. While we are happy to the achievements of the two mentioned countries, the EU relation is still not very clear and fair in the relation with Croatia and Turkey, two countries which are far advance in their economic reform and are considered as full fledge market economies.

This issue we devote the take a stock on the Bologna Process in the education system of the ERENETH member’s universities. During the 1st ERENETH Annual Meeting held on 31 March 2006, we decided to share experiences in this field. Harmonization of the university curricula is very important in our region due to the fact, that even at the reputable old EU institutions there are hiccups in the process, while the new-accession-candidate EU countries and transition economies all facing at once the problems of the transformation of their economies as well as reorganization of their education systems. At the same time the US and far-east universities are booming without the Bologna Process. However, we believe, that through this edition we shall collect information and share experiences, so in the future we could exchange the good and bad site of the “Bologna-coin” too.

Dr. Szabó Antal
Scientific Director of ERENETH
THE BOLOGNA PROCESS

This compilation is based on an independent media portal dedicated to EU affairs called EurActiv. * See at http://www.euractiv.com/en/education/bologna-process/article-117448

The Bologna Process aims to establish a European Area of Higher Education by 2010. The objectives are the introduction of undergraduate and postgraduate levels in all countries, with first degrees no shorter than 3 years; a European Credit Transfer System; the elimination of remaining obstacles to the mobility of students and teachers.

Background

On 25 May 1998, the Ministers in charge of higher education in France, Germany, Italy and the UK signed the Sorbonne declaration on harmonisation of the architecture of the European higher education system, a document preceding the Bologna declaration.

The Bologna process was launched after 29 Education Ministers signed a Declaration in Bologna in June 1999 to reform the structures of their higher education systems (See Annex 1). Each signatory country committed itself to reform its own higher education system in order to create overall convergence at European level. Bologna terms and definition see in Annex 2.

The process originates from the recognition that in spite of their valuable differences, European higher education systems are facing common internal and external challenges related to the growth and diversification of higher education, the employability of graduates, the shortage of skills in key areas or the expansion of private and transnational education.

The 29 signatory countries (Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Swiss Confederation, United Kingdom) committed to attain the Declaration’s objectives will “pursue the ways of intergovernmental cooperation”, in collaboration with higher education institutions and associations.

Issues

According to the Bologna Declaration, the following objectives have to be attained by 2010 in order to establish the European area of higher education and to promote the European system of higher education world-wide:

- **Adoption of a system of easily readable and comparable degrees**, also through the implementation of the Diploma Supplement;
- **Adoption of a system essentially based on two main cycles, undergraduate and graduate**: Access to the second cycle shall require successful completion of first cycle studies, lasting a minimum of three years. The degree awarded after the first cycle shall also be relevant to the European labour market as an appropriate level of qualification. The second cycle should lead to the master and/or doctorate degree;
Establishment of a system of credits – such as in the ECTS system – as a proper means of promoting the most widespread student mobility. Credits could also be acquired in non-higher education contexts, including lifelong learning, provided they are recognised by the receiving universities concerned;

Promotion of mobility by overcoming obstacles to the effective exercise of free movement. Students should get easier access to study and training opportunities outside their home country. Teachers, researchers and administrative staff should get recognition and apporteur n of periods spent in a European context researching, teaching and training, without prejudicing their statutory rights;

Promotion of European co-operation in quality assurance with a view to developing comparable criteria and methodologies;

Promotion of the necessary European dimensions in higher education, particularly with regards to curricular development, inter-institutional co-operation, mobility schemes and integrated programmes of study, training and research.

In May 2001, 32 Education Ministers met in Prague to sign the Prague declaration which added three key themes to the Bologna Process:

- Lifelong Learning;
- involvement of students;
- attractiveness and competitiveness of the European Higher Education Area to other parts of the world (including the aspect of transnational education).

During their summit meeting in Berlin on 19 September 2003, the education ministers agreed to:

- Set a 2005 deadline for promoting effective quality assurance systems, adopting a system essentially based on two main cycles (bachelor-master) and improving the recognition system of degrees and periods of studies;
- Secure closer links between the European higher education area and the European research area by to including the doctoral level as the third cycle in the Bologna Process;
- Reaffirm that higher education is a public good and a public responsibility and that the social dimension of the Bologna Process is important;
- Take the necessary steps to enable the portability of national loans and grants; stress the involvement of university and student organisations.

Seven countries decided to join the 33 countries that were part of the Bologna Process at that stage: Albania, Andorra, Bosnia and Herzegovina, the Vatican, Serbia and Montenegro, The Former Yugoslav Republic of Macedonia and, last but not least, the Russian Federation. With Russia coming on board, the European higher education area will be doubling in size.

At the Bergen summit on 19-20 May (see EurActiv 24 May 2005), ministers said that, by the time of the London summit in 2007, they would be looking for progress in:

- Implementation of the standards and guidelines for quality assurance as proposed in the European Association for Quality Assurance (ENQA) report;
- Implementation of the national frameworks for qualifications;
- The awarding and recognition of joint degrees, including at the doctorate level;
- Creating opportunities for flexible learning paths in higher education, including procedures for the recognition of prior learning.

The Commission issued a consultation document entitled “Towards a European Qualifications Framework for Lifelong Learning” in July 2005. The framework will enable people to compare the level of their certified skills and competences, both academic and vocational, in different countries. The process, which runs from July to December 2005, includes the 32 countries in the “Education and Training 2010” working programme,
the Bologna follow-up group, European social partner organisations, industry & sector organisations, and education and training NGOs. There will be a conference in the spring 2006 to consider the results of the process. The results will then be fed into a draft recommendation for approval by the Council in spring 2006.

A Higher Education European Qualifications Framework was agreed at the Bergen summit. The three levels of the Bologna Process (namely first degree, Masters degree and PhD) have been incorporated into the wider European Qualifications Framework.

Two of the mains question are: how will this process promote excellence (and not only “quality”) in the field of higher education and research? Will the reforms initiated in the frame of the Bologna process make European universities more attractive on the world education stage?

Positions:

The Council of Europe’s General Supporter encourages further work at national and European levels on the issue of learning outcomes as well as the development of a stronger European awareness of recognition issues, by strengthening existing networks and promoting more open access to relevant information.

Business associations consider that a coherent strategy is essential to ensure that measures taken in Member States have a real impact on the general employment situation and respond to companies’ needs, notably by creating conditions conducive to increased development of competencies within companies.

In its third report on the implementation of the Bologna Process, the European University Association (EUA) highlights that there is widespread support for the Bologna Process among Heads of Higher Education Institutions (HEI). According to EUA, priorities for the next phase of the Bologna Process should be:

- to maintain universities as a public responsibility;
- to consolidate research as an integral part of higher education;
- to improve academic quality by building strong institutions;
- to further mobility and the social dimension;
- to support the development of a policy framework for Europe in quality assurance.

In the creation of the European higher education area, EURASHE – European Association of Institutions in Higher Education sees as immediate priorities:

- The creation of networking structures and mechanisms between Professional Higher Education Institutions, Universities and other higher education institutions.
- The further improvement and enlargement of cooperation with stakeholders, especially students and business and industry.

ESIB- the National Unions of Students strongly believes in the potential for positive change in the Bologna Process. It considers that the social dimension should be at the heart of the Bologna Process, which involves questions linked to equity in access as well as equal chances of completion of studies. It stresses that a number of countries seem to be abusing the Bologna Process to carry out other reforms and strongly condemns these attempts of governments to hijack the process.
THE BOLOGNA DECLARATION OF 19 JUNE 1999

Joint declaration of the European Ministers of Education

The European process, thanks to the extraordinary achievements of the last few years, has become an increasingly concrete and relevant reality for the Union and its citizens. Enlargement prospects together with deepening relations with other European countries, provide even wider dimensions to that reality. Meanwhile, we are witnessing a growing awareness in large parts of the political and academic world and in public opinion of the need to establish a more complete and far-reaching Europe, in particular building upon and strengthening its intellectual, cultural, social and scientific and technological dimensions.

A Europe of Knowledge is now widely recognised as an irreplaceable factor for social and human growth and as an indispensable component to consolidate and enrich the European citizenship, capable of giving its citizens the necessary competences to face the challenges of the new millennium, together with an awareness of shared values and belonging to a common social and cultural space.

The importance of education and educational co-operation in the development and strengthening of stable, peaceful and democratic societies is universally acknowledged as paramount, the more so in view of the situation in South East Europe.

The Sorbonne declaration of 25th of May 1998, which was underpinned by these considerations, stressed the Universities’ central role in developing European cultural dimensions. It emphasised the creation of the European area of higher education as a key way to promote citizens’ mobility and employability and the Continent’s overall development.

Several European countries have accepted the invitation to commit themselves to achieving the objectives set out in the declaration, by signing it or expressing their agreement in principle. The direction taken by several higher education reforms launched in the meantime in Europe has proved many Governments’ determination to act.

European higher education institutions, for their part, have accepted the challenge and taken up a main role in constructing the European area of higher education, also in the wake of the fundamental principles laid down in the Bologna Magna Charta Universitatum of 1988. This is of the highest importance, given that Universities’ independence and autonomy ensure that higher education and research systems continuously adapt to changing needs, society’s demands and advances in scientific knowledge.

The course has been set in the right direction and with meaningful purpose. The achievement of greater compatibility and comparability of the systems of higher education nevertheless requires continual momentum in order to be fully accomplished. We need to support it through promoting concrete measures to achieve tangible forward steps. The 18th June meeting saw participation by authoritative experts and scholars from all our countries and provides us with very useful suggestions on the initiatives to be taken.

We must in particular look at the objective of increasing the international competitiveness of the European system of higher education. The vitality and efficiency of any civilisation can be measured by the appeal that its culture has for other countries. We need to ensure that the European higher education system acquires a world-wide degree of attraction equal to our extraordinary cultural and scientific traditions.

While affirming our support to the general principles laid down in the Sorbonne declaration, we engage in coordinating our policies to reach in the short term, and in any case within the first decade of the third millennium, the following objectives, which we consider to be of primary relevance in order to establish the European area of higher education and to promote the European system of higher education world-wide:
Adoption of a system of easily readable and comparable degrees, also through the implementation of the Diploma Supplement, in order to promote European citizens employability and the international competitiveness of the European higher education system

Adoption of a system essentially based on two main cycles, undergraduate and graduate. Access to the second cycle shall require successful completion of first cycle studies, lasting a minimum of three years. The degree awarded after the first cycle shall also be relevant to the European labour market as an appropriate level of qualification. The second cycle should lead to the master and/or doctorate degree as in many European countries.

Establishment of a system of credits – such as in the ECTS system – as a proper means of promoting the most widespread student mobility. Credits could also be acquired in non-higher education contexts, including lifelong learning, provided they are recognised by receiving Universities concerned.

Promotion of mobility by overcoming obstacles to the effective exercise of free movement with particular attention to:

- for students, access to study and training opportunities and to related services
- for teachers, researchers and administrative staff, recognition and valorisation of periods spent in a European context researching, teaching and training, without prejudicing their statutory rights.

Promotion of European co-operation in quality assurance with a view to developing comparable criteria and methodologies.

Promotion of the necessary European dimensions in higher education, particularly with regards to curricular development, inter-institutional co-operation, mobility schemes and integrated programmes of study, training and research.

We hereby undertake to attain these objectives – within the framework of our institutional competences and taking full respect of the diversity of cultures, languages, national education systems and of University autonomy – to consolidate the European area of higher education. To that end, we will pursue the ways of intergovernmental co-operation, together with those of non governmental European organisations with competence on higher education. We expect Universities again to respond promptly and positively and to contribute actively to the success of our endeavour.

Convinced that the establishment of the European area of higher education requires constant support, supervision and adaptation to the continuously evolving needs, we decide to meet again within two years in order to assess the progress achieved and the new steps to be taken.

SIGNATORIES:
Caspar DINEM
   Minister of Science and Transport, (Austria)
Jan ADE
   Director General, Ministry of the Flemish Community Department of Education, (Belgium)
Gerard SCHMIT
   Director General of French Community, Ministry for Higher Education and Research, (Belgium)
Eduard ZEMAN
   Minister of Education, Youth and Sport, (Czech Republic)
Anna Mmia TOTOMANOVA
   Vice Minister of Education and Science, (Bulgaria)
Tonis LUKAS
   Minister of Education, (Estonia)
Margrethe VESTAGER
   Minister of Education, (Denmark)
Claude ALLEGRE
   Minister of National Education, Research and Technology, (France)
Maija RASK  
Minister of Education and Science. (Finland)

Ute ERDSIEK-RAVE  
Minister of Education, Science, Research And Culture of the Land Scheswig-Holstein  
(Permanent Conference of the Ministers of Culture of the German Länder)

Wolf-Michael CATENHUSEN  
Parliamentary State Secretary, Federal Ministry of Education and Research, (Germany)

Adam KISS  
Deputy State Secretary for Higher Education and Science, (Hungary)

Gherassimos ARSENNIS  
Minister of Public Education and Religious Affairs, (Greece)

Pat DOWLING  
Principal Officer, Ministry for Education and Science, (Ireland)

Gudridur SIGURDARDOTTIR  
Secretary General, Ministry of Education, Science and Culture, (Iceland)

Tatiana KOKEK  
State Minister of Higher Education and Science, (Latvia)

Ortensio ZECCHINO  
Minister of University and Scientific And Technological Research, (Italy)

Erna HENNICOT-SCHOEPGES  
Minister of National Education and Vocational Training, (Luxembourg)

Korneljus PLATELIS  
Minister of Education and Science, (Lithuania)

Loek HERMANS  
Minister of Education, Culture and Science, (the Netherlands)

Louis GALEA  
Minister of Education, (Malta)

Wilibald WINKLER  
Under Secretary of State of National Education, (Poland)

Jon LILLETUN  
Minister of Education, Research and Church Affairs, (Norway)

Andrei MARGA  
Minister of National Education, (Romania)

Eduardo Marçal GRILLO  
Minister of Education, (Portugal)

Pavel ZGAGA  
State Secretary for Higher Education, (Slovenia)

Milan FTACNIK  
Minister of Education, (Slovak Republic)

Agneta BLADH  
State Secretary for Education and Science, (Sweden)

D.Jorge FERNANDEZ DIAZ  
Secretary of State of Education, Universities, Research and Development, (Spain)

Baroness Tessa BLACKSTONE  
Minister of State for Education and Employment, (United Kingdom)

Charles KLEIBER  
State Secretary for Science and Research, (Swiss Confederation)
Annex 2

BOLOGNA TERM AND DEFINITION
based on the http://www.wes.org/ewenr/03Sept/BolognaGlossary.htm

**Bologna Process:** The ongoing process of working towards the creation of a European Higher Education Area (EHEA), to be completed by 2010. See at http://www.sefi.be/

**Diploma Supplement:** The Diploma Supplement (DS) is a document attached to a higher education diploma aiming at improving international ‘transparency’ and at facilitating the academic and professional recognition of qualifications (diplomas, degrees, certificates etc.). It is designed to provide a description of the nature, level, context, content and status of the studies that were successfully completed by the individual named on the original qualification to which this supplement is appended. It should be free from any value-judgements, equivalence statements or suggestions about recognition. It is a flexible non-prescriptive tool which is designed to save time, money and workload. It is capable of adaptation to local needs. See at http://ec.europa.eu/education/policies/rec_qual/recognition/diploma_en.html

**ECTS (European Credit Transfer System):** Establishes common procedures for recognizing studies completed abroad. The main goal of ECTS is to promote the exchange of academic information among European institutions of higher education in order to facilitate student mobility. See at http://europa.eu.int/comm/education/programmes/socrates/ects_en.html

**Two-Cycle System (two-tiered system):** The Bologna Declaration calls for the adoption of a degree structure comprised of two clearly defined cycles: undergraduate (bachelors) and graduate (masters and doctorate). See at http://www.wes.org/ewenr/00jan/research.htm

**Degree Structure**

- **First Stage** (bachelor-level degree): A higher education qualification requiring between 180 and 240 ECTS credits. It normally takes three to four years of full-time study to complete this degree.
- **Second Stage** (master-level degree): The length of study programs leading to the master’s degree in Europe still varies considerably from country to country. However, there seems to be a trend towards a one-to-two year master’s degree requiring between 90 and 120 ECTS credits with a minimum requirement of 60 ECTS credits.
- **Joint Degrees:** Degree programs jointly developed by two or more institutions. These qualifications are still being developed and are not currently recognized.
- **Double Degrees:** A double degree is two or more degrees given by two or more higher education institutions for the same study program.


**Timeline**

1988: The Magna Charta Universitatum

April 1997: Lisbon Convention
Emphasizes mutual recognition of studies, certificates, diplomas and degrees to promote academic mobility among European countries.
May 1998: The Sorbonne Declaration
“harmonization of the architecture of the European Higher Education System” and is signed by education ministers from France, Germany, Italy and the United Kingdom.

June 1999: The Bologna Declaration
Signed by 29 countries pledging to restructure their higher-education systems in an effort to create a coherent, compatible and competitive European Higher Education Area by the year 2010.

March 2001: Salamanca Convention
Over 300 higher-education representatives gather in Salamanca to assess the role of higher-education institutions in the Bologna Process in preparation for the Prague Summit of education ministers.

March 2001: Göteborg Student Convention
In preparation for the Prague summit, representatives of the National Unions of Students in Europe (ESIB) formally adopt their position on the Bologna Declaration in Göteborg.

May 2001: Prague Summit
Adds three more countries (Croatia, Cyprus and Turkey) to the Bologna Declaration, reviews progress made in the Bologna Process, and sets directions and priorities for the upcoming years.
See at http://www.bologna-bergen2005.no/Docs/00-Main_doc/010519PRAGUE_COMMUNIQUE.PDF

May 2003: Graz Convention
The European University Association (EUA) council adopts the Graz Declaration, which emphasizes the central role universities must play in implementing the Bologna reforms.

September 2003: Berlin Summit
Reviews progress of the Bologna Process and set directions and priorities for the next stages of the European Higher Education Area. The Berlin Communiqué of Ministers is signed.

May 2005: Bergen Summit
Five more countries (Azerbaijan, Armenia, Georgia, Moldova, Ukraine) sign onto the Bologna Process bringing the total number of signatories to 45. The Bergen Communiqué of Ministers is signed. The communiqué emphasizes the need for further progress in international cooperation in quality assurance.
See at http://www.bologna-bergen2005.no/

From July 2005 the United Kingdom has established the new Bologna Process web site.
See at http://www.dfes.gov.uk/bologna/

1-2 June 2006: G-8 Ministerial Meeting on Education, Moscow,

* * *
Faculty of Economics in Osijek, grew out of the Centre for Economic Studies. This Centre was organized as an outreach of the University of Zagreb and its Department of Economics in 1959. In the 1961, Centre for Economic Studies was transformed into Faculty of Economic in Osijek, by the support of the local authorities, chamber of commerce and local business sector. It has been one of the oldest and largest constituents of the J.J. Strossmayer University which has been established in 1975.

From its foundation Faculty of Economics was oriented to the creating capacity of the local community in solving problems of economic – regional development; management and business administration. During past 45 years, Faculty of Economics has undertaken a number of strategy, structure and operation changes. The most recent change started in 2005 under the process of the Bologna reform.

**Strategy**

The vision of the Faculty of Economics in Osijek is to achieve excellence in the economic knowledge comparable to the world best practices. The mission of the Faculty of Economics is to become autonomous, contemporary, competitive institution in high education and to fulfill the highest quality standards in high education, science and research. The goal of the Faculty is to respond to the present and future business sector needs, providing students with knowledge and capability to respond to the theoretical and practical challenges, and to develop skills, competence and motivation for life long learning, by offering the number of the education concentrations.

**Resources**

Faculty of Economics operates on 5,050 m² of available space, it has got 18 multimedia lecture rooms (few of which are also conference rooms), computer lab, library, and several other special services units (restaurant; coffee room; book shop; administration room; etc). Its organizational structure comprises six Chairs (Chairs of national and international economics; management; marketing, finances and accounting; quantitative methods and ICT; interdisciplinary topics). In the 2006, there were 47 full-time; and 4 part-time teachers, assistants, novices engaged in the curricula development and implementation, together with 30 persons in administration.

**Operations**

The Faculty of Economics has got a long research and publishing tradition. Since 1979 when Institute for economic research was established as the part of the Faculty, a 32 scientific project focused on the regional economy and local business has been carried out, as well as numerous other researches creating the strong connection with the business sector. Scientific activity was supported by the publishing activity of the Faculty including a number of books, proceedings, scripts and manuals. Faculty of Economics publish also the Economic Gazette; semiannually journal referenced in the Sociological Abstracts and CAB International citation database, focused on the contemporary economy and management issues. Since its foundation Faculty of Economics has been developing strong international and national cooperation with the high education institutions in Croatia, Poland (Gdansk), Hungary (Pécs), Germany (Pforzheim; Augsburg; Friedberg). A number of scientific conferences have been organized (26) strengthening the partnership relations with the international and national partner institutions.

Study program has recently (in 2005) changed according to the ideas of the Lisbon and Bologna declaration in order to facilitate mobility, vertical and horizontal dynamics of education throughout the Europe. Following
the broad recommendation for creating the standardized high education area in Europe and throughout Croatia, Faculty of Economics undertook several program and organizational changes. In 2005, the previously four year undergraduate study was transformed into the 3 year of undergraduate study; the graduate programs was updated and a number of new created, while the doctoral programs are conceptualized as three year programs and their constitution is in progress.

The Faculty of Economics offers the 3+2+3 model of education as shown by Table 1. Undergraduate study comprises 6 semesters and offers 7 different concentrations options: Entrepreneurship; Management, Marketing, Financial Management, Economic policy and regional development; Business informatics; Commerce and Logistics.

The study programs consists of three semesters of the obligatory courses common to all educational concentration after which students have 3 additional semesters with the number of compulsory courses and elective courses. During these 4th, 5th and 6th semesters students have variety of choices to create curriculum customized for their career development expectation. Undergraduate study program results with the bacallaureaus degree that provides students with the basic knowledge of business operations, economy and provides them with the basic conceptual, technical and communication skills.

There are also 7 graduate programs following the undergraduate level including 4 semesters of education with concentration to economic policy and regional development; financial management; marketing; management; entrepreneurship, business informatics; commerce and logistics.

The four doctoral programs are under the process of review and they are expected to become operational to the end of the 2006. These doctoral programs consist of 6 semesters of theoretical, methodological lectures, seminars, workshops, and research and thesis preparation. They result with the deep conceptual competences, capacities to resolve theoretical and practical problems; and to conduct scientific research in the area of entrepreneurship; management; financial management and marketing.

During past 45 years Faculty of Economics in Osijek has educated 7,528 bachelors of economics, 367 masters of science, and 98 doctoral degrees candidates, thus providing enduring and substantial impact on the local and regional economic development and sustainability.
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<td>3.</td>
<td>Obligatory courses</td>
<td>30 ECTS</td>
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<td>2.</td>
<td>Obligatory courses</td>
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<td>1.</td>
<td>Obligatory courses</td>
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Entrepreneurship agenda – Osijek case – How it all began

From the 1989 small team of the professors, researchers and novices under the lead of the professor Slavica Singer has been engaged on the projects focused on entrepreneurship and financed by the Ministry of the science and technology. A number of initiatives that resulted from the projects led by professor Singer are listed as follows:

- Establishment of the micro credit program – NOA – savings credit cooperative (started in 1996, preserved more than 3500 jobs, and created 1500 new jobs)
- Establishment of the non-academic support of the entrepreneurial development, such as Center for entrepreneurship (started in 1997, where more than 7000 people asked for advice, and which has 200 constant users); business incubator – BIOS Osijek (more than 50 jobs created during the five years of operations)
- Establishment of the nontraditional Graduate program Entrepreneurship (started in 2000; from 2000-2006 total of 247 students were enrolled)
- Establishment of the policy think-tank group CEPOR, Zagreb focused on the sector of small and middle-sized companies (started in 2001. and a number of the opinion making programs and researches are in progress; local government strengthening projects were started in 2002 in the cooperation with a non-government organization Croatian Institute for Local Government and the Osijek Law School).

The value of these projects was their interconnection and interaction, networking with the corresponding ministries (of science, crafts and small business); academic sector (the strong research focus enabled connection and network with international scientific community and networks engaged in entrepreneurship (for instance Global Entrepreneurship Monitor – GEM – coordinated from USA/UK; Entrepreneurship Research and Education Network – EREN – Hungary, in the 2005 the International Advisory Board has been established); business sector; donors; and other stakeholders (for instance National council for competitiveness – Croatia). Among numerous partners, the Soros Economics Development Program, led by Piotr Korynsky, played the key role. The recognized the importance of this holistic program and supported its implementation by Open society institute programs ensuring financial, advisory and all other support in order to connect this program to the world best practice.

Initiative to start the graduate program was embedded in the vision that knowledge should enhance the capability of the community to deal with the challenges such as: high unemployment, weak competitive position of the economy, industry restructuring, large companies downsizing, etc. There were also a number of other reasons to start the Entrepreneurship graduate program. The traditional education is slow, specialized, segmented and focused on the large firm problems. On the other side business sector problems were holistic, interdisciplinary and complex.

At that time, the focus on entrepreneurship was an increasing trend in the higher education in both USA and Europe; the entrepreneurship has been hot topic throughout the world. Entrepreneurship education was also considered to be a tool for building entrepreneurial capacity of the community to fight unemployment and inertia, and passive attitude to career development and future. No other institution in Croatia provided entrepreneurship educational concentration. Therefore the entrepreneurship graduate program was designed to provide: SME integrative focus, holistic perspective and system thinking; entrepreneurship mindset, motivation and capacity to lead changes.

From graduate program to International Centre for Entrepreneurship Studies

Graduate program ENTREPRENEURSHIP started in year 2000 at the Faculty of Economics, University of Josip Juraj Strossmayer in Osijek. It was offered to the entrepreneurs, small business managers, or those who want to become entrepreneurs, both in the profit and the non-profit sector. Demand for program was substantial. Soon after sound theoretical background and strong practical benefit of the graduate program have been recognized, the managers of the large companies started to enroll program, too.
**Mission of the program** was to build country’s leading non-traditional academic program/institution, which will, combining theory and practice, attract young enterprising people and help them generate entrepreneurial skills and behavior, which would contribute to the development of small and medium enterprises in Croatia.

**Contents of the program** were designed to simulate the development of a business venture enterprise. Each of the four semesters represents a development phase of a business venture: from generating a business idea, starting up a business enterprise, managing established business, to sustaining growth. The program was connecting the current knowledge on entrepreneurship with the problems from real business life, in the profit and non-profit sector.

**Innovative methodology**
The program included innovative pedagogic methods and was carried out with active participation of students through team and individual practice assignments, with guest lecturers from the business world, and though the use of case studies. The creation of program’s own case study database was initiated through the use of the case study method in student’s master’s theses.

**Connection with the business world**
The graduate program ENTREPRENEURSHIP was closely connected with the business sector. It has been the only program in Croatia that focuses on entrepreneurship as a way of behavior and work, and on the sector of small and medium sized enterprises. Business people participated in the program as guest speakers. Students’ individual, team assignments, master’s theses were based on real world cases. Other activities, like entrepreneurs forums have been organized jointly with the Center for Entrepreneurship, to support creation of networks between students, program and business sector.

**Vision comes true**
During the 2004. the initiative to expand the graduate program to the undergraduate and doctoral study was proposed as project to create International Centre for Entrepreneurship Studies. In the meantime, the Bologna reform on the Faculty of Economics allowed much of these ideas to come true. The Entrepreneurship program as undergraduate and graduate program has been established and started in autumn of 2005. at the Faculty of Economics. Using the experience of the graduate program, the two additional cycles of entrepreneurship education were designed. The best international practice (Babson College) with the entrepreneurship programs has been taken into consideration. Courses are distinguished to reflect different learning outcomes on the undergraduate, graduate and doctoral level, as well as to correspond to the Bologna requirements. The structure of the undergraduate and graduate program in entrepreneurship is presented in the Table 2.

**Table 2: Entrepreneurship undergraduate and graduate program**

<table>
<thead>
<tr>
<th>Undergraduate program 180 ECTS</th>
<th>Graduate program 120 ECTS</th>
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</thead>
<tbody>
<tr>
<td><strong>Obligatory courses</strong></td>
<td><strong>Obligatory courses</strong></td>
</tr>
<tr>
<td>Principles of economics – 7 ECTS</td>
<td>Contemporary <em>Business Activities</em> - 5 ECTS</td>
</tr>
<tr>
<td>Statistics – 7 ECTS</td>
<td><em>Innovations</em> – 5 ECTS</td>
</tr>
<tr>
<td>Principles of organisation – 7 ECTS</td>
<td><em>Entrepreneurial Skills</em> - 5 ECTS</td>
</tr>
<tr>
<td>Sociology - 6 ECTS</td>
<td><em>Presentation Skills</em> – 5 ECTS</td>
</tr>
<tr>
<td>Business foreign language I – 3 ECTS</td>
<td><em>Introduction to Research of Entrepreneurship</em> – 5 ECTS</td>
</tr>
<tr>
<td>Physical and health culture I – 0 ECTS</td>
<td>New Ventures II – 5 ECTS</td>
</tr>
<tr>
<td>Microeconomics – 6 ECTS</td>
<td><em>Entrepreneurial Management</em> – 5 ECTS</td>
</tr>
<tr>
<td>Marketing – 5 ECTS</td>
<td>Case Writing Seminar</td>
</tr>
<tr>
<td>Croatian economy – 5 ECTS</td>
<td><em>Growth Strategies for Small and Medium-sized Businesses</em> – 5 ECTS</td>
</tr>
<tr>
<td>Accounting – 6 ECTS</td>
<td>Theory of Entrepreneurship – 5ECTS</td>
</tr>
<tr>
<td>Computer science – 5 ECTS</td>
<td><em>Elective courses</em></td>
</tr>
<tr>
<td>Business foreign language II – 3 ECTS</td>
<td></td>
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<tr>
<td>Physical and health culture II - 0 ECTS</td>
<td>Leadership – 5 ECTS</td>
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<tr>
<td>Course</td>
<td>ECTS</td>
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<td>----------------------------------------------------------------------</td>
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<tr>
<td>Macroeconomics – 6 ECTS</td>
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<tr>
<td>Mathematics – 6 ECTS</td>
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<tr>
<td>Public finances – 5 ECTS</td>
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<tr>
<td>Management – 5 ECTS</td>
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<tr>
<td>Entrepreneurship – 5 ECTS</td>
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<tr>
<td>Business foreign language III – 3 ECTS</td>
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<tr>
<td>Physical and health culture III – 0 ECTS</td>
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<tr>
<td>Institutional system of the EU – 5 ECTS</td>
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<tr>
<td>Financial markets and institutions – 6 ECTS</td>
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<tr>
<td>International economics – 6 ECTS</td>
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<tr>
<td>Business foreign language IV – 3 ECTS</td>
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<tr>
<td>Physical and health culture IV – 3 ECTS</td>
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<tr>
<td>Business law – 5 ECTS</td>
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<tr>
<td>New venture I – 5 ECTS</td>
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<tr>
<td>Family Business – 5 ECTS</td>
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<tr>
<td>Entrepreneurial finance – 5 ECTS</td>
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<tr>
<td>Quantitative methods for business management – 5 ECTS</td>
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<tr>
<td>Corporate Entrepreneurship – 5 ECTS</td>
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<tr>
<td>Human Resources Management – 5 ECTS</td>
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<tr>
<td>Management skills 5 ECTS</td>
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<tr>
<td>Credit analysis – 5 ECTS</td>
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<tr>
<td>Entrepreneurial strategies – 5 ECTS</td>
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<tr>
<td>Manager skills – 5 ECTS</td>
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<tr>
<td>Manager communication – 5 ECTS</td>
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<tr>
<td>Business logistics – 5 ECTS</td>
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<tr>
<td>Agricultural economics – 5 ECTS</td>
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<tr>
<td>IC system solutions for business applications – 5 ECTS</td>
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<tr>
<td>Business foreign language V – 5 ECTS</td>
<td></td>
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<tr>
<td>Family entrepreneurship – 5 ECTS</td>
<td></td>
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<tr>
<td>Manager decision-making – 5 ECTS</td>
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<tr>
<td>International marketing – 5 ECTS</td>
<td></td>
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<tr>
<td>Leadership and economic development – 5 ECTS</td>
<td></td>
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<tr>
<td>Databases and business process – 5 ECTS</td>
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</tbody>
</table>

**Elective courses**

<table>
<thead>
<tr>
<th>Course</th>
<th>ECTS</th>
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<tbody>
<tr>
<td>Selling Skills – 5 ECTS</td>
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<tr>
<td>Business Ethics – 5 ECTS</td>
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<tr>
<td>Business law – 5 ECTS</td>
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<tr>
<td>Credit analysis – 5 ECTS</td>
<td></td>
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<tr>
<td>Entrepreneurial strategies – 5 ECTS</td>
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<tr>
<td>Manager skills – 5 ECTS</td>
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<tr>
<td>Manager communication – 5 ECTS</td>
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<tr>
<td>Business logistics – 5 ECTS</td>
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<tr>
<td>Agricultural economics – 5 ECTS</td>
<td></td>
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<tr>
<td>IC system solutions for business applications – 5 ECTS</td>
<td></td>
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<tr>
<td>Business foreign language V – 5 ECTS</td>
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<tr>
<td>Family entrepreneurship – 5 ECTS</td>
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<td>International marketing – 5 ECTS</td>
<td></td>
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<tr>
<td>Leadership and economic development – 5 ECTS</td>
<td></td>
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<tr>
<td>Databases and business process – 5 ECTS</td>
<td></td>
</tr>
<tr>
<td>Business foreign language VI – 5 ECTS</td>
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</tbody>
</table>

Note: students can choose a number of elective courses to fill the normative of 180 ECTS for undergraduate and 120 ECTS for graduate study.

Upon the completion of the UNDERGRADUATE program in ENTREPRENEURSHIP students acquire the knowledge and skills necessary for starting their own business, i.e. for self-employment (understanding the process of connecting ideas and opportunities into a business venture, experience gathered through participation in the selection of the best business plan, and through running their own student-business as practical part of their education). Upon the completion of the GRADUATE program in
ENTREPRENEURSHIP students acquire competences for understanding the process of growth of a business venture, based on knowledge and innovations, i.e. the students are qualified for managing business systems with the potential of growth. This program also provides students with the basic requirements for the enrollment in the doctoral program.

Impact

During 2000-2006, ten cohorts of the students have been enrolled to the graduate program of Entrepreneurship, a total of 247 students. From the 2005 the first generation on the undergraduate program Entrepreneurship (ca. 70 students) has been enrolled.

The several of the former students of the graduate program of Entrepreneurship, upon obtaining their master degree, obtained a teaching position on the undergraduate program of Entrepreneurship at the Faculty of Economics in Osijek, the others have been promoted in their firms, started their own firm and enhanced their career options. They have regular meetings through Alumni forums, and publish their monthly newsletters.

Program become recognized in the region and attracted students from other part of the Croatia; as well as from former Yugoslavia countries such as: Bosnia and Herzegovina; Montenegro.

Strong connection with the local business sector, community and international academic community has been established. The mutual cooperation allowed extending scarce resources, to target broader market and to provide integrative solutions to the clients and partners. Networking, cooperation activities, embeddedness in the local challenges and responsiveness to the business sector needs, have been recognized as the important strengths of the program in Entrepreneurship. However, it has taken almost 15 years, to develop such a capability.

What we have learned?

The entrepreneurship is the mindset, and it takes a number of years to master it. The initiative to establish the International Centre for entrepreneurship studies responds to the unsatisfied needs (practical theory for business sector), to non-existent supply for such demand, and to the trends in the developed world and created a strong momentum in the regional development. Its results are as follows:

- Establishment of the nontraditional undergraduate, graduate and doctoral study with focus on the needs of micro, small and medium businesses, as well as entrepreneurship in restructured big companies
- Enhancing connections of the university program with the program of education and training for owners of micro, small and medium businesses in the Centre for entrepreneurship in Osijek through the development of Life Long Learning program
- Creation of the additional supporting infrastructure within the Centre for entrepreneurship by establishing centers for family business and franchising.
- Developing the distance learning capacities of the program in entrepreneurship and providing the interactive and innovative pedagogy
- Providing research projects in the field of entrepreneurship (participation in projects by Global Entrepreneurship Monitor, Designing an SME training model for Croatia, financed by the European Training Foundation, in the Business Confidence Index project in cooperation with CEOR – SME Policy Think Tank in Zagreb, etc.)
- Supporting cooperation with the international academic community. A number of distinguished professors are already participating in the development and delivery of the program such as Allan Gibb, professor emeritus, Durham University, UK, David Pistrui, DePaul University, SAD, Sanda Erdelez, University of Missouri. Preparations for the TEMPUS program are in progress in cooperation with Turku University in Finland, Strathclyde University in UK, Durham University in UK to co-finance the development of the graduate and doctoral program in entrepreneurship with the cooperation of these universities.
Transforming the educational curriculum according to the Bologna declaration brought more dynamics, speed and flexibility in the university level education. Notwithstanding the urgency of the educational reform and the benefits of the reform (shorter educational cycles, earlier and more flexible career development, customized educational program, etc), there are also few drawbacks of the reform. The students are overloaded by the number of the courses; the institutions are overloaded by the program standards; the business sector still needs to be informed of the benefits of Bologna learning outcomes and skills. There are also other issues: consensus about the model of the undergraduate, graduate and doctoral studies has been absent and some of the universities in Croatia are developing 3+2+3 model; while few are developing 4+1+3 model diminishing mobility of the students as important feature of the Bologna declaration. The capacity of the institution to respond to the new curriculum and pedagogical outcomes needs to be expanded; the mobility of student, teachers and researchers needs more cooperation of the different stakeholders: local authorities, ministry, academic sector, business sector.

The main goal of Lisbon and Bologna reform is to make the Europe the more competitive space. Faculty of Economics recognized education in entrepreneurship as an important pillar of competitiveness and refocused its strategy to that goal. Although the start seems promising, there are a lot of challenges ahead.

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E-mail: Jozef.Glova@tuke.sk

IMPLEMENTING BOLOGNA PROCESS AT THE TECHNICAL UNIVERSITY OF KOŠICE

The Technical University of Košice (TU) had joined the Bologna process by gradual implementation of the three-level model of education before Act No 131/2002 Coll. On Higher education institutions came into effect. The first bachelor study programmes at the TU were adopted in 1993 (faculties FME, FCE, FEI and FMEMG) and later on also by all the other faculties of the TU. The ECTS system of measuring learning achievements was started to be gradually implemented by the TU in 1994 at those faculties which as the first adopted bachelor study programmes alongside with the parallel model of the engineer study programme (1993 – 1999) and subsequently the study models were adopted as they are defined in accordance with the Bologna process. It is the fourth year since the Faculty of Civil Engineering and the Metallurgical Faculty adopted the three level model of education. As of 1 September 2005, all the faculties adopted the three level model of education. Thus, at present TU has students admitted to the accredited study programmes and the accredited fields of study who will continue and complete their study according to these programmes and fields of study in the next 4 years. After those 4 years all TU students will study in the three level model of education according to the Bologna process.

At present the TU has 9 faculties covering a wide range of educational programmes and research activities (in brackets is the year of its establishment):

Faculty of Mining, Ecology, Management and Geotechnology (1952) – FMEMG
Faculty of Metallurgy (1952) – FM
Faculty of Mechanical Engineering (1952) – FME
Faculty of Electrical Engineering and Informatics (1969) – FEI
Faculty of Civil Engineering (1976) – FCE
Faculty of Economics (1992) – FE
Faculty of Manufacturing Technologies in Prešov (1992) – FMT
Faculty of Arts (1998) – Fart
Faculty of Aviation (2005) – Fav

It is worth mentioning that Technical University is unique in its structure. Its activities are focused not only on the fields of technology rapidly developing in the world (e.g. information and communication technology) but also on classic technical sciences, the TU offers study programmes in mountain sciences as well as aviation, economics and art. By establishing new faculties the University promptly responded to the social development and changes, which took place in the past period, as well as requirements of potential students and industry.
Reflection

The necessity to implement a new system of education is based on the requirements of the European research and educational environment, with respect to which the TU adopted the Long-term plan to achieve its goals, e.g.:

- **Development and accreditation of study programmes** within the three-cycle higher education system in accordance with the Bologna process implemented in EU countries;
- **Implementation of the quality management system** in education according to the systems developed in EU countries preparatory to international accreditation of study programmes at TUKE;
- **Lifelong learning system development** following the second cycle and supported primarily by the Institute for lifelong education.

These goals meet the requirements of the Bologna process: adoption of a system of easily readable and comparable academic degrees; adoption of a three level system of higher education. A system of credits was established at the University pursuant to edict No. 614/2002 Coll. On the credit system in compliance with ECTS, which supports credit transfer and improves student and teacher mobility within the University.

Developing awareness of the necessity to change one level study programme into multiple level study programmes, adoption and implementation of uniform rules turned out to be a complicated process. Doubts and fears the TU staff had because of the expected changes as well as not very positive feedback on bachelor employability were not a very encouraging beginning.

Bachelor degree study in the study programmes in the parallel model with master degree study was implemented in the first phase (1993 – 1999) followed by serial models (2002-2003). The Act on Higher Education Institutions adopted a three level model of higher education. The quality and readiness of the university and faculty study programmes were monitored at the university level and evaluated by the accreditation commission – advisory body of the SR Government.

General principles of the reform process were laid down in the Bologna Declaration. The TU started implementing these principles along with creation quality management system (in accordance with ISO 90001/2000). Also the evaluation results (current interim evaluation by EUA at TU) based on European University Association (EUA) standards and the overall accreditation results will play a lead role in Quality monitoring and quality management in the further development of the TU.

Subject leaders in collaboration with leaders of study programmes developed the criteria of the study programmes based on the fields of study. When preparing study programmes special emphasis was laid on compatibility and comparability of the higher education system in Slovakia with the EU. Another priority was development of student personality, a graduate of a particular study programme with adequate career opportunities.

A change of competences in the course of transformation of the education process significantly affected the structure of institutional and human resources.

The central governing body in charge of the implementation of the Bologna process was made up of the University or faculty management board that coordinated the activities of the programme committees. A programme committee submitted study programmes for comments, evaluation and approval. The University Rector submitted the programmes approved by the Scientific Board to the Accreditation commission.

A programme committee was made up of a submitter (prospective programme leader), representative of the faculty management, heads of research and scientific workplaces (faculty departments). Responsibilities and tasks were divided among the persons concerned at different levels.
Top management staff, leaders of study programmes, subject leaders and teachers are responsible for implementation of the reforms.

Emphasis was laid on obtaining the newest information and know-how about similar systems functioning abroad (the USA, EU), feedback from our staff members and students. In connection with that, a number of meetings, seminars and conferences took place.

**Process**

The effort of the University and the faculties to apply a multi level system of education in the shortest time possible resulted in adoption of a unified strategy. In the preliminary phase a uniform procedure of preparation of the new study programmes was defined following Act No. 131/2002 Coll. And edict No 614/2002 Coll. Programme specifications of the faculties required modifications to the processes and creation of the interfaculty and university study programmes. The TU is one of the first universities in the Slovak Republic ready to offer higher education programmes in accordance with the Bologna process.

The preliminary phase was based on the frame documents of the Ministry of Education of the SR and included compiling a set of study programmes within the university and the faculties. Subsequently leaders of the study programmes defined contents of the study programmes.

Transformation of the study programmes at the TU in accordance with the requirements of the Bologna process and Act 131/2002 Coll. Took place in the years 2002 –2004. Most study programmes were prepared for evaluation by the end of 2003. Changes to the TU ordinances and regulations were made alongside preparation of the accreditation files (issue of the uniform study order, implementation of the quality evaluation system, etc.).

Each phase of the preparatory process was evaluated or modified, as necessary. In order to harmonize study programmes within the faculties and the university it was necessary to compare and coordinate procedures and contents throughout the whole preparatory process.


Preparation of the new study programmes was funded from several sources (funds from state sources of the Ministry of Education of the SR, fund from projects of higher education development, out-of-budget funds).

**Attitude and general assessment of Bologna reforms**

The Slovak labour market was not yet ready for university graduates who completed courses in the first bachelor study programmes (FME, FCE, FEI and F MEPCG, since 1993). During the period before the defined date of commencement of the three level education model (Act No 131/2002 Coll./ academic year 2005/2006) there was an increase in demand for Masters of science in engineering and Masters of technical science as well as interest in graduates of bachelor study programmes.

Governmental and EU activities also played an important role in accelerating transformation of higher education. Joint European market showed an increased interest of the foreign companies in graduates of bachelor study programmes.

Successive implementation of the distinguishing features of the European education system also helped to transform the higher education system at the TU, i.e. establishing a system of credits, degree classification A-FX and information centres. Parameters, such as adoption of the unified study order at the university, established system of credits (ECTS), grading scale, student workload (24 h/week) and 13 weeks term, which meet recommendations of the EUA, accelerated implementation of the reforms. In spite of above-mentioned positive features teachers and experts raised doubts about the quality of the bachelor degree.
The scope of competence within the framework of the study programme, qualitative parameters of graduates, graduation requirements, employment opportunities as well as further education of the graduates are listed in the Accreditation file. The concept of the accredited study programmes (www.tuke.sk in English version click on Study Programmes) of all levels enables students to develop within the programme, choose optional and elective subjects offered by the given programme or other programmes within the TU. The system also provides other forms of learning (e-learning, part-time) and supports development of mobility.

**Curricular Reforms/Introduction of the two-cycle structure**

At present all faculties within the TU offer bachelor study programmes as either full time or part attendance in accordance with the Bologna process. The FCE and Farts have been implementing the second level of higher education study since the academic year 2005/2006 and in the coming academic year the Faculties FEI and FM will also admit students to the second level of higher education study. The vice-rector for education provides support on implementation of study programmes; at lower levels it is vice deans for bachelor and master study programmes and heads of the research-pedagogical workplaces.

New study programmes at the first level of study are focused on general knowledge acquisition within the study programme; at the second level the study programmes are on a subject-oriented pattern – specialization. Entry requirements for admission to the programmes of study are defined by the accreditation file and are equal for both Slovak and foreign students. From the experience at the FCE it is obvious that the majority of students want to continue in their study at the maternal university in the fields of study or transfer to a related specialization.

A positive feature of building a research-led university is an increase in the number of students at the third level. Study programmes of the third level comprise curriculum studies, participation in research-scientific activities, study abroad periods, conferences, etc.

Employability of graduates from these levels of study and study programmes depends on social demand. Monitoring of graduate employment has always been of paramount importance to assess quality and fulfilment of expectations from implementation of multi level higher education study.

**Recognition of Degrees and Periods of Study**

Differences in scope and contents of subjects of the study programmes are defined by the framework of the fields of study for each level of higher education study. The established system of credits at the TU at all the three levels of study is compatible with ECTS and enables transfer and accumulation of credits. It also enables and promotes student mobility within European study programmes. To guarantee recognition of study abroad programme, i.e. taking some courses and subjects at a providing partner university, a „Learning agreement” is signed prior to student’s departure. (TUKE Study order, edict No 614/2002 Coll.). Students may transfer from one programme of study to another within the university or the faculty according to edict No 614/2002 Coll. On the system of credits.

Admissions requirements for a higher level of study are defined in the Accreditation file of each study programme and are approved yearly by the Academic Senate. Further education, which is offered in the form of courses, and lifelong learning provided by the TU and its scientific-pedagogical workplaces, have not been fully conceptually developed yet to comply with the Bologna process. The system of credits is still not used everywhere. Requirements of the course (scope, content, classification and grading scale) are defined by an agreement.

The diploma supplement is issued to students graduating in closing study programmes on their request in Slovak or a foreign language. Graduates in study programmes admitted to the accredited study programmes pursuant to new legislation receive a diploma supplement in Slovak or a foreign language free of charge after successfully completing their studies. Diploma supplements issued by the TU help to eliminate language barrier and improves international recognition of academic and professional qualifications in EU countries.
Diplomas issued by foreign universities are accepted upon verification at the Institute of prediction and information on education in accordance with edict No 614/2002 Coll. Taking into accounts the credits of the university.

Table 1: Educational cycles at the Faculty of Economics in Košice, Slovakia

<table>
<thead>
<tr>
<th>Semester</th>
<th>Requirement</th>
<th>Educational concentration</th>
<th>Finance, Banking and Investment</th>
<th>Finance</th>
<th>Regional Development and Public Finance</th>
<th>Business Informatics</th>
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Entrepreneurship undergraduate and graduate program

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<td>Corporate finance – 5 ECTS</td>
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<td>Taxation and taxing systems – 5 ECTS</td>
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<td>Electronic banking – 3 ECTS</td>
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### Elective courses

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<tr>
<td>Decision making theory – 3 ECTS</td>
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<td>Presentation software – 3 ECTS</td>
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<td>Management games – 3 ECTS</td>
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<td>Ökonomie und Soziologie der privaten Haushalte – 3 ECTS /in German/ - 3 ECTS</td>
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<td>EU Auditing / in English/ - 3 ECTS</td>
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<td>Markting und Kommunikation / in German/ - 3 ECTS</td>
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<td>International Competition /in English/ - 3 ECTS</td>
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<td>Investition und Finanzierung /in German/ - 3 ECTS</td>
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<td>EU Auditing / in English/ - 3 ECTS</td>
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<td>International Competition /in English/ - 3 ECTS</td>
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<tr>
<td>Management Information systems in Banking /in English/ - 3 ECTS</td>
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<tr>
<td>Preparation course for obligatory test of business foreign language – 3 ECTS</td>
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<td>Quality management in services – 3 ECTS</td>
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<td>Social Communication – 3 ECTS</td>
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### NEW BOLOGNA-BASED CURRICULA

**AT THE UNIVERSITY OF LJUBLJANA**

*Keywords: Entrepreneurship education, Bologna declaration, university curriculum*

#### ABSTRACT

Most university curricula in transition countries, Slovenia including have been radically changed in early 1990s. However, as part of the Bologna process, new development objectives have been set and further changes in technology, sciences and the global as well as the EU business environment demand new rethinking of higher education. However, in Slovenia this process is rather slow and controversial and new higher education institutions are quicker in following new trends.

Faculty of Economics, one of the largest departments at the University of Ljubljana started early to introduce a new Bologna-based curriculum since the former one really needed a review after almost 15 years. Following the EU Lisbon strategy, there is now also more room for entrepreneurship as ever. Faculty of Economics has taken the opportunity to cope with this context as one of first departments at the University of Ljubljana. Still, there are some critical points, not to say doubts, about the proposed »3+2« curriculum, and the regulation as proposed by the Ministry of Higher Education, Science and Technology (MHEST) has not provided optimal solutions, yet. Some options will be discussed as how to proceed with this reform, not only at the Faculty of Economics but at other departments as well.

#### INTRODUCTION

University of Ljubljana covers two thirds of students in higher education in Slovenia. As a huge and rather conservative institution, it did not embrace the Bologna process very openly. Departments in social sciences and humanities are rather positive in developing new curricula while departments in technology, sciences and medicine are proceedings quite slowly and some will wait for the legal deadline of 2008 where all higher education has to introduce Bologna-based curricula.
Faculty of Economics is by the number of students by far the largest university institution for the teaching and research on economics and business in Slovenia. Its curriculum at the university level has been created in early 1990s, with the break-up with the self-management system in former Yugoslavia, while the business school programme was set-up some years later. Some minor changes in curricula had been done, however there was ultimately the time to rethink both curricula, within the Bologna process or not. However, the guidelines of the Bologna declaration have been a welcome direction to join the European Higher Education Area.

Entrepreneurship has been introduced as a teaching and research discipline at the undergraduate level in early 1990s, while the graduate programme, a result of a TEMPUS-JEP project started in 1992. A stream on small business management at the level of Business School started in mid-1990s. With this tradition, there was the question of how to make a further step in entrepreneurship contents within Bologna curriculum.

1. BUSINESS ENVIRONMENT IN SLOVENIA

Slovenia got its statehood in 1991, following a short period of fight with the Yugoslav Army. The economy has already started the process of radical restructuring towards a full-fledged market economy. However, the period of the creation of new political and economic order brought further problems to the transition process: loss of the major Yugoslav markets, need to introduce own currency and to re-start some broken business ties, search for new export markets. Large companies were mostly dissolved due to internal inefficiencies and the slow privatisation processes. Already in 1990, the process of establishing a large number of new private ventures started (Glas & Drnovsek 1999), opening the need to extend entrepreneurship education and training to a number of new owner-managers with virtually no previous managerial experiences.

While a host of programmes evolved (Glas, Petrin & Vahcic, 1998) at the secondary as well as higher education level and many training centres successfully built on foreign experiences, the entrepreneurial wave faced a multiplicity of problems with the administration and increasingly competitive business environment. The first decade of the new century introduced important steps in the international status of Slovenia, becoming a full member of the European Union on 1 May 2004, as the most developed country from the Eastern Europe. However, despite the positive annual rates of growth of GDP during 1995-2005 in the range of 2.5-5.6 %, well above the growth in the Euro-zone, Slovenia failed to capitalise on its advantages about other Central and Eastern European (CEE) countries, mainly due to its stance on FDIs and the “unfriendly” attitude towards entrepreneurship and higher economic inequality.

Slovenia entered the international research project GEM – Global Entrepreneurship Monitor in 2002. The results for the period 2002-2004 have significantly deteriorated with the TEA index 4.63 in 2002 (placing Slovenia on the 25th place among 37 countries, with a number of EU countries left behind) and barely 2.60 for 2004, leaving Slovenia on the 33rd place among 34 countries, with only Japan behind. This finding about the embarrassingly low number of potential entrepreneurs adds to the fact that the number of registered business units dropped from 118,007 in 1999 to only 104,400, with further 10-15,000 closings expected as the result of the global and EU competition in next 1-2 years. While there are some positive signs that mostly “sleeping” firms closed due to the financial regulations and the process of concentration increased the average number of employees in micro businesses slightly, the need to intervene through education and training is emphasised by the facts that the rate of innovation in SMEs is rather low, the technology transfer from universities to business is the key weakness in the decreased level of Slovenian competitiveness and the level of education of owner-managers is inappropriate.

In 2004 the Government added to this gloomy picture of entrepreneurship in Slovenia by the new tax system, further squeezing net incomes of businesses and destroying motivation for business by huge taxation of capital gains, on the top of the pressures from the global market on some industries. While such an attitude contributed to the fall of government on 2004 elections, we still only have vast promises from the new government about the support for entrepreneurs, with some conflicting moves on increasing pensions and discontinuing some highly promising projects of clustering and “soft” support to new and existing SMEs.
2. NEW BOLOGNA-BASED CURRICULUM

The attitudes towards the Bologna declaration in Slovenia are quite controversial – both at the government level and within universities, some doubts and mistrust are more articulated than support. With the new government from the Autumn 2004, these attitudes were even reinforced and a “cautious approach” was recommended. Mostly the technology and science departments openly resist the objectives and some other departments are simply not ready to engage their resources to make decisive moves. The new Ministry for Higher Education, Science and Technology (MHEST) has made the development uncertain, since the financial aspect of the second (master) cycle were left unresolved less than five months before the start of new curricula on the handful of departments.

The problems with introducing new Bologna-based curricula are related to three issues: first issue is the legislation on higher (university) education, which has been delayed; the second issue concerns the developments in the higher education with a number of new institutions introduced or in the planning stage; and the third issue concerns the internal development at the University of Ljubljana, where different departments do not share the same views on the Bologna declaration.

2.1. Legislative issues

The former coalition government with the Liberal Democratic Party as the leading body that started the Bologna process has left unanswered most issues of the changes in higher education in Slovenia:

- the development of new higher education institutions after a number of regional initiatives and private ventures opened the process of decentralisation;
- the financing of new curricula, in particular the second and the third stage of education, as well as the introduction of tuition fees;
- the process of developing and accrediting new curricula;
- the professional titles to be given to graduates of the new curricula in relation to the former ones.

Expecting the national elections in 2004, the former Government did not want to open these questions in order not to alienate part of the elective body. However, elections have brought a new coalition of “right” parties that did not have a clear idea about the Bologna process. Also, former Ministry of Education and Sport has been divided into a ministry covering the pre-university level and the MHEST, taking some time for this reorganization. MHEST managed to pass some regulation on higher education but left some important questions open.

(1) **The process of curricula changes.** Slovenia has quite a cumbersome process of changing the curricula. The departments at universities or higher education institutions have to elaborate on new curricula. The proposed curricula have first to pass the evaluation and confirmation process at the university level that takes 6-12 months. At the university, the interests of several departments could collide where the curricula might merge disciplines taught at different departments. Since the financing depends partly on the number of students and graduates, departments fight through offering attractive curricula reaching into the space of other departments. Once new curriculum is approved by the university, it enters the second stage of evaluation and accreditation at the Council for Higher Education (CHE), which should care for the standards of quality of higher education. CHE involves representative members from universities, other higher education and some other institutions and it is subject to political interference. Again, the peer review demanded from three independent experts and the process of accreditation could take 6-9 months and some changes in the curricula could be demanded in the process. This process limits the autonomy of the university, demands quite some time and any changes of the curriculum during next years are difficult to pass. In the time when first curricula have been submitted, the criteria for accreditation have not been determined, yet, leaving the room for individual interference.

(2) **The professional titles of graduates.** only recently, MHEST managed to pass a law on professional titles but the proposed titles are an embarrassment for the new curricula since the former university level (4-5
years) is formally equal to the 3+2 years of the Bologna curriculum. The Constitution Court will probably have to decide about the proper titles due to the complaints of new generations of students.

(3) Financing of higher education: Slovenia still mostly has free public university studies at the undergraduate level for full-time students, while part-time students have to pay substantial fees. At the graduate level, most students are paying the full-cost fee, but for some study programmes government is paying a share of the fee. Three issues are under discussion currently:
- introduction of (modest) fees at the undergraduate level (for all students), parallel with a system of scholarships and student loans – however students and most of the population still oppose the fees;
- the status of part-time students that pay fees which partly cover the costs for full-time students since government does not cover all the costs for smaller groups from the budget;
- whether government will cover all 3+2 years of Bologna programme from the budget; MHEST has promised to pay the full programme but there is not enough money envisaged in the budget for 2007.

This situation with the legislation works in favour of departments that are cautious in introducing new Bologna curricula. Due to unresolved issue of financing, the idea to propose the model of 4+1 years curriculum looks attractive since the four years will be financed as in the past.

2.2. The higher education system in Slovenia

In the past, University of Ljubljana dominated the higher education in Slovenia. The second, University of Maribor, only has a limited number of departments (increasing their number recently) and the third, University of Primorska (Koper, in the coastal area), only includes few departments. However, there are some regional higher education institutions (Polytechnics in Nova Gorica, regional centres in Novo mesto, Celje and Kranj), with further initiatives, and some private institutions established by some groups of academic staff, local experts and other stakeholders.

Increasingly, new institutions want their share in the budget of the MHEST, devolving the amount of money available to older established institutions. This development limits the opportunity to improve the premises, equipment and the problem of under-staffing at existing universities. The plans for further higher education institutions are a new threat for quality improvements at Slovenian universities.

2.3. Bologna process at the University of Ljubljana

In the past, the leadership at the University of Ljubljana did not really support the Bologna process, considering it as a threat to the traditional learning-focused university. The new leadership, taking over in October 2005, is in favour of changes at the University of Ljubljana, including the Bologna curricula, but it faces different problems:
- the unsettled question of financing the higher education institutions,
- the tendency at the MHEST to dissolve the large University of Ljubljana into a number of smaller (more flexible?) institutions,
- different interests of various departments in introducing new curricula etc.

Although the Bologna process is moving on and most departments are preparing new curricula to start in 2007 and 2008, University of Ljubljana is far from enthusiasm in introducing new curricula and other higher education institutions are more aggressive and innovative in building new departments, following the interests of strong firms and some regions that have joined the idea that universities are a strong vehicle of the regional economic development.

3. BOLOGNA-BASED CURRICULUM AT THE FACULTY OF ECONOMICS

At the Faculty of Economics (FELU), where the majority of students are really studying business (maybe some 15% study pure economics), there was strong determination to proceed with the new curriculum for some reasons:
- FELU is developing strong students exchange with the EU universities where the new curricula have already been introduced;
- the existing curriculum has exhausted its creative potential and significant innovation is needed, even beyond the new curriculum;
- students are expecting more freedom in the choice of courses and EU mobility is quite attractive for a number of students;
- new teaching techniques demand a different structure of courses and their contents etc.

After an experimental design of a stream on European Management five years ago, following the recommendations of the EFMD, during the past three years leadership at the FELU decided to start a comprehensive process to build a new curriculum. With some unnecessary weaknesses in the project management, towards the end of 2004 the proposal has been sent to the University of Ljubljana and to the National Council on Higher Education that have to approve new curricula according to the Slovenian (complicated) legislation. With tough deadlines to meet in order to start on October 2004, through some lobbying the authorities managed to provide the formal approval with some dilemmas still left about the financing and the implementation of the new curriculum. In October 2005 the new curriculum started both at undergraduate and graduate level.

While traditionally the Faculty of Economics has been strong in economics, now the majority of students are concentrating on business. The third cycle curriculum has not been developed yet due to the financial uncertainties. However, first proposals are under elaboration and this curriculum could start in 2007.

For the Faculty of Economics, it was difficult to push through the university bodies such a number of streams as it has been considered by some other departments as a vehicle to attract more budget money increasing the share of Faculty of Economics. In fact, the problem with the large number of streams is the organisation of teaching and research on a huge number of courses.

**Figure 1. The structure of the new curriculum at the Faculty of Economics**

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<th>Business School</th>
<th>Second cycle (Bologna master)</th>
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</table>

| 1st year: 600 full-time + 250 part-time students | 1st year: 450 full-time + 300 part-time + 500 distance students | 1st year: 290 full-time + 670 part-time students |

As seen from the Figure 1, Entrepreneurship as a stream has entered all three programs at the first and second cycle. That is a progress, since the present university programme only offers courses in entrepreneurship and not the dedicated stream.
4. ENTREPRENEURSHIP WITHIN THE NEW CURRICULUM

4.1. Entrepreneurship education in the past

Faculty of Economics has a strong tradition on entrepreneurship education and research in Slovenia. It is also the stronghold of the entrepreneurship and small business education in Slovenia, since the staff from the chair on entrepreneurship have played an important role not only at the academic level but at the creation of entrepreneurship infrastructure, national strategy and policy of entrepreneurship promotion as well:

- the entrepreneurship curricula at the secondary schools, including the literature, have been created largely by the staff from the Faculty of Economics;
- they have been co-founders of GEA College, the entrepreneurship training centre that developed into a College of Entrepreneurship (Glas 1996); they designed several training programmes for owner-managers, counsellors, other staff;
- they conducted entrepreneurship courses at some departments of technology and science at the University of Ljubljana;
- two Ministers of Economy in the Slovenian government were members of the chair, with some further executive staff at ministries;
- they have created two national strategies of entrepreneurship development (1996, 2000) and participated at several strategy documents on the section of SME and entrepreneurship development as well as regional and local SME strategies;
- they participated in the creation of the national SME support network, Regional Development Agencies and several programmes/projects of the network,
- they are international consultants on SME development acting in several CEE countries;
- they have published several textbooks and other teaching materials on business plans, entrepreneurship and SME management.

The old curriculum at the Faculty of Economics demanded all students to take the introductory course on Entrepreneurship, with the focus on the business planning process. Some optional courses on the Theory of Entrepreneurship and Enterprise Project were also available to students in Business since 1991. The programme of the Business School (3-years College programme) has introduced the stream on Entrepreneurship, which has become the major choice of all students since 1997. This programme already provides courses on Finance and Marketing adapted to the SME context, Family Businesses as an optional and Enterprise Project.

However, the flagship of entrepreneurship education has always been the M.Sc. Programme in Entrepreneurship that developed from 1992 into a M.Sc. Programme with 40-45 students enrolling annually and a shorter MBA Programme with 20-25 students. While the programme and its features have been presented at the IntEnt 2000 at Tampere (Glas & Drnovsek 2000), the Bologna curriculum is opening some opportunities already envisaged at that time. The main quality of the programme still features the attractive blend of students, coming from all other departments at the University of Ljubljana bringing the culture of entrepreneurship to the students from technology and science as well. However, we still consider the major weaknesses of the programme:
- a small number of foreign professors involved,
- programme running in Slovene language is not attractive for foreign students and a co-operation with foreign universities,
- it is run on a part-time basis that limits some new learning approaches.

4.2. Entrepreneurship in the new curriculum

Entrepreneurship education at FELU is considered as a proper response to the needs of the Slovenian economy, the implementation of the goals of the Lisbon declaration and the tool for further internationalisation of the education at FELU. The chair of entrepreneurship at FELU therefore insisted on the broadening of this area to all cycles and programmes within Bologna-based curriculum. The result is a stream on entrepreneurship in all three programmes, however, students at other streams do not necessary pass
an Entrepreneurship course and the enrolment of full-time and part-time students in the current plan is not satisfactory.

It is interesting, though, how we felt about the main components of the teaching process as figured by Carlock (1990): (1) teachers, (2) student characteristics, (3) philosophy of learning, (4) interpersonal skills, (5) teaching techniques, (6) course evaluation, (7) student evaluation, (8) course contents, (9) instructional objectives and (10) course syllabus. A number of these components are still in a preliminary phase since the practice could only provide some answers. We will therefore present the structure of the curricula and some key solutions we have foreseen at this time.

The fundamental structure of the curriculum is based on the option of 3 (first-cycle) + 2 (second-cycle) years of studies. There are two programmes on the first cycle, the university programme and the business school programme. The first one is slightly more research oriented, with 300 hours dedicated to the bachelor thesis, work started already during the second year. The later should be more of the applied nature, with no bachelor thesis, but 480 hours to be done on a programmed service in SMEs to get the field experience with “the world of work”. Students should be “employable” after the first cycle, however, at least at the university programme, we expect the majority to get the second cycle upgrade. The second cycle is by our legislation an uniform programme, where also bachelor from other departments should enrol.

4.3. University programme in Entrepreneurship

We still nurture in Europe a kind of distinction between Entrepreneurship as a general concept and the Small Business Management as the applied concept, related to the majority of businesses, largely in the family ownership tradition. However, this concept has evolved from the “small business” to the “SME” concept. Although we prefer the “entrepreneurship” view, due to some promotional issues we proposed to have a slightly distinct sub-programmes. In Slovenia, we have the business structure in the economy with 93,4 % of micro, 5 % of small and 1,2 % of medium-sized units and only 0,3 % of large companies left, while the SMEs engaged in 2003 63,3 % of all employees, with an increasing trend (due to the structural problems in large companies in some labour-intensive industries). At least 60 % of businesses are family-owned (Glas & Vadnjal 2005).

Table 2. The structure of entrepreneurship courses at the university level

<table>
<thead>
<tr>
<th>Course type</th>
<th>Year</th>
<th>Entrepreneurship</th>
<th>SME Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compulsory 1</td>
<td>1</td>
<td>Entrepreneurship (6)</td>
<td>SME Management (6)</td>
</tr>
<tr>
<td>Optional A/1</td>
<td>2</td>
<td>One out of four (4):</td>
<td>One out of four (4):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Enterprise Project</td>
<td>- Enterprise Project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Entrepreneurship for Non-profit</td>
<td>- Family Businesses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organisations</td>
<td>- SME Financing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- SME Financing</td>
<td>- Developing New Market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Corporate Venturing</td>
<td>Opportunities</td>
</tr>
<tr>
<td>Compulsory 2</td>
<td>2</td>
<td>New Venture Planning and Creation (6)</td>
<td>New Venture Planning and Creation (6)</td>
</tr>
<tr>
<td>Optional B/1</td>
<td>2</td>
<td>One from the list (4):</td>
<td>One from the list (4):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Enterprise Taxation</td>
<td>- Enterprise Taxation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Business Communication</td>
<td>- Business Communication</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Business Law</td>
<td>- Business Law</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Effective Presentations</td>
<td>- Effective Presentations</td>
</tr>
<tr>
<td>Optional B/2</td>
<td>2</td>
<td>Another one from the list above (4)</td>
<td>Another one from the list above (4)</td>
</tr>
<tr>
<td>Optional B/3</td>
<td>2</td>
<td>Another one from the list above (4)</td>
<td>Another one from the list above (4)</td>
</tr>
<tr>
<td>Compulsory 3</td>
<td>3</td>
<td>Managing Growing Venture (6)</td>
<td>Managing Growing Venture (6)</td>
</tr>
<tr>
<td>Optional A/2</td>
<td>3</td>
<td>Another one from the list of four courses (4)</td>
<td>Another one from the list of four courses (4)</td>
</tr>
<tr>
<td>Compulsory 3</td>
<td>3</td>
<td>E-Business (6)</td>
<td>E-Business (6)</td>
</tr>
</tbody>
</table>

Comment 1: numbers in brackets indicate ECTS credit points
Comment 2: as Optional B students can also choose any one from courses on other streams
From the point of the curriculum, we were asking ourselves what a student should know about entrepreneurship at the first-cycle, where still a share of bachelors might opt for early employment. They should mostly work in SMEs or (usually not at the very beginning of their professional career) start their own venture. These distinctive careers provided some clues to the curricula. While the sum of ECTS should add during the first cycle to 180, the entrepreneurship contents should share 32-40 ECTS on courses (depending on the choice of optional courses) plus 8 ECTS for the bachelor thesis, representing 22-27% of the total workload. However, we further intend to create some specific contents also for more common courses on marketing, finance, accounting, HRM and operations to be aligned to entrepreneurship.

Comparing the existing curriculum, the Bologna-based curriculum has brought some changes that have to be considered in designing all courses:

- the extent of the basic economic concepts has been significantly shortened,
- methodology courses (Mathematics, Statistics) have been reduced and some contents have to be taught as part of business courses,
- the extent of optional courses has increased demanding a tutoring concept to create a meaningful individual curriculum,
- there is a number of more specialised courses and the skills-oriented courses,
- few “soft” contents (e.g. creativity), more “hard” business functional courses.

When creating the new curriculum, we proposed that students continuing at the second cycle should not write and defend a bachelor thesis that is currently quite a time-consuming exercise (3-4 months according to our supervisory experience) opening the room for two more optional courses instead. The students leaving the formal education after the first cycle should nevertheless produce such a thesis since they will not work on a Master thesis, later. However, the Law on Higher Education demanded the thesis as a component of the research orientation.

The list of optional courses is rather short (student could choose even 3 out of 4 courses), but it will be appended with courses of Visiting Professors and the choice is extended to all other optional courses from other streams.

4.4. Business School curriculum in Entrepreneurship

The existing Business School programme in Entrepreneurship is in fact devised as Small Business Management programme. However, the programme is favoured by an increasing number of full-time and part-time students, planning a career in SMEs, mostly as heirs of family businesses. Slovenian family businesses are strongly oriented to the long-term family ownership and management and founders look very keen to grow their family successors. We therefore used the sub-programme on SME Management from the university programme as the basis with some modifications:

- there is the 6-week service with an enterprise during the year 2 and 3 (480 hours),
- students have more limited training in foreign languages,
- no preparatory seminar on research approach because of no obligation to write and defend a thesis.

While the programme “on paper” seems to produce a good professional staff for SMEs, the real quality will depend to a high degree on the quality of the field service with a chosen enterprise. FELU has developed in the past a unit to develop strong collaboration with a number of enterprises. Still, the experience is mixed and some students have a disappointing time failing to extend their skills and knowledge as expected. The problem is the sheer number of students and the absence of any incentive for SMEs to take their part of the task to provide a meaningful content and to accommodate another person with their scarce resources. It is quite on the students themselves to find an appropriate company. While there might be an easy solution to spend the time in their family firms, it would mean to miss out a good opportunity to learn from a different business environment. A possibility to use international student exchange (e.g. AIESEC arrangements) at least as one of the service terms foreseen should also be quite attractive for students in order to support their mobility.
4.5. Bologna Masters in Entrepreneurship

While the curricula at the Bachelor level seem quite easy to design, the Master level demands tougher choices and there is a strong uncertainty about the enrolment of bachelors from other departments. The existing M.Sc. programme used the concept of basic courses during the first semester that provide some upgrade for the former bachelors from the Faculty of Economics and a welcome introduction of the bachelors from other departments to the business science. There has always existed a lack of social science methodology at the graduate level as compared to the US MBA or M.Sc. programmes.

The new Bologna-based programme is definitely created for the bachelors from the Faculty of Economics while other participants would depend on their own effort to develop the basic understanding of business concepts. We discussed also the idea to offer an introductory module for these students, giving them a compendium of the economic theory and the basic concepts of accounting, finance and marketing. Again, such a module could only become a proposal to students not a compulsory condition for the enrolment according to our legislation.

Considering the target groups of students, we created three sub-programmes:
- SME Management: for students considering the employment in SMEs, family businesses,
- Economic Policy and the Support Environment: students from government bodies, banks dealing with SMEs, prospective managers of infrastructural institutions (incubators, technology parks, enterprise zones etc.),
- Enterprise Restructuring: for students promoting dynamic changes and entrepreneurship concepts in larger companies.

Not all the sub-programmes will be scheduled each year.

From the sum of 120 ECTS at the second-cycle, 30 ECTS are allocated to the Master thesis (2nd year), and 54-66 ECTS to the entrepreneurship courses (depending on optional courses taken). However, due to the large number of optional courses, students could design their own programmes in a flexible way, supported by a tutor's advice.

There is a radical move with the second-cycle towards the full-time arrangement. At the Faculty of Economics we were used to offer courses at the graduate level with 28-32 hours of classwork, while the new programme foresees 90 hours. This change will demand a new philosophy of learning, since the majority of students will be full-time students. The structure of the Master curriculum is highly open, but almost no time is left to the upgrade of the basic courses.

<table>
<thead>
<tr>
<th>Sub-programme</th>
<th>Course Type</th>
<th>Year</th>
<th>Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME Management</td>
<td>Compulsory</td>
<td>1</td>
<td>Theory of Entrepreneurship (6)</td>
</tr>
<tr>
<td>Compulsory</td>
<td>1</td>
<td>SME Counselling (6)</td>
<td></td>
</tr>
<tr>
<td>Compulsory</td>
<td>1</td>
<td>Entrepreneurship Infrastructure (6)</td>
<td></td>
</tr>
<tr>
<td>Compulsory</td>
<td>1</td>
<td>Identification and Implementation of New Venture opportunities (6)</td>
<td></td>
</tr>
<tr>
<td>Optional A/1</td>
<td>1</td>
<td>One out of four courses (6):</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Procurement and Sales Management</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Financing Growing Businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Entrepreneurial Networks</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>- Technology Entrepreneurship</td>
<td></td>
</tr>
<tr>
<td>Table</td>
<td>Column</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>--------</td>
<td>-------------</td>
<td></td>
</tr>
</tbody>
</table>
| Optional B/1 | 1 | One course from the list (6):  
- Data Analysis for Business Decisions  
- International Marketing  
- Personal Finance  
- Project Management  
- SME Counselling |
| Optional C/1 | 1 | A choice from other courses (6) |
| Optional A/2 | 2 | One out of four courses above (6) |
| Optional D | 2 | One course from the list (6) including Innovation Management |
| Optional B/2 | 2 | Another course from the list (6) |
| Optional B/3 | 2 | Third course from the list (6) |
| Optional C/2 | 2 | A choice from other courses |

**Economic Policy and the Support Environment**

| Compulsory | 1 | Theory of Entrepreneurship (6) |
| Compulsory | 1 | Industrial Policy and Entrepreneurship (6) |
| Compulsory | 1 | Entrepreneurship Infrastructure (6) |
| Compulsory | 1 | Identification and Implementation of New Venture opportunities (6) |
| Optional A/1 | 1 | One out of four courses (6):  
- Entrepreneurship and Regional Dev’t  
- SME Counselling  
- Venture Capital Management  
- Innovation Infrastructure |
| Optional B/1 | 1 | One course from the list above (6) |
| Optional C/1 | 1 | A choice from other courses (6) |
| Optional A/2 | 2 | One out of four courses above (6) |
| Optional D | 2 | One course from the list (6) including Innovation Management |
| Optional B/2 | 2 | Another course from the list (6) |
| Optional B/3 | 2 | Third course from the list (6) |
| Optional C/2 | 2 | A choice from other courses |

**Enterprise Restructuring**

| Compulsory | 1 | Theory of Entrepreneurship (6) |
| Compulsory | 1 | Managing Enterprise Change (6) |
| Compulsory | 1 | Identification and Implementation of New Venture Opportunities (6) |
| Optional A/1 | 1 | One out of four courses (6):  
- Benchmarking  
- Systems of Business Improvements / Excellence  
- Company Restructuring (M&A&SP)  
- Corporate Venturing (Intrapreneuring) |
| Optional A/2 | 2 | One out of four courses above (6) |
| Optional D | 2 | One course from the list (6) including Innovation Management |
| Optional B/2 | 2 | Another course from the list (6) |
| Optional B/3 | 2 | Third course from the list (6) |
| Optional C/2 | 2 | A choice from other courses |

5. THE MODEL OF TEACHING

The new curriculum assumes some profound changes in the model (and philosophy) of teaching. FELU has quite recently established a Centre for Educational Pedagogy in order to support the transformation of the
teaching techniques, and the Case Study Centre to develop cases from the Slovenian business environment. The key points in the new model are:

1. Consistent definition of course objectives.
2. Preparation of course content and its syllabus considering the actual knowledge and abilities of students enrolled as well as the contents of parallel courses.
3. Planning of the course implementation: the different forms of learning process, the extent of the syllabus and the teaching approaches used: lectures, seminars, exercises, distance learning methods.
4. Level of the achievement of course objectives through the course evaluation done by students and teachers themselves.

Considering Carlock’s components of the teaching model, we could comment:

1. FELU assumes high-quality, responsible students, fully dedicated to studies (that is not always the case with students in higher years).
2. The philosophy of learning demands an open and dedicated teacher (and other staff) using the up-to-date teaching techniques but also highly independent, critically minded and creative students.
3. Interpersonal skills have to be greatly improved, more teamwork will be required from students while teachers will have to be available through the ICT technology to mentor, advise, support students.
4. Teaching techniques assume all the teaching tools, with a strong orientation to the modern Internet technology: lectures (highly reduced), course papers (teams or individuals) provided and presented in class, project work both at FELU and with “real” SMEs, a list of take-home exercises, group discussions and problem-solving exercises, coaching on individual study, simulation exercises, Internet forums, visits to companies and other institutions, workshops outside the FELU and further forms.
5. We already practice systematic course evaluation through the questionnaires filled by students at all levels.
6. Student evaluation has to be well planned to avoid peaks in the workload of students and a combination of written and oral activities have to be evaluated: tests, course papers, project work, take-home exercises, exams etc.
7. To develop a consistent curriculum avoiding unnecessary overlaps in course contents, streams have appointed managers that should coordinate among teachers and ensure the good timing of students work and assessments as well as to keep the rational workload of students.
8. Course syllabus has to provide all necessary instructions about the course and the close communication through the internet should append any information on the actual course implementation.

6. SUPPORT INFRASTRUCTURE

To support teaching, research, counselling and other activities of the teaching staff and students, FELU established several institutes and centres, including Centre for Entrepreneurship Development. The Centre should be an intermediary between students and SMEs, relevant institutions within the entrepreneurship infrastructure and the international resources.

In 2003, the team from the Chair on Entrepreneurship started an initiative to create the Ljubljana University Incubator (LUI) as the first step to support establishing new ventures among students, teachers and researchers from different departments, in order to promote interdisciplinary projects. After a host of problems (Glas 2004) LUI has started the activities and during 2005-2006 an investment of €1,3 Million from the PHARE project for Slovenia is planned. LUI should offer new possibilities to work with “real” start-ups to add new quality to the teaching and counselling processes, tying students with businesses.

FELU has a project to modernise its Central Economic Library, the largest specialised library on economics and business in Slovenia, where the current capacity does not provide room for group works, while students have also to wait for their room in the computer classes due to the shortage of premises at FELU. FELU has been designed for approximately a quarter of the existing number of students and its premises could become a serious barrier to the efficient implementation of the Bologna curriculum.
7. THE LEGISLATIVE AND FINANCIAL CONTEXT

While the government of Slovenia has officially proclaimed its support for the promotion of entrepreneurship and higher education, its moves cast serious doubts about the sincerity of its proclamation. The implementation of the Bologna strategy in higher education asks for intensive activities at the level of legislation and, mostly, academia in designing new curricula. While the European Social Fund has provided some financial support during the work on new curricula, enabling training for the teaching staff on some aspects of changes under Bologna declaration, the burden of activities has still been on the staff (FELU is traditionally understaffed considering the rapid growth of the enrolment during 1990s) and resources of FELU. Fortunately, during 2004 FELU got an increased share in university funding due to the changes in the system of financing the higher education institutions, which ensured some room to increase employment of the teaching staff.

There are still some pieces of legislation missing, in particular, the solutions on the professional titles of the graduates from the new programme are not satisfactory. MHEST even used the missing regulation as the pressure on FELU to postpone its start with the new programme which FELU strongly resisted.

There is still the ongoing debate about the financing of the Bologna curriculum. We have made some projections on the share of higher education in the budget. With the rather promising economic trend, the government could allocate enough funds to provide financing for all five years of the first and the second cycle. Alternatively, it should allow for some tuition fees of full-time students to cover the increased expenditures (part-time undergraduate and graduate students are already paying the fees, partly offset by some allocation from the national budget, where they also cover the loss incurred on the full-time programme due to the under-financing of university institutions). Without these additional sources we could not expect an effective implementation of the curriculum, working with smaller groups of students and providing for the new equipment in ICT and other technologies.

CONCLUSIONS AND RECOMMENDATIONS

Even after two years of work on the new Bologna-based curriculum and the first year of its implementation, we still have some reservations about the employability of bachelors and we could hardly forecast the number of students continuing directly from the first on the second cycle. The curriculum has to prove itself during the implementation and we expect some ongoing changes in order to optimise the results. The move from the 4(+1)+2 years with the existing programme to the 3+2 years is such a radical change which could not be successfully executed without introducing new teaching techniques, improving on the management of the curriculum (with project managers) and adding some additional resources.

We therefore recommend:

1. The Government, through MHEST, should develop the system of financing to avoid the financial uncertainties of the new curriculum. Introduction of the new, improved curriculum should be stimulated and not punished.
2. There should be a transparent and objective assessment about the needs for new staff on business and economics. The lack of a clear development strategy has caused many controversial discussions creating a quandary for students and their parents about the choice of the studies.
3. University should increase its autonomy in allocating budgetary resources among departments as well as to create important curricular changes and improvements without further political interference.
4. Faculties / departments have to consider seriously the ultimate needs of their end customers, companies and institutions, with the respect to the knowledge and skills they have to provide to their graduates.
5. Entrepreneurship has to become a core stream at the university level in order to fill the existing gap in the know-how of owner-managers, in particular after facing stronger EU and global competition.
6. Creating a new curriculum is only the first step in the reform along the Bologna declaration. The solutions provided through the model of teaching / learning as applied to the curriculum give important answers about the public response to the new curriculum. FELU has to be empowered to introduce improvements on the basis of experiences collected with the implementation of the curriculum.
7. Individual attitudes of the teaching staff about the programme are important to the quality of the new learning process. While the teaching staff should be rewarded to provide its full effort in the implementation, its is also the question of their own motivation and ability to change along with the new programme.

8. To provide for the full advantage of the new programme, the infrastructure for a new relationship between academics and industry has to be developed to give the entrepreneurship education its full potential.

9. The flagship entrepreneurship programme should, in fact, develop through the co-operation with technology and science departments as a programme of Technology Entrepreneurship

REFERENCES


***

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ENTREPRENEURSHIP EDUCATION AT THE CORVINUS UNIVERSITY OF BUDAPEST IN THE BOLOGNA PROCESS

Following a short review of the roots and history of entrepreneurship education in Hungary, the present paper demonstrates how one of the leading Hungarian universities, the Corvinus University of Budapest (CUB) had converted its entrepreneurship education program to be “Bologna ready”.

Introduction

During the years prior to the changing of the political system, not only were there no courses aimed at providing students with entrepreneurial education, but there was not even an extended system of economic education at the college and university level. This situation has significantly changed and transformed in the course of recent years. Initially it was management that was taught in the course of economic education offered at universities, and then a similar process took place as earlier in the United States (King, 2001): the management courses were offered with unchanged content as entrepreneurial courses. Courses providing independent entrepreneurial education were also subsequently offered, after these proved to be successful and

as more and more entrepreneurial knowledge and experience was accumulated, and in several institutes of higher education complete training programmes and specialisations were offered to students. Entrepreneurial courses may be divided into two main groups according to their topics: one group includes courses on enterprises (economic policy), the other includes business courses for entrepreneurs (Edwards et al., 2005). Almost all leading universities and colleges in Hungary offer such courses today. In the meantime, the number of colleges, university faculties and private institutions focusing specifically on business education increased greatly. These Higher Education Institutions (HIEs) had to deal with the reform of their entrepreneurship programmes and curricula in the last years in order to comply with the prerequisites of the Bologna education system. In Hungary the year of 2006/2007 will be the first, when all of the students will start a program fitting in the new system.

ECTS credit allocations were associated with the end of the first and second cycles as follows (Queen's University, 2006):

- First cycle – typically 180-240 ECTS credits
- Second cycle – typically 90-120 ECTS, “with a minimum of 60 credits at the level of the 2nd cycle”
- No typical credit allocations were included for the third cycle (Doctoral level).

The history of entrepreneurship education at the CUB

As many other Hungarian HIEs, the Corvinus University of Budapest had its entrepreneurship education system before 2006. The Small Business Research Group started its operation in 1989 at our university (former Budapest University of Economic Sciences). This organizational unit announced the establishment of the academic minor in entrepreneurship, which turned out to be very popular among students, as fresh graduates were almost always guaranteed to have good job prospects and to receive competitive salaries.

In August 2000 the Small Business Development Centre (SBDC) was established as the descendant of the Small Business Research Group. The Centre seeks to realize the original objectives at a higher level, and within this framework, an academic major in entrepreneurship was introduced during the 2002/2003 academic year.

In 2005 the SBDC (a group of our colleagues formed the Department of Strategic and Project Management) and the Department of Corporate Finance established the Institute for Enterprise Development to widen their research and educational activity.

Bologna compatible entrepreneurship education at the CUB

Based on the abovementioned experiences the main elements of the entrepreneurship education programme were established as follows:

**At bachelor level:**

- **Starting and managing small businesses** is a complimentary course for all students of the Management and Organization BA programme, and an elective course for the students of other Bas. This is an introductory course which gives an overall picture of small businesses and of the necessary knowledge about small businesses.

- **Entrepreneurship and Small Business Management major** for the students of the Management and Organization BA programme. The major consists of 5 courses:
  - **Small Business Finance and Taxation** – the aim of this course is twofold: firstly, to teach the students how to manage the finance of an SME; second to understand how to deal with SMEs in case of the students decide to work at banks or other financial institutions dealing with SMEs.
  - **Business Planning** – In our days it is more and more important the ability of making an authentic business plan, first of all it is necessary for the EU tenders. So the aim of this course is preparing the students how to make a business plan which can apply with chance for an EU tender or a bank credit. During the course the students get a concrete theoretical and practical knowledge about the methods and usage of business planning. The students have to find out an own business idea and they have to develop it to a business plan during the semester.
  - **Small Business Marketing** – This course teaches the management of one of the enterprise success factors. Content: introducing the role of marketing factor in small businesses, market research,
marketing communication, positioning, pricing, product development, innovation management, sales and e-business studies on the level of small businesses.

- **Small Business Management** – during the semester successful managers and entrepreneurs came and tell stories about their works, successes and failures. At the end of the semester the students have to write an essay in which they summarize their observations. The students like this subject because they can meet with famous and successful people and can ask some questions, too.

- Elective courses:
  - **International Business Planning** – this is an international business planning course in collaboration with the entrepreneurship minor of the PennState University (USA) taught partly online. The course will teach the students, as aspiring business owners, the information and skills they need in four fundamental elements of business planning: Plan for business success; Plan for the business to meet the needs of the marketplace; Plan for business cash flow needs and operation.
  - **E-business and innovation** – This course consists of two connected blocks. The aim of first block is the introduction into the important role and the possible application of the e-business in the SMEs. The second block deals with the theory and practise of the innovation. During this the students can learn the determinative factors, the planning and the implementation of the innovation. The emphasis of the course is on that knowledge which can be useful for SMEs.
  - **Business communication and negotiation skill development** – This is a practise-oriented course. On the lecture the students learn the theory of the business communication and after this in small groups they can probe the theory in practise with a trainer.
  - **Introduction to Entrepreneurship** – this course is for international students and taught in English. The main objectives of this course are to create an understanding of the nature of entrepreneurship and the contributions entrepreneurial ventures make to the economy; identify and evaluate characteristics of prospective entrepreneurs and their industry & competitive environments in order to appraise their chances for success and assist course members to evaluate their own entrepreneurial potential and probable levels of commitment. The course also provides practical knowledge on starting and managing new ventures and tries to refocus students’ career objectives of becoming job creators rather than job seekers. Both 3rd year bachelor students and master students can visit this course.

More information about the structure of bachelor programmes can be found in Annex 2. Each BA programme consists of 4 separate modules:

- Module A: general courses (like micro and macroeconomics, mathematics), which will give some background knowledge to the students
- Module B: business courses (courses of the Faculty of Business Administration)
- Module C: courses of the BA programme
- Module D: courses of the major.

The faculty of Business Administration offers the following BA programmes:

- Organization and management
- Commerce and marketing
- International management
- Finance and accounting
- Tourism
- Human resource management

**At master level:**

The development of the programme for the Entrepreneurship Development and Innovation Master is in progress, it will be first offered to students in the academic year of 2008/2009. In Hungary every bachelor and master program is created in collaboration with several universities. The proposed curricula of the “Business Innovation and Development” master can be found in the annex of our paper.

**Doctoral level:**
At the university Ph.D. students dealing with entrepreneurship are students of the Business Administration Doctoral Programme, and they are associated to the Small Business Development Center. There are no concrete entrepreneurship courses for them, but they have to take part in the research activity of the SBDC.

**Other initiatives in the field of entrepreneurship education at the CUB**

In the spring of 2003, the Small Enterprise Development Centre of Corvinus University of Budapest went beyond the usual courses and specialisations in entrepreneurial education, when it announced the launching of the “Enterprise-friendly University – Entering Students” Programme for the students of the university. Under this programme, we provide help in the entrepreneurial preparation of students by way of an activity research in such a way that, in addition to their theoretical studies of economics, we also motivate them to set up their own enterprises. In the framework of the project we announce a public competition for students to prepare business plans for enterprises that they undertake to implement in case of winning the competition. Unlike in case of other business plan writing competitions, the main evaluation criterion is not the precision of details in the business plan, but rather that the idea for the enterprise on which it is based is realistic, and that the students joining forces to implement it are convincing and committed enough and capable of bringing their ideas to life. The students or teams of students who are best prepared and have the most transparent objectives receive financial support for establishing their enterprises.

The initial capital necessary for the operation of the project was received by the university from the private sector (specifically from UPC Hungary Ltd.), thereby setting a good example for cooperation between the private sector and the university that is mutually beneficial to both parties. The funds won at the competition (maximum HUF 500,000 – about EUR 2,000) are transferred to the bank accounts of the newly established companies on the basis of approved expense plans, thus making it possible that these companies not to create a financial loss to their founders even if the only profits from the first wing-beats during the initial year only help students learn in practice what it means to operate an enterprise, build connections and what marketing is like when it has a direct influence on their own pockets. The term of the contract signed with the students’ enterprises is one year, and the companies established should theoretically be terminated upon expiry of the one year, since in case the students finish their studies and leave the university, the institution can no longer take responsibility for the cooperation.

The aim, of course is not failure (although there is a lot to learn from failures as well), but success in business: enterprises are supported in this by way of a mentor appointed to each company by the SBDC, who helps the team with advice, provides assistance in the solution of the problems arising, while all tasks related to the operative management of the company are performed by the enterprising students. Mentors are Ph.D. students of the SBDC, as well as entrepreneurs with significant business experiences. Mentors’ experiences are successfully used in the course of the entrepreneurial education: their existing enterprises are used as good examples for students in entrepreneurial education courses. The SBDC itself functions as a virtual incubator for the students’ enterprises.

It is already obvious that these experimental enterprises fulfil their educational function, since the companies are not even registered when the experiences already start to accumulate: for example, students soon realise the difficulties inherent with finding a company name which is expressive but is not yet taken, as well as the fact that a larger number of members in the enterprising team unquestionably constitutes significant empirical capital, but arranging for all members to sign a document at short notice may pose problems.

The project at the same time also serves as a research project for the SBDC, in line with the methodological efforts to acquaint students with the world of enterprises. The students’ enterprises established also function as research topics for other university students, and the best teams regularly report on their experiences to fellow students. This model has served as the basis of several student research papers (TDK) and theses. Upon the expiry of the term of one year, the ties with the enterprises established with our support are not cut, but are maintained by way of an alumni association specifically created for this purpose. This provides an opportunity for them to meet regularly, to exchange their experiences, and there have even been cases when they concluded business deals with each other. Advice is provided to the companies as necessary, when they turn to the SBDC for assistance, but the financial support and their accompanying reporting obligation comes to an end after the elapse of the one year.

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REFERENCES


Queen’s University Belfast (2006): Background information on the Bologna Process. Available at: http://www.qub.ac.uk/directorates/AcademicStudentAffairs/QualityAssuranceandPartnerships/BolognaProcess/


Annex1

Entrepreneurship courses at CUB

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## Annex 2

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László Szerb, Associate professor  
Faculty of Business and Economics, University of Pécs (Hungary)  
E-mail: Szerb@ktk.pte.hu

INTRODUCTION OF THE BOLOGNA PROCESS PRINCIPLES AT THE FACULTY OF BUSINESS AND ECONOMICS, UNIVERSITY OF PÉCS

Similar to other Hungarian higher education institutions, the introduction of the Bologna principles in the education has been a challenging task for the Faculty of Business and Economics (FBE). According to the Bologna Principles, the major tasks of the Bologna agreement are the followings:

1. Providing generally understandable and comparable degrees,
2. Introduction of the two cycle education system,
3. Introduction of the credit system,
4. Increasing of the student and staff mobility,
5. Provision of quality assurance.

Regarding the first task, the number and name of the different degrees has been a long debate in Hungary. Finally, a centrally made decision decreased dramatically the number of different specializations to a little bit more than 100. In the case of the FBE, we decided to provide both economics and business related undergraduate studies. Regarding the field of economics, we launched two majors and in the case of business four majors alone and two other majors together with other faculties of the University of Pécs (UP). In addition, we are participating in an information study related major offered by another faculty of UP. Since the central decision on the graduate majors is just forming, there has been no final decision made. Two of our professors, Prof. Gyula László and Prof. Ferenc Farkas have been actively involving in the work of the central committee responsible for the Bologna Process in Hungary, so we have an up-to-date information about the present state of the Bologna Process.

Despite that we had some experience in the two-cycles (undergraduate and graduate) education system, the structure of our education should be changed dramatically. The change is minor in the case of the English Language programs that have been traditionally offered in the form of 3+2 year cycles. The major challenge of the two-cycle education is to provide marketable, practically oriented undergraduate degrees. Up to 2005, universities providing economics and business related degrees focused on rather theory-based education, and practically oriented subjects are thought in the last three-four semesters. Of course, this practice should be changed, and we have dramatically altered the structure of courses. The changes involved not only the replacement of the courses but also the content of the subjects. The new curriculum system including the amended and renewed syllabi is ready by now. In order to support the new course system, the leadership of the FBU has also established a new textbook publishing unit, whose major role is to provide up-to-date textbooks to the students that also meet with the Bologna Process requirements. By the beginning of the September 2006 start, four new textbooks will be ready and available for the new students.

The introduction of the credit system was among the easier tasks. Over years we have already experienced with the credit system, so the basic principles and methods proved to be familiar to us. However, there is a challenge of the practical application of the credit system especially the acceptance of the credits from other higher education institutions. The recognition of the credits of our Erasmus students taking their studies at foreign partner institutions has been problematic because of the content of the material, but now we are afraid of granting the credits of other Hungarian higher education institutions that we have experienced very low quality education.

Increased student and staff mobility is clearly a wishful aim of the Bologna Process. Knowing each others culture and having on-site experience cannot be substituted by any other means! Up to now, the EU supported Tempus, Erasmus and Leonardo programs provided the framework of student and staff exchanges and bilateral agreements guaranteed the acceptance of the credits. Over the last ten years we have good experiences in these exchanges. However, over the last two years we have recognized a decreasing attitude of our students to participate in foreign exchanges. This, at least partially, can be explained by the decreasing...
financial support, but seemingly less and less students want to make extra effort in a foreign higher education institution.

In Hungary, the quality assurance of the education is provided by the Accreditation Agency of the Hungarian Academy of Sciences. Like every other higher education institutions we have gone through this accreditation procedure with a good result in last year. In addition, the FBE operates a quality assurance system, accredited by independent bodies. The most important result of the introduction of the quality system has been the establishment of the feedback by student evaluation.

2006 is the first year when Hungarian high school students apply to Bologna degree undergraduate programs. We have done our job according to the best of our knowledge, but the smooth refinement of the system definitely requires further changes in many cases. Moreover, the rearrangement of the graduate programs is just started, and we hopefully can apply the lessons of the introduction of the undergraduate programs.

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BOLOGNA PROCESS IN ROMANIA

The transition to the market economy affected the entire domain from society to economy, including the higher education. Reform in this field begun after 1989 and aimed initially at eliminating courses that had become obsolete in view of the new option, and during a second more extensive phase, building a coherent legal frame that could ensure a more effective higher education.

The entire legislation in the field is founded on The Constitution of Romania, adopted in 1991. The main important laws related to higher education are the following:

- The Law of Education No. 84/1995;
- The Statute of Teaching Staff No. 28/1997;

In the last years, the activity of higher education has become coherent, based upon the increase of university autonomy and accountability, decentralization of activities.

The Bologna process required new changes in the Romanian higher education. The main changes are the following:

- **Definition of long-term and short term programs**, During the period 2004-2005 took place national meetings of the main important universities in order to make compatible the syllabus and also to establish the main competence for each
- **Making study programs more flexible**, by offering optional elective paths;
- **Internal and external evaluation of study programs**, in view of temporary authorization and accreditation by the National Council for Academic Evaluation and Accreditation (created in 1993 and subordinated to the Romanian Parliament);
- **Introduction of the transferable credit system**, evaluating student’s participation in education activities and encouraging their mobility;
- **Switch to the global financing** using the number of students as a main indicator; the introduction of complex quality indicators leading to a ranking of universities according to their performance, encouraging through financing the most dynamic and effective higher education institutions;
- **The possibility for public universities to enroll students with tuition fees**, public universities have an enrolment quota supported by public budget and approved every year by the Ministry of Education, Research and Youth;
Diversification of the scholarship system, supporting students with social problems but also eminent students.

In the view of these changes, requires by the Bologna process, was elaborated in 2002 the first Law on higher education and presented to universities for debate. Government and Parliament adopted its final form in 2004, Law no. 288, which settle the organization of university studies on three cycles [Law 288/2004, pg.2]:

1. The first cycle, with three years generally duration, amounting to 180-240 credits points, finalized by the title of Bachelor;
2. The second cycle, with one or two years duration, amounting to 60-120 credits, finalized by the title of Master;
3. The third cycle is represented by doctoral studies, with generally three years duration, existing the possibility to extend it with one or two years, and it’s finalized by the granting of the title of doctor in science. All the candidates for the title of doctor will be graduates of master’s study programs or its equivalent.

The organization of the high education process is using the European Credit Transferable System (ECTS) since the 1998/1999 academic year, and it is included in the Law no. 288/2004. This mode of organization makes possible the use of an analytical evaluation system of the time and effort necessary to carry on activities composing the education process. Granting the credit points attributed for one subject is conditioned by successfully passing this subject. The minimum grade is 5, on a scale from 1 to 10, and once obtained, the student is granted the number of credits units attributed to the subject. In the case of Master cycle, the finalization is through a Dissertation, where the minimum passing grade is 6.00.

The Law no. 288/2004 introduced, upon request, the administrative appendix to the diploma, the unique European model.

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THE AZERBAIJAN REPUBLIC HAS JOINED TO BOLOGNA PROCESS

The Azerbaijan Republic has joined to Bologna Process in May, 2005.

In the educational policy of the Azerbaijan State, adaptation to the European educational process is provided as a key direction of development of higher education in the Republic. The Ministry of Education has approved Provision about the organization of educational process on the basis on credit system. In current year has been created a new structure of connection to the Bologna Process.

The Azerbaijan Technical University, which is going to celebrate its 50 years anniversary, where it is concentrated more than 70 doctors of sciences and 400 candidates of sciences, shows the certain activity in accelerating works for connection to the Bologna Process. New educational standards have been created at the University, containing the base educational program under standards of preparation of bachelors.
Introduction of the credit system at University at the initial stage is provided in three directions:

- automatics and managements,
- telecommunication of the,
- physicist and techniques of optical communication.

The program of connection to the Bologna Process at the University during 2006-2010 provides:

(i) Introduction of unified system of two-level formation,
(ii) Transformation to credit system,
(iii) Introduction system of quality assurances of educational establishments and educational programs, according to requirements of the European Union,
(iv) Introduction of the intra-university system for monitoring of quality,
(v) Introduction according to the European samples of the appendix to diplomas about higher education in English,
(vi) Increase of the academic mobility of teachers and students.
(vii) According with new requirements:
(viii) The quantity of credit units during training makes 200-250,
(ix) The-maximum quantity of credit units for one semester is 30,
(x) Each 15-hour loading is equaled to one credit.

The program also provides:

- Introduction of a control system by quality according to requirements ISO 9000-2000,
- Attraction of the international experts for estimation in activity of high schools.

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CREATIVITY, INNOVATION AND ROLE OF HIGHER EDUCATION IN ECONOMIC DEVELOPMENT

Part 1

For the Reader Three Basic Tasks to Consider for Your Country:
Check Knowledge Economy Index and Components at www.worldbank.org/kam What Institutional Changes are Needed for Improved Innovation System?

1. LEARNING SOCIETY AND KNOWLEDGE ECONOMY

Creativity, innovation and role of higher education in economic development are discussed in this paper in the wider context of structural changes in the economic development. These trends are characterized by labels such as information society and learning society, creative economy and knowledge economy. Their success depends on education and scientific research, technological development and innovative and learning capacities of individuals and organizations.

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3 This Paper was presented at the Session of Tertiary Education: Quality, Financing and Linkages with Innovation and Productivity on the Second ECA Education Conference and the Center for Advanced Academic Studies Dubrovnik heed on 2-4 October 2005 in Dubrovnik. The Publisher of the ERENET expresses thanks and gratitude to Professor Routti Jorma for his kind permission publishing this paper in the ERENET PROFILE.
These developments are the subject of intensive studies all around the world. International organizations, such as the World Bank and the World Economic Forum have linked these developments also with competitive ranking of regions and countries. The rankings show fairly high degree of volatility and thus the possibility of rapid advances or decline and the emergence of winners and losers. This makes it much more important to study the factors of success and failure in the creation of new knowledge and its conversion to economic and social benefit.

The analysis and results presented here are largely based on the studies by the World Bank, in particular the case of Finland covered in the forthcoming book “Finland as a Knowledge Economy – Elements of Success and Lessons Learned”. Finland has managed to emerge from a deep recession and economic crisis in the early 1990’s as the top-ranked country in recent rankings of knowledge and competitiveness indexes. This possibility of rapid change is encouraging and the lessons learned can be useful to other countries, including the transition economies and developing countries.

Towards Knowledge Economy

Knowledge has become the major driving force of economic and social development all around the world. Coupled with globalization and accelerated by rapid distribution and transfer of knowledge by information and telecommunication technologies, this development impacts all countries and regions, public institutions and corporate world, and lives and prospects of individuals.

The knowledge economy is based on the generation and adoption of new knowledge created by scientific research and technological development, investments in education and research, adoption of best practices, and openness to social, economic, and cultural innovations. For advanced industrialized countries with high labor and infrastructure costs, the knowledge economy offers competitive advantages in high-technology industries and efficient service sectors. For natural-resource-based economies it offers improved technologies and higher-value added products with closer customer linkages, as well as a path towards sustainable development. For developing countries knowledge offers possibilities to short-circuit development phases, leapfrog technologies, and faster integration into the global economy by becoming more attractive to international investors.

As an example of knowledge economy components, we can mention the rapid development and adoption of information and communication technologies (ICT), such as wireless mobile telecommunication. It took more than 100 years to build the fixed-line telephone system in industrialized countries. In dramatic contrast, in a couple of decades, the number of mobile telephones worldwide recently reached 1.5 billion and now exceeds that of fixed-line connections. Bypassing the economic and quality of life costs of digging up metropolitan streets to install telephone cables and marring the countryside with telephone poles, wireless technologies have brought to all countries domestic and global connectivity as well as advanced digital services. These technologies afford information and knowledge access through the Internet to even the remotest, poorest, and most peripheral regions.

In recent years, the economic theories pertaining to the knowledge economy have been the subject of intensive research. They often are characterized by positive feedback and turbulent evolutions resulting in virtuous or vicious circles of development. For instance, high-technology industries differ significantly from traditional industries. Their products typically have short life cycles and narrow time windows, immediate international or even global markets. Consequently, the high-tech industries are characterized by high research–and often also by high capital–intensity. Their cost structures are dominated by development expenses and marketing efforts rather than by manufacturing and material costs.

The conversion of knowledge into economic and social benefits requires good innovation systems, including highly qualified personnel and efficient technology transfer and venture capital. However, equally and perhaps even more important than the creation of new high technology industries is to maintain and improve the performance and competitiveness of traditional industries by providing them access to high technology and knowledge.
The new knowledge environment offers many opportunities to active players. Rapid growth leading even to world market dominance is possible as illustrated by many success stories around the world. On the other hand, these same characteristics can lead to greater polarization between winners and losers. International competition is strengthening the demand for the most qualified people and for international investments. Hence, the questions of social inclusion and avoiding the digital divide call for attention.

1.2. World Bank Studies of Knowledge Economy

Knowledge economy plays an increasing role in the activities of the World Bank. In order to understand its functioning, challenges and opportunities for development the World Bank and the World Bank Institute have conducted a number of country and regional studies and organized several conferences and learning programs. These include the following:


India and Knowledge Economy – Leveraging Strengths and Opportunities, 2005.

Finland as a Knowledge Economy – Elements of Success and Lessons Learned, to be published in 2005.

Ongoing knowledge economy studies include also Brazil, China and Korea.

The World Bank is keenly interested in the role of knowledge in the development and it’s financing. The changing economic structures should have their impact also on the policies, instruments and priorities of the World Bank. To what extent investments in traditional infrastructures could and should move towards knowledge economy components? What are these components at different levels of development and what are best opportunities for investments?

The World Bank has also major role in advising its member countries in questions of economic and social development. Its reports are studied by policy makers and its training programs are attended by decision makers from all countries. They need to formulate their own assessment for what is most beneficial for their countries. Duplication of success stories or avoiding wrong choices by others is not easy or even possible in most cases. But learning from the experiences of other countries is certainly recommended in the global world.

1.3. Pillars of Knowledge Economy and Competitiveness

The World Bank Knowledge Assessment Method is based on four pillars essential for success. These pillars are:

1. Economic and Institutional Regime provides incentives for the efficient creation, dissemination, and use of existing knowledge.
2. **Education** provides educated and skilled population that can use knowledge effectively.

3. **Information infrastructure** facilitates effective communication, disseminations, and processing of information.

4. **Innovation system** to connecting and assimilating global knowledge, adaptation and creating of local knowledge for economic and social benefit.

The four pillars are interconnected and interdependent. They can be disaggregated to more detailed indicators, as illustrated in the country profile of Finland. With the exception of growth performance and trade barriers, the country is close to the top performance in all respects. Similar profiles and comparisons to global and regional areas are included in the World Bank Knowledge Assessment Data Bank for all countries.

**Benchmarking the Finnish knowledge economy**

**Finland—Basic Scorecard**


Notes: Knowledge economy variables benchmark performance of more than 120 countries. Variables are normalized from 0 (worst) to 10 (best).

The overall picture and comparisons with various regions and countries are given in the next using the aggregate knowledge economy index (KEI). Figure also suggests that there is strong persistence—at least over the medium term—in the group of advanced knowledge economies. However, taking a longer horizon, there are examples of rapid structural change and even of leapfrogging.

Knowledge economy index (KEI) by countries and regions (1995 and the most recent year)
In terms of R&D intensity, as late as the late 1970s, Finland was at the lower end of the OECD countries. Today, Finnish investment in R&D accounts for 3.4 percent of GDP, which is the second highest rate in OECD and the third highest in the world just after Sweden.

1.4. Stages of Industrial and Economic Development

The study of knowledge economy derives from a simple examination of the historical phases of development along the lines of Michael Porter. A typical path to a knowledge-based economy comprises of three stages of industrial development: the resource-driven, investment-driven, and knowledge- or innovation-driven stages as illustrated for Finland below.

Sources: Adapted from Porter (1990) and Hernesniemi and others (1996).

While describing the characteristic features typical of different development stages of the economy, the framework also gives insights into the different roles of policies in the different stages. Obviously, different policies are appropriate at different phases. The three stages cannot be strictly separated from one another. Rather, they overlap and certain features of each can be identified throughout, starting from the initial stage of early industrialization.
In the factor- or resource-driven stage of an economy, the competitive advantages of growing and internationally successful industries are based almost solely on the basic factors of production. There is very little national production of investment goods. Firms rely on technologies developed elsewhere; primarily inexpensive and widely available technologies are used. The economy remains sensitive to fluctuations in the world commodity and capital markets. The growing prosperity can be channeled partly to nationally vital investments and export revenues help to build an economic infrastructure and institutions, such as educational and financial systems.

In the investment-driven stage national competitive advantage is characterized by the willingness and ability of firms to expand their operations by investing aggressively in modern and efficient production technologies and facilities. The firms tend to acquire the best technologies available. Foreign technologies are not only applied but also improved for own purposes. However, firms still compete with relatively standardized products using efficient methods of production. Industry and economic policies are geared toward enhancing investment by channeling capital toward particular industries, providing tax incentives, and using aggressive exchange rate policies to boost exports.

In the knowledge-driven stage, there is usually a wider range of internationally competitive industries and firms, even in smaller economies. However, a substantial portion of these industries and industrial clusters draw their competitive edge from traditionally strong sectors. Many innovative firms and industries emerge in fields that have strong linkages with traditional ones. Entrepreneurship increase domestic rivalry and innovations are spurred by increased competition in the product market. Self-created and sophisticated factors of production are crucial for competitive advantage and firms compete in global markets with differentiated goods.

In Finland the move to knowledge-driven growth was closely linked to the emergence of ICT and Nokia success in mobile telecommunication in the late 1980s. However, ICT industry had started already in the 1960s by supplying process control, factory automation, and information technologies to the key export industries. An important aspect of this stage of industrialization was also the opening up of the economy, when the internationalization of production really took off. The role of policies changed dramatically during this time. Innovation and technology policies became the focus of overall industry and economic policies. The basic policy orientation shifted from traditional market interventions toward upgrading and creating sophisticated production factors and improving the overall business environment.

**2. EDUCATION SYSTEMS FOR KNOWLEDGE ECONOMY**

Education is the key element of a knowledge-based, innovation-driven economy. It affects both the supply of innovation and the demand for it. Human capital and skilled labor are complementary to technological advances: new technologies can not be adopted in production without sufficient workforce
training and education. On the other hand, the demand side also is important. Innovations may not take place due to a lack of demanding customers and consumers.

2.1. Trends in education systems

In the OECD’s recent Program for International Student Assessment studies (PISA 2000 and 2003), Finland came out on top in terms of learning skills among 15-year-olds in mathematics, science, and reading literacy. Other high performers included Southeast Asian countries: Hong-Kong China, Japan, and Korea. What is unique in the Finnish case is the low variation among schools and across students.

In higher education, however, the economic trends and demand for certain skills have played a significant role in education policy, and the expansion of Finnish higher education system has followed and supported the course of economic development. In the 1940s and 1950s, elevating the general education level of the people was relevant. The 1960s and 1970s witnessed the establishment of the Finnish welfare system, and higher education institutions provided the economy with social sciences graduates and public employees. In the 1970s and 1980s, providing graduates for the private sector took over. Toward the 1990s, further development in technical fields and the emerging ICT sector increased the popularity of and investment in higher education in these fields.

Share of tertiary type of graduates in engineering, natural sciences, mathematics and statistics, and computing (% of all graduates)

Investments in education have been relatively large proportional to the size of the economy in Finland. According to the 2000 OECD comparison, educational expenditures were over 5 percent of GDP exceeding the OECD average. Since the late 1990s, the share of funding from private funding has increased in higher education. Universities cover approximately 35 percent of their expenditures with external funding competitive public sources and contract research.

Equality by gender, region, and socioeconomic background are fundamental principles of a good education policy. Everyone needs to receive a good basic education. Furthermore, it is the goal of the educational system that no one relies on basic education alone. Previously, equality was considered quantitatively, and the distribution of schools and access to them were measures of equality. Nowadays, equal quality of education for everyone is the goal, and individual learning results are the measure of interest. Currently, the Finnish education system, and its higher education in particular, are entering a period of reform. The financial aid system and the degree structure are being remodeled to increase the effectiveness of higher education. Also the system of university and polytechnic education are harmonized with other
European countries. The aim is to shorten study times of Finnish higher education students and to improve the employment rate by facilitating faster transition to the labor market. Shorter times-to-degree also improve the match between education policy and economic development with respect to fields of study and numbers of graduates.

In the knowledge economy, in which the majority of the jobs involve information gathering, processing, and production, proficiency in these basic literacy skills forms the foundation for the efficient functioning of the society. Basic education provides the basis for developing these skills. Equal opportunity to acquire education is necessary for recruitment of the best talents needed for knowledge economy development.

2.2 eLearning

The vision of lifelong learning lies at the heart of the Information Society strategy of the EU, outlined in its eLearning Program. A major driver for this objective resides within the rapid demographic change of labor force and the need for continuous education. Network-assisted training has been suggested as a means for flexible and efficient “change of generation.”

The development efforts on Internet-based schooling have produced a range of virtual learning environments and large differences exist among and within countries in the use of information technology in schools.

For the development of online tertiary level education in Finland, the Finnish Virtual University (www.virtuaaliyliopisto.fi) was established for 2001–2004 as a cooperative project organization among all 21 Finnish universities. Its goal was to harmonize universities’ information systems and to share services to benefit students, teachers, researchers, and administrators. The organization has initiated the development of a national database for virtual courses, and that includes online student counseling. The teaching staff, in turn, is provided online access to tools, materials, and support for the design and implementation of virtual courses. The ultimate aim of the Virtual University project has been to establish originated operating models and services as part of permanent activities of universities.

3. INNOVATION SYSTEMS FOR ECONOMIC DEVELOPMENT

Knowledge economy is based upon creation of new knowledge by scientific research and technological development. However, access to this knowledge is only a necessary condition but not yet sufficient for the success of transforming it to economic and social benefit. Large differences are found in this ability and hence the elements of success and failure and best models of achievement are of great interest.

3.1 Research and Development Input and Output

Research and development investments are the basic input to knowledge economy. At an aggregate national level they are measured as the share of GDP invested. The OECD average is about 2.4 % of GDP with USA and Japan investing about 2.8 % while European Union level is about 1.9 % but actually decreasing due to the enlargement process bringing into EU new member countries with lower R&D investment levels. On the other hand, the ambitious goals set forth by the Lissabon Summit in 2000 call for significant increases reaching about 3 % level by 2010 and contributing to the goal of improving the competitiveness and dynamism of EU as a whole.

The European Commission proposal for the next five years calls for major structural changes in the budgets and the financial perspective reducing the agricultural subventions currently accounting for about 40 % of EU budgets and increasing the research investments significantly – all the way from the current 17.5 Billion euro of the 6th Framework Program to 73 Billion euro of the next 7th Framework Program whose length would be also extended. In light of the recent political difficulties in approving the constitution of the enlarged EU and adopting the financial perspectives these goals remain ambitious but clearly point in the right direction.
However, the developments so far provide interesting material for study on the efficiency of innovation systems. While the numbers referred to above give average investments, large variations occur within EU countries as illustrated below.

**R&D input in some OECD countries**

![Graph showing R&D input in some OECD countries]

USA, Japan and Germany have traditionally been heavy investors in R&D while recently Israel and Sweden have surpassed their levels. So has Finland whose investments have risen at a record rate from 1.5 % level in 1985, and from less than 1 % level earlier, to the current investments amounting to 3.6 % of the GDP.

What is the result of R&D investments and how to measure them? Classical methods include publication and citation records, advanced degrees and international rewards, patenting activities and creation of new industries. But one would like to see the impact on the national level measured by structural changes of the economy.

Such a change is clearly illustrated below by the share of high technology part of the exports. The share expressed on percentage scale up to 30 % would typically be larger for a large country when comparing countries of similar technological developments. For instance the United States has a rather closed economy where foreign trade represents a smaller share than in a small country that needs to trade also basic materials, such as food, textiles and construction materials. The US exports are to larger extent high technology products, such as computers and software, pharmaceuticals and aircraft leading to a high percentage.

The high technology exports accounted for about 5 % in Finland fifteen years ago. The exports were largely dominated by forest industries, which still play a major role in the economy, and today at the global level. However, dependence on the cyclical forest industry was vulnerable and required frequent devaluations of the currency. Today this is not possible due to common Euro currency regime, nor desirable because of foreign debt accumulated.

The increase of high technology share of exports to the levels of over 20 % has diversified the exports as a whole and reduced the dependence on a single industrial sector. It has also brought a significant positive balance to the high technology trade where exports are about double compared to imports. This achievement of major structural change is of world record magnitude, largely based on telecommunications industries, new high tech companies and knowledge industries.
The share of high tech exports in some OECD countries 1988-2001

Exports of Finnish high tech products totalled 9.9 billion euros in 2001, i.e. 21% of total exports of goods.

Source: Statistics Finland, according to the OECD product catalogue defined in 1995

3.2 Traditional Versus High Tech Industries

The division of industries in low and high technology categories can be very misleading. Today all industries need to employ high technology contributions to maintain their competitiveness.

For instance pulp and paper industries are today very high tech industries. The paper machines run at speeds of 120 km/h in manufacturing multicoated papers, sometimes with electronic components imbedded. However, they are not characterized as high tech industries, since they do not invest more than 4% in R&D. This they could not invest because the margins are often smaller than that. Much of the development work for forest industries have been done in other industrial sectors and the results have then been injected into the forest industry sector. Thus the forest industries have maintained their competitiveness and profitability, and have grown into the world dominance.

Situation is very similar in other traditional industries and also in agriculture. The erosion of employment cannot be compensated by creation of new industries if the traditional sectors are left in decline.

It is also very important to secure the competitiveness of small and medium size companies. More and more they also need to have export capabilities and face global competition. They need to have access to the best technology but typically can not afford to have their own research personnel and facilities. Hence they need access and collaboration with research capacities of universities and research centers. Such links are particularly strong for small and medium size companies in Finland.
3.3 Competitive Funding and Integrated Innovation System

The key element of a successful R&D funding system is the independence of funding agencies and an appropriate balance between institutional competitive funding.

The independence of funding agencies from policy formulation organizations, such as ministries of education and research, lessens the pressures for political favoritism, allows flexible use of funding instruments and financial engineering as well as building up competent funding agencies with highly qualified personnel.

The competitive funding is closely related with independent funding agencies. In many countries the institutional funding still plays the leading role in innovation funding. In such a system money diffuses down the system and an individual researcher or educator has to be content with the success of his bosses in securing resources for his work. Of course, institutional funding is needed to assure the functioning of the basic educational and research institutions, but it needs to be complemented by competitive funding that offers many advantages.

First, it is easier reorient funding than institutions. Thus new fields, such as nanotechnologies can be launched much faster than trying to redirect old institutions in related fields. Secondly, competitive funding makes it
possible for talented and entrepreneurial researchers to receive much larger resources and thus encourage new initiatives. Thirdly, it is easier to set up multidisciplinary projects and university-industry partnerships to assure the utility of especially applied and technological research. And fourthly, since all international funding is competitive experience on a national level is mandatory for international success, as in competitive sports.

Innovation funding systems also need to fully integrated so that no gaps are left in the support systems. Here again, funding agencies have a much better chance for success including public-private partnerships than sector-based schemes. Such an integrated funding system is shown below for Finland being result of already several decades of planning and development of innovation polices.

**Science and Technology System in Finland – Resources and Funding**

![Image of Science and Technology System in Finland – Resources and Funding](source: Tekes 2005)

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**PROMOTING THE DEVELOPMENT OF THE SMALL BUSINESS SECTOR IN THE REPUBLIC OF MOLDOVA**

The economic policies pursued by the Government over the last three years were focused towards the economic growth, achieve better employment rates and higher living standards of the population, ensure macroeconomic stability with the key policy measures, create an enabling environment for the business, stimulate investments and promote exports.

Like in many other countries in transition period, the small business sector of the Republic of Moldova, appeared as a result of structural reforms, implemented to move from centralized economy towards the market economy.

Currently, in 14 years of transition, small business enterprises are holding over 90% from the total number of economic agents, and today they are considered to be the main structure of the national economy.
Due to the importance of the contribution for the stimulation of the competition, favoring the innovations and technologies, this sector is considered to be the main promoter for the economic development of the country, a step forward to the regional and social European integration.

Consequently, this sector is very important for the economic and social development of the country, since these enterprises can ensure the highest increase of employment ever registered during the last couple of years.

At the same time, it must be realized that these enterprises face difficulties in business growth and development, and one of the main obstacles in further development of the sector is the bureaucracy that can still be found in state authorities with decisive functions, as well as the lack of development infrastructure of the enterprises, absence of a real mechanism for entrepreneurial activity support.

The SME Sector is regulated by the Law on Support and Protection of Small Businesses (20.05.94), stipulating that the enterprises which can employ up to 9 employees should be considered as micro enterprises, the small enterprises would employ from 10 to 50 employees. The ceiling of the annual income from the trade activity for both categories of enterprises constitutes from 3 and 10 million MDL respectively. However, the legislation does not stipulate anything about the medium-sized enterprises: all enterprises employing more than 50 persons, or/and the annual income is more than 10 million MDL are considered to be “large enterprises”.

Of course, the sector performances can’t be ignored, though remain to be quite modest: 92% of the total number of the enterprises in our country employ 30% of labor force, getting approximately 30% from the volume of the sales. The data are unsatisfactory, but the state mission is to find the reason for such deficiencies and eliminate them using an efficient policy aimed to develop the small business sector.

1. ANALYSIS OF THE STATISTICAL DATA REGISTERED BY THE SMALL BUSINESS AGENTS

Currently, according to the data submitted by State Registration Chamber, there are approximately 128 thousand enterprises registered with the statute of physical and legal person which perform their activity in different spheres of the national economy. At the same time, on the territory of the Republic of Moldova there are registered over 503,000 agricultural enterprises (farms).

On the other hand, according to the National Bureau of Statistics there are over 30,000 enterprises, including 28,000 of economic agents in the small business sector, for example – 8 enterprises per 1,000 inhabitants.

The analysis of small business enterprises states, in spite of low capacity, the progress achieved by small business enterprises in the previous years and the performances of the large enterprises is being increasing constantly. In this context, it’s necessary to mention that during the years 2001-2004, the number of small business agents increased with 5,700 enterprises, and this tendency has been maintained during the previous year. This fact represents an evidence of flexibility of the small enterprises to adjust to the new conditions of market economy.

The majority of the small business agents are performing their activity in the trading sphere (45%), industry of processing and extraction (13%) and real-estate transactions (12%).

According to the property forms, the enterprises from small business sector have been set up on the basis of the private capital in proportion of 91%, with public capital – 2%, with foreign investments – 2,3 %, with joint capital – 5 %.

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4 All juridical persons are obliged to present reports to the National Bureau of Statistics according to the Government Decision No. 1476 of 14.11.2002 „concerning the criteria of accountancy keeping by some categories of economic agents”. Concomitantly, even if they are natural persons, individual enterprises that have fixed assets in a sum of more than 350 thousand lei or the turnover is more than 1 million lei have to present accounts to the NBS.

Thus, from 128 thousand enterprises registered at State Register Chamber, 60 thousand are individual enterprises, 10 thousands are budgetary institutions that do not present reports to the NBS. Approximately 7-8 thousand have not been registered (lack of IDNO code).
### Table 1: Analysis of the enterprise activity results during 2002-2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of enterprises</th>
<th>Number of the small business enterprises including</th>
<th>The rate of the sector in the entire economy (%)</th>
<th>The turnover of the sector (mil. MDL)</th>
<th>Turnover/enterprise (thousand lei)</th>
<th>Financial results of the sector (mil. Lei)</th>
<th>Rate of enterprises with profit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Micro enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>24,685</td>
<td>22,138</td>
<td>17,760</td>
<td>4,378</td>
<td>89.68</td>
<td>10,833</td>
<td>-242</td>
</tr>
<tr>
<td>2003</td>
<td>25,667</td>
<td>22,928</td>
<td>18,168</td>
<td>4,760</td>
<td>89.33</td>
<td>13,443</td>
<td>215</td>
</tr>
<tr>
<td>2004</td>
<td>30,335</td>
<td>27,831</td>
<td>22,580</td>
<td>5,251</td>
<td>91.68</td>
<td>19,930</td>
<td>356</td>
</tr>
<tr>
<td>9 months</td>
<td>31,887</td>
<td>29,400</td>
<td>23,800</td>
<td>5,600</td>
<td>92.20</td>
<td>17,065</td>
<td>580 (a growth of 60 thousand lei)</td>
</tr>
</tbody>
</table>

*Source: Ministry of Economy and Trade, 2006*

At the same time, the analysis of organizational-legal forms should demonstrate that the majority of the small business agents prefer to create Limited Liability Companies (73%) and Joint-stock companies (6%). It is necessary to mention that the small business continues to be incomplete without examining the sector from the territory point of view. In this context, Chisinau and Balti municipalities have a priority due to the number of enterprises, the turnover and the number of employees. The other regions are as follows: UTA Gagauzia, Anenii-Noi, Orhei.

A dynamic analysis shows that during the last 4 years (2001-2004), the number of persons activating in the sector increased with approximately 47 thousand, representing over 70% from the total number of employees created during the corresponding period, being over employed by 170,000 persons. The average number of employees at an enterprise from the small business sector is, now, 6 persons.

Since 2003 the sector became more profitable and registered a positive balance in the amount of 215 mil. MDL, these tendencies have been maintained during the years 2004-2005.

Thus, during the year of 2004 the number of enterprises achieved the number of 10 thousand (compared to 7.7 thousand enterprises in 2002). This represents 87% from the total number of profitable enterprises in or country.

Due to a reduced ability of the small business enterprises in accumulating high profits, the registered average profit of the small enterprises is about 100 thousand compared to a big enterprise with a profit in the amount of 1.9 mil MDL. On the other hand, according to non-profitable enterprises, we can underline that losses of an enterprise from a small business sector is 24 times less in comparison with a big one, being approximately 54 thousand MDL and 1,300 thousand MDL respectively.

It is necessary to point out that in 2004, construction works were considered to be the most profitable activities (184 thousand MDL per enterprise), real-estate transactions (151 thousand MDL per enterprise) and processing industry (100 thousand MDL per enterprise).

On the other hand, the biggest average losses of an enterprise were registered in the processing industry – 108 thousand MDL, followed by the agricultural activity – 54 thousand MDL.

The above-mentioned results make obvious the necessity to continuous development and modernization of the enterprises, which require both huge investments and special Governmental support to the SME sector.

### Existing barriers faced by the SME sector

Since 1992 the Republic of Moldova registered an obvious increase of the number of the small and medium-sized enterprises. Despite this fact, the small number of the people employed in this sector, the registered revenue and inadequate business environment show very low and poor possibilities for a good development of the enterprises.
According to a survey implemented by the Government and foreign experts, by consulting non-government organizations representing the interests of entrepreneurs and small business agents, the following barriers have been identified:
- Inefficient regulatory framework;
- Limited access to financial and informational resources;
- Law competitiveness of national enterprises on international level;
- Low level of the entrepreneurial abilities and poor development of the business supportive infrastructure.

Although there has been an appreciable growth of the number of small businesses, Moldova still has a poor entrepreneurial culture. The donor community continues to assist the development of the business services for micro and small enterprises and the Government has implemented an educational reform of the secondary schools, vocational training and institutions of Higher Education in order to introduce more business-oriented subjects. However, the sector remains underdeveloped: there are very few business service providers that are sustainable without donor support. There is a lack of reliable information, limited experience in using professional services and a restricted range of services available to entrepreneurs.

In the majority of cases the entrepreneurs, especially small businessmen, do not realize the necessity of training, and as a result the consultancy and training centers cannot survive because of the poor demand for performed services and products, a possible increase of the demand would benefit their development and decrease prices for the services provided by them.

Currently, there is no competitiveness of the small businesses in Moldovan. The Government together with the donor community has supported the efforts made by the small businesses to get to the external markets, especially to the markets of the community of the independent states, and have facilitated participation in international trade fairs. Work is being done on strengthening the links between research institutions and the private sector, simplifying the patent process and introducing greater protection for intellectual property.

Another important aspect in the development of small and medium-sized enterprises is the level of Information and Communication Technologies utilization. The country now possesses a range of high-speed internet providers, although the use of Information and Communications Technology in small businesses is limited. There is very little evidence that Moldovan enterprises are involved in e-business and the process of implementation of a wider range of e-government services is still at its initial stage.

2. STATE POLICY CONCERNING THE SUPPORT PROVIDED TO SMALL AND MEDIUM-SIZED ENTERPRISES

Regulatory Reform

The Government has launched a reform of the regulatory framework, through the approval of the Law on revision and optimization of normative framework regulating the entrepreneurial activity No.424-XV of 16.12.2004, aiming to revise the legislative-normative basis regulating the entrepreneurial activity and the structure of responsible public institutions. These activities are placed on the first stage of the reform that will continue with the establishment of a new system, established on the basis of good governing, according to which the regulatory impact evaluation of legislative and normative acts will be emphasized.

In order to implement the provisions stipulated by the Law, the Government has set up a State Committee aiming to regulate the entrepreneurial activity and a Task Force, its consultative body, which will include representatives of the central public institutions, non-government organizations, trade unions, employers, business associations, academic environment, international projects of technical assistance.

During its sessions the Task Force will be examining the normative acts related to the entrepreneurial activity, in order to eliminate and avoid the regulations that do not correspond to the legislation and are oriented towards the market economy.

Another important element of the state policy in creating favorable conditions for the development of the small businesses is the implementation of “one-stop-shop” principle in the activity of public institutions (Chamber of Registration, Chamber on issuing licenses, etc.), in order to intensify the cooperation among the public institutions and to minimize the number of institutions and direct contacts with the economic agents. The purpose of this principle consists in reducing the time and the costs paid by the economic agents.

Thus, the initial stage of the “one-stop-shop” principle in the activity of a registered enterprise should allow simplification of this procedure, reducing the time and afferent costs of the registration process; the
final objective being the electronic registration in on-line regime. Presently, it will take up to 10 days to register an economic entity and from 1 to 3 days – on an urgent basis.

At the same time, the implementation of the “one-stop-shop” principle allows considerable simplification of the licensing process, the list of licensing activities being reduced by 9 types, but currently only 47 types of activity are being attributed to enterprises. The list of additional documents attached to the application for issuing a license was simplified twice, at the moment, approximately 3 documents are necessary to be attached.

It’s important to mention that from the total number of documents to be submitted to the Chamber, the majority are drawn up by economic agents and do not need to be addressed to other instances and to pay any taxes. But in the cases when the legislation stipulates the issuance by some line ministries of some permits or authorizations, the Chamber receives these documents, sending them prior to the ministries or departments for approval. Thus, implementing “one-stop-shop” principle and concentrating upon constructive cooperation of central public authorities, the economic agent does not need to submit the same documents simultaneously to several different institutions.

In perspective the “one-stop-shop” principle will be spread upon the activity of public bodies that will regulate the entrepreneurial activity.

Cancellation of the widespread phenomena of issuing certificates, confirmations, authorizations, dispositions and other documents by public institutions, for a corresponding amount, as well as providing paid services will also contribute to the improvement of the business environment and to eliminate administrative barriers.

Thus, the draft decision „Regarding the Nomenclature of authorizations, permits and certificates, issued by public administration authorities and the subordinated bodies, natural and juridical persons for participation in entrepreneurial activity“ has been elaborated by the Government. According to the provisions of this decision, the payment for issuing authorizations, permits and certificates by the central public administration authorities should be collected only in the cases stipulated in the legislation.

An important moment provided to the nomenclature elaboration is the enlargement of certificates, permits and authorizations with a validity term for at least 5 years. At the same time, 70% of the total number of premises, certificates and authorizations included in Nomenclature will be offered free of charge.

Regarding the level of reducing the involvement of the public institutions in the entrepreneurial activity, according to the implemented provisions of the „guillotine“ Law, during the 1st and the 2nd stage, the functions and tasks of 40 institutions of central public administration have been examined, including 1130 official acts related to the entrepreneurial activity.

In this respect, during the 3rd stage of the Law implementation, a Registry project was elaborated, which can be seen on the web page: www.economie.guvern.md, available to public for debates.

A key factor, which will demonstrate the first achievements of the Regulatory Framework Reform represents the normative acts that are not included in the Register of official acts on entrepreneurial activity, used now by public institutions in the process of entrepreneurial activity regulation, will not have legal power and will not be invoked, that will assure stability and the quality of entrepreneurial activity regulations in order to avoid barriers in the business environment.

Access to finance

Lack of adequate financial resources and appropriate financial tools, very little financial and credit support are keys which influence not only the newly formed businesses, but also the experienced ones. Under such circumstances of no available funds, many companies never start their activity, and under an excessive tax pressure go bankrupt to supplement the shadow economy.

The fund requirement reported by small business entities is extremely high, yet with their low annual sales, they can not be covered by their own funds.

At the same time, the commercial banks, however, which, in fact, are the main fund suppliers, can provide mostly short-term credits to fund the working capital, and engage in long-term credits primarily to clients holding collateral and having an excellent past credit records.

With the achievement of macroeconomic stability and bank consolidation, the access to funds and loans by economic agents will be continuously expanding.
An additional inducement for banks to increase their loan portfolio was the arrangement of full income tax deductibility of interest earnings on loans extended for more than 3 years and 50% income tax deductibility of interest earnings on loans from 2 to 3 years.

Small businesses, which are unable to comply with banks requirements, require a special treatment in terms of funding arrangements.

To fund the operations of small business, credit resources are provided by various international financial institutions. The credit lines are placed through commercial banks.

Despite all these developments, it is still necessary to highlight that the National Bank of Moldova continues to consolidate the capacity of local banking system to mediate the financial flow. In this context, measures for improving the banking system capitalization level were implemented; new procedures were elaborated and applied in respect of the regulation and supervision of „small“ credits, taking into consideration the necessity to stimulate their growth.

The implemented measures showed an increase of the investments in the banking system and providing funding to other economic agents, including the enterprises from the small business sector.

As a result, during 2004 credits in national economy increased by 22.2% compared to 31% in December 2003, constituting 7399.3 mil. MDL. During the 1st semester of 2005, the amount of credits designed for the national economy accounted 8117.9 mil. MDL which is 29.1% more than during the 1st quarter of 2004.

At the same time, a growth in credits provided to the small business sector was observed. Thus, according to the situation as of 31.12.2004 the amount of credits constituted 912.6 mil. MDL, increasing with 4.1% compared to 31.12.2003. The weight of these credits constituted 12.3 % out of the total amount of credits. In the 1st semester of 2005 the credits balance designed to the small business increased with 25.6% compared to 31.12.2004. In this period, the weight of these credits constituted 14.1% out of the total amount of credits, increasing with 1.8 p.p. compared to 31.12.2004.

The indicators reported by commercial banks reveal that 80% of loan applications filed in by economic entities, including the ones from the small business sector, have been reimbursed. Even though the funding requirement is much higher than the supply, only a few economic entities apply to commercial banks for credits, because of the severe requirements imposed by banks.

As the funding requirement in the country is enormous, a great consideration is now paid to the development of the non-banking sector to finance the enterprises from the small business sector.

**Microfinance Institutions**

A major portion of funding requirement for small business is covered by microfinance companies, such as S.A. „MEC-Moldova“, LTD „Microinvest“ and NGO „Microfinance Alliance“ specialized in this area and providing a big number of credits, offering much more flexibility and much simpler application procedures than the ones required by the commercial banks.

Currently, savings and credit associations of citizens appear to be the only alternative to commercial banks, which are established and operate in all country regions as self-financed institutions. To facilitate access to funds for farmers, there were 535 Savings and Credit Associations operating in rural areas, 55% of them were provided with credits. In 2004, the credit amount was 250 million MDL.

To facilitate access to funding the *Law on Microfinance Institutions No. 280 of 22.07.2004* has been approved. It will establish a revision and adjustment of enforced legal framework, which requires some modifications to be made to the Fiscal Code concerning the constitution of commissions by MFI and to offer similar facilities to banks, which encourages the development of this sector (both types of institutions assume the same risk of credits being not reimbursed, but the commissions permit the deduction of these expenses).

According to the analysis, there are no long-term cheap financial resources offered, satisfying only a few business agents.

In well-developed countries the financial insufficiency is covered by the Government, by offering preferential credits to some branches of economy, at law rates or even insignificant rates interest.

In the Republic of Moldova the state policy for the small business support shall be implemented including the agency of the Fund for Entrepreneurship Support and Development of Small Business, which was offered two il. MDL during 2004-2005 directed to guarantee the small business credits.

It must be mentioned that the problem of financing the small business agents and the population can still be found in well-developed courtiers, as well as in those with transition economy, and the only thing which is different – is the actions taken in order to solve these deficiencies.
Thus, on the initiative of United Nations Organization, the year 2005 was proclaimed International Year of Micro credit, which is aiming to impel micro crediting programs, as well as improve the knowledge on the role of micro financing in solving the social-economic problems.

On 13 June 2003, the Government of the Republic of Moldova elaborated an Action Plan for the Year of Microcredit-2005 (Government Decision of the Republic of Moldova No.723), according to which, the Ministry of Economy, in cooperation with the local public authorities have elaborated a National Program of examination of the objectives set forth for the International Year of Micro credit – 2005 (Government Decision of the Republic of Moldova No.1106 as of 08.10.2004).

This Program is aiming to enlarge the access of the population to the information on micro financing through the implementation of certain actions.

Therefore, between January-June 2005, under the umbrella of the Ministry of Economy with the support of Rural Financing Corporation, ProCredit, MicroInvest and SRISP, a number of round table talks have been organized on „Micro financing in the Republic of Moldova”, newsletters concerning financing possibilities of entrepreneurship have been published in cooperation with local public authorities.

**Tax Burden**

In order to reduce the tax burden of economic agents, the income tax was reduced– from 28% in 2001 to 20% in 2004, 18% in 2005 and 15% in 2006.

The income tax for the physical persons has been reduced as well. Thus, if the income is less than 16200 lei per year, the tax should be 8%, which means a reduction of 10%; for the persons getting profits in the amounts between 16200 and 21000 MDL the current tax should be 13%, representing a reduction of 15%; the physical persons with an income of more than 21000 MDL, the tax is 20%, representing a reduction of 22%.

The weight of the private sector in the total volume of gross domestic product constituted in 2003 – 70%, in 2004 – 72%, and in the 9 months of 2005 – 75.4% according to operative data.

**Fiscal Framework**

In order to stimulate the legal activity of entrepreneurs to the detriment of the shadow economy sector, it is important to reform the tax system and administration in order to decrease the tax burden upon small and medium sized enterprises and its transformation into an incentive tool for business start-ups and those which are still in the process of development.

In addition, in order to decrease the tax burden on small enterprises, Article 49 of the Tax Code was modified and improved. The Law shall establish and formulate all the exemption elements necessary for its effective implementation. The new draft Article 49 shall exclude the possibility of instructive interventions from the ministries and departments, and thereby streamline the bureaucratic procedures for concluding agreements between the parties. It’s the first step and an evident example of the fiscal system reform in a qualitative plan.

The comparative analysis shall demonstrate that with the approval of the new version of Article 49 (10.06.2004), the number of such beneficiaries would increase approximately 35 times in comparison with the previous years, in 2005 this number constituted 1839 entrepreneurs.

In order to facilitate, familiarize and elucidate the mechanism of application of the provisions of Article 49, the Ministry of Economy elaborated an informative and explanatory guide which has been published already, and now it is distributed to the economic agents. At the same time, the guide was placed on the Government WEB site of the (www.moldova.md).

As a result of the Government activity in cooperation with the business environment, positive results have been noticed in establishing a favorable business environment for the implementation on an international plan for a long-lasting economic growth. Nevertheless, a lot should be done in the future for overcoming the existent provocations.

In order to support the small and medium sized businesses, the Strategy for Supporting the SMEs Development for 2006-2008 has been elaborated.

In this respect, the **objective** of the Strategy is to create favorable conditions for the SME development, in order to increase the contribution of the SME Sector to a long-term, sustainable economic growth and reduction of poverty.

The Government established the following **tasks** for 2006-2008:
• Increase the gross value-added production within the sector with 30 %;
• Raise the contribution of the SME Sector to poverty reduction through the development of new employment opportunities in order to assure the population with good salaries;
• Support the establishment and the development of sustainable and competitive Micro, Small and Medium Sized Enterprises.

In order to achieve wider and specific objectives, the Government of the Republic of Moldova has identified the following strategic directions for the period 2006 – 2008:

➢ Promotion of a favorable policy, legal, regulatory, institutional and fiscal framework supportive of SME development;
➢ Promote the Regulatory Reform Framework;
➢ Implement the “One-stop-shop” principle in the activity of the public institutions;
➢ Implement the Regulatory Impact Analysis system;
➢ Optimize inspections and controls and public services system;
➢ Optimize the SME reporting system
➢ Improved access to finance;
➢ Stimulate the development of the micro financing organizations
➢ Stimulate the development of Savings and Loans Associations of the Citizens;
➢ Establish the Credit History Bureau;
➢ Develop the Venture Capital system
➢ Develop an entrepreneurial culture and modern services in business consultancy;
➢ Improve competitiveness of SME;
➢ Stimulate the innovation culture;
➢ Stimulate the Information and Communications Technology utilization;
➢ Promote the Export;
➢ Develop the certification infrastructure for the quality of local goods
➢ Promotion of the dialogue between the Government and the private sector.
CONFERENCE PAPERS

ICELM-2
INTERNATIONAL CONFERENCE ON ECONOMICS, LAW AND MANAGEMENT
31 May – 3 June 2006
Tirgu-Mures, Romania

Tirgu Mures- a Hungarian city known as Marosvásárhely -, is situated in the heart of Transylvania in picturesque surroundings. The oldest building is the Protestant church which was built in the 15th century by voivode Hunyadi János (Iancu de Hunedoara), who was also known for his participation in the Last Crusade. Among the attractions are a 14th-century citadel, the 18th-century Bolyai Memorial as well as the Tholdalagi Houses and the Palace of Culture. At the palace, see the "Hall of Mirrors," historical exhibits, a 4,700-pipe organ and wonderful stained and painted glass. "Hall of Mirrors," historical exhibits, a 4,700-pipe organ and wonderful stained and painted glass. Web resources: www.cjmures.ro. The Teleki Library is an example of priceless cultural heritage. It was founded in 1802 by count Sámuel Teleki, chancellor of Transylvania. Tg-Mures has three universities: "Petru Maior" University, the University of Medicine and Pharmacy and the Academy of Dramatic Art. Márai Sándor, an eminent Hungarian expatriate, protector of civil values, mentioned, that "Tirgu Mures has spirit and this spirit radiates".

The "Petru Maior" University two components of its activity are kept in a balance under a quantitative and qualitative aspect. The teaching staff, the researchers and the administrative staff are focused upon providing the qualitative parameters that allow the transformation of our institution from a regional university into a university of national character, providing instruction in the following fields: engineering, economics, law, philology, history, administrative science, mathematics, information technology, socio-pedagogy, sports, etc. Web resources: www.upm.ro

Liviu Onorius Marian, Rector of the Petru Maior University, and the organizing Committee, especially the Faculty of Economics, Law and Administrative Sciences under the leadership of Prof. Zsuzsanna Katalin Szabó Dean, Founder Member of the ERENEN, welcomed the Participants in this event. The Opening ceremony was held in the beautiful Greta Hall of the Palace the Culture. The Conference sessions took place in the Continental Hotel. While the Ceremony of Awarding Professor Honoris Causa took place at the Aula Magna of the Petru Major University.

The Faculty of Economics, Law and Administrative Sciences organized this Conference in partnership with the Versailles-Saint-Quentin-en-Yvelines University (France) and the Metropolitan State Colleges of Denver (USA). In spite the fact, that this event was the second in the history of ICELM, the Organizer received papers from 15 countries. The Scientific Committee organized the papers into five main streams including:
Law and Public Administration; 
Finance - Accounting – Banking; 
Management Marketing; 
Socio-Economics; and 
Information and Decision Systems.

Prof. Jeney György, from Corvinus University of Budapest makes presentation. In the left corner Prof. Liviu Masalar from the Université dé Liége (Belgium)

Daniela Stefanescu at her office at the Petru Maior University, 

Prof. Zsuzsanna Szabó in full dress at the Ceremony Awarding Professor Honoris Causa with Antal Szabó, Member of the ICELM-2 Scientific Committee

Professor Honoraris Causa title was awarded to Prof. György Jeney from the Corvinus University of Budapest, and Prof. Liviu Masalar from the Université dé Liége. The ERENET Network was well represented at this event. The following presentations were made by our members:

- Daniela Stefanescu and Zsuzsanna Szabó: An Analysis of Business Incubator Concept, de Romanian Experience,
- Antal Szabó: Small and Medium-sized Enterprising in the new EU Countries and in Economies of Transition, and
- Attila Petheő: The Emergence of Social Enterprise in Hungary.

WORKSHOP ON “BUSINESS INCUBATORS IN SELECTED CENTRAL-EASTERN EUROPEAN AND COMMONWEALTH OF INDEPENDENT STATES COUNTRIES”

23 June 2006, Budapest

AIM OF THE WORKSHOP

The ERENET – Entrepreneurship Research and Education Network of Central European Universities together with the SINTEF – The Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology through ENTRANSE implement project aiming at supporting the design and establishing business support institutions in transition and emerging market by analyzing the best practices in business incubation process in selected Central-Eastern European countries (CEE) and Commonwealth of Independent States (CIS). 13 countries participated in the project by preparing national studies on business incubation in their countries. The Workshop on “Benchmarking Business Incubators in Selected CEE and CIS Countries” held on 23 June 2006 at the Corvinus University of Budapest (H-1093. Budapest, Fővám tér 8, Hungary).
The Workshop was organized by the financial assistance of the SINTEF including travel and accommodation of the national experts, organizational costs and logistics. The Canadian Business Incubator Association provided assistance in financing the participation of the national expert from Moldova, while the OSEC office at Yerevan financed the participation of their experts.

The Workshop was aimed at:

(i) Sharing experiences in best practicing in business incubation in CEE (Croatia, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia); and

(ii) Discussing the modalities on how to design, establish and manage business incubator in the new EU countries in emerging and transition economies, which could operate in sustainable manner in such a way, that those to contribute to the creation of a sound SME-sector.

PARTICIPATING COUNTRIES MAKING PRESENTATIONS AND MODERATING THE WORKSHOP

27 participants from 11 countries attended the workshop, academicians preparing the national business incubation studies, government authorities, business incubator associations and international organizations from Armenia, Canada, Croatia, Hungary, Norway, Poland, Republic of Moldova, Republic of Serbia, Romania, Slovakia and Slovenia.

National studies focus on the following issues:
1. Does a business incubator need to have a business plan prior its establishment?
2. What are the criteria of success of a business incubation process?
3. What kind of services should a business incubator provide?
4. How long incubation period to choose for a tenant?
5. How many incubator place do you need and what kind of facility?
6. Who are the stakeholders/local alliances of the business incubators?
7. How to finance business incubators?
8. How to create clusters and network of enterprises?
9. How to select the best possible incubator manager?
10. How to select the business incubator supervisory board?
11. How to evaluate the activities of the business incubators, science and technoparks?
12. What are the criteria of the sustainability of business incubators, science and technoparks?

The discussion session was entirely aimed at focusing the participating experts and their views on the value for economies in transition of Business Incubators and Business Incubator structured in a national network or infrastructure.

At the discussion session national experts concentrated both on entrepreneurship/enterprise and broader national SME support infrastructure policy. In order to define the common statement of the participants Krysztof Zasiadly conducted a brainstorming with the assistance of Gunnar Due-Gunnersen and Antal Szabó. The following four questions were raised to be answered by the national experts:

1. To which degree is the support of entrepreneurial start-ups important to the economy?
2. What is the level of importance of an infrastructure of incubators in economies in transition?
3. What is the level of importance of an infrastructure of incubators in economies in transition?
4. What are the success criteria for establishing new businesses?

All the experts were asked to shortly shape their opinions regarding these questions, and their answers were put under the questions. This technique improved well, as each answers generated more and more ideas, moreover everybody were given the opportunity to explain and make out his case to avoid misunderstanding. All findings and ideas were put on the black board, and participants were asked to mark under each question the one, they considered as the most important regarding to the given questions.
The finding covered a wide range of suggested measures both related to wider policy support schemes and actions directly impacting SME development. As the top ranking answers, by large were very evident, only the top prioritized findings and conclusions are listed below.

- **To which degree is the support of entrepreneurial start-ups important to the economy?**
  Structured support related to start-ups were highly ranked due to its impact on *Job Creation*. Job creation is obviously essential to any economy.

- **What is the level of importance of an infrastructure of incubators in economies in transition?**
  The impact of an infrastructure of incubators, by its common nature, were viewed as important due to the possibility of *creating a business climate*.

- **What are the success criteria for establishing new businesses?**
  Innovative thinking *on a broad scale* was considered being the most important element of success. This would require active, external measures.

- **Which are the important criteria of sustainability for incubators?**
  It was clearly stated that meeting *community stakeholders’ changing needs* is essential for securing sustainability of the incubator. This implies strong links with surrounding actors at all levels.

The national studies and the Workshop demonstrated that Business Incubators are emphatically crucial elements of the enterprise policy and play an outstanding role in creation of the infrastructural background of enterprise development activity.

**PHOTO GALLERY OF THE BUSINESS INCUBATOR WORKSHOP**

Opening session: Due Gunderssen-Gunnar, Antal Szabó, Antal Nikodémus, Zoltán Sipos (from right to left)

Krysztof Zasiadly, Laurence Hewick, Daniela Stefanescu, Zsuzsanna Szabó, Miroslav Glas, Dejan Eric

Group of participants

Laurence Hewick
Sanja Pfeifer
Péter Szirmai
The European Commission together with the Austrian Presidency held the 2006 conference on the European Charter for Small Enterprises in Vienna on 13 and 14 June. The conference was aimed at stimulating an exchange of good practice among the participants in order to help improve the environment for small businesses throughout Europe.

Some 320 participants from 47 countries attended the conference, representing national, regional and local governments, business organisations and business support providers from EU Member States, candidate countries, the countries of the Western Balkans and the Euro-Mediterranean countries. Of the 320 participants, some 140 represented national and regional governments and around 120 came from SME and business support organisations.

Dragica Karaic, ERENET Member, Ms. Tajana Kesić-Šapić, State Secretary, Ministry of Economy, Labour and Entrepreneurship, Toni Brunello and Antal Szabó ERENET Members (from left to right) at the Pre-conference Networking held on 13 June 2006 at the Kursalon Hübner (Vienna)
The conference was opened by Mr Martin Bartenstein, Austrian Minister for Economy and Labour, together with Ms Françoise Le Bail, Deputy Director-General of Enterprise and Industry Directorate-General at the European Commission.

Discussions focused on the three Charter areas selected as priorities for last year’s Charter exercise to identify good practice.

- More out of the Single Market, especially easy access to information on legislation and standardisation;
- Business support, especially for start-ups and business transfers, and
- Successful e-business models, especially measures to support the update of e-business by SMEs.

Another three workshops were devoted to

- Good practices in other Charter areas,
- The Euro-Mediterranean Charter,
- One-person enterprises.

Ms Françoise Le Bail, SME Envoy and Deputy Director-General of DG Enterprise and Industry of the European Commission, Mr Martin Bartenstein, Federal Minister of Economics and Labour and Ms Maive Rute, Director of the Commission’s Directorate-General for Enterprise (from right to left)

All presentations made at the Vienna conference are available on the conference website at:  

INSTITUTIONAL PROFILE

ENGINEERING BUSINESS AND MANAGEMENT FACULTY OF THE AZERBAIJAN TECHNICAL UNIVERSITY

http://www.aztu.az/

The Engineering Business and Management Faculty as one of the leading faculties of Azerbaijan Technical University was established in 1995 on the basis of departments of “Industrial economy and management” and “Economy of branches of service sphere and management”.

From June to November 1995 the head of the faculty was Professor Sh.Samedzadeh, from December 1995 to May 2003 the head was assistant Professor Kh.Yagudov, and from May 2003 up to date the head of the faculty is Ilham Aslanzadeh, Assistant Professor at the department of “Industry economy and management”. There are 476 students studying at a bachelor’s degree and about 43 students studying at the magistrates of the faculty.

Nowadays the faculty consists of 5 departments.

- “Philosophy and politology” (Prof. Ramazanov F.F.)
- “Industrial economy and management” (Prof. Samedzadeh Sh.A.)
- “Management and economics in service” (Prof. Jumshudov S.G.)
- “Economic theory and State regulation of economy” (Prof. Guliev R.I)
- “History” (assistant professor Qasimov Sh.M.)

Faculties body numbers 80 people of master professorial staff. There are 11 doctors of sciences, professors; 43 candidates of sciences, assistant professors among them. In addition, there are 20 people of auxiliary body working at the faculty.
Bachelors and holders of a master’s degree are prepared at the faculty through the following specialties, which are included into the direction body of “Engineering economy and administration”:

- Economics and management of production fields and service sphere. (Through the branches, - such as machinery construction, metallurgy, transport and communication)
- Management (through the branches of machinery construction)
- Organisation and business administration

Research work of economic problems of transition to the market economy, restoration of machinery and metallurgy enterprises of our Republic, advanced efficiency of transport and communication, dialectics of development of science and technique, socio-political problems are being conducted at the faculty.

Contact: Tel: (+994 12) 39 13 96 Fax: (+994 12) 38 32 80 and E-mail: business@aztu.org

The Chair of “Economic Theory and State Regulation of Economy” as an autonomous structural unit of the University has been functioning since 1953. Head of the chair – Doctor of Economical Sciences, Professor Raqib Ismail oglu Quliyev, Member of the ERENET Network. Activity of the chair has the character that generally established at the University. The chair's employees take part in the educational processes of all faculties and specialties. The activity of the chair has been livened up since the faculty was established in 1994.

Nowadays there are 15 lecturers who work at the chair; there are 2 professors, 7 assistant professors, 5 senior teachers and also 4 workers who are included in educational- methodical staff, among them. The chair stirs to activity in the field of preparation and review of dissertation theses. Local and international conferences are held on problems of forming the market economy and economic democratisation on the basis of the chair. Employees of the chair actively take part in the preparation for and discussion of legislative, normative and program documents of regulation of Azerbaijan Republic’s economy.

FACULTY OF ECONOMICS UNIVERSITY OF ORADEA

http://steconomice.uoradea.ro/english/

The University of Oradea is the most dynamic young University within the Romanian speaking area. It is anything a university can be. Located in a popular vacation area, the Felix Spa, the Natural Reservation of the extremely rare Nymphaea species of thermal water, the Faculty of Economics of the University of Oradea offers the advantages of a young and manageable Faculty to its more than 3000 students. 147 professors, scientific assistants or lecturers, predominantly from the world of practical work, guarantee outstanding guidance for the students. Personal contact with professors and lecturers develops easily on the campus, in the city of Oradea, where the Faculty of Economics has its locations.

In the current academic year the Faculty of Economics of the University of Oradea started new courses of Master studies: MBA – East-West Business Administration, Management in Public Administration, Human Resources Management, Banks and Insurances, as well as European Economic Relations. We have also long time ago, implemented European Credit Transfer System – ECTS, which greatly facilitates foreign student exchange and allows transfer of credit points within European Union universities. Modern buildings, IT infrastructure and professional multimedia equipment allow us using the latest teaching methods.
The Faculty of Economics is headed by Univ.Professor Dr. Anca DODESCU, Ph.D. in Economics acting as Dean.
Address: 5 ARMATEI ROMANE STREET 3700 ORADEA, BIHOR, ROMANIA
Tel: +40.259.408.209; Tel/Fax: +40.259.408.409  E-mail: adodescu@uoradea.ro

EUROPEAN SMALL BUSINESS ALLIANCE (ESBA)
http://www.esba-europe.org/

The EUROPEAN SMALL BUSINESS ALLIANCE – ESBA – is one of the existing European business organisations. At time being it has members from Austria, Belgium, France, Germany, Gibraltar, Portugal, Sweden and the United Kingdom. It has associates and Pan-European organisations too. The ESBA Office in Brussels is ideally located next door to the European Parliament building.

ESBA approach of European business representation is twofold:
- ESBA’s main aim is to ensure that independent and free membership SME lobbying and benefits groups can have their specific voice in the context of EU affairs. ESBA is the only European business organisation seeking to put together SMEs groups sharing the same philosophy.
- ESBA seeks to cooperate with other business organisations in Europe to exercise more political influence on key business issues. This is why ESBA initiated the EEF, the European Entrepreneurs Forum, as a consensus-building platform open to all organisations willing to establish a better environment for small business and entrepreneurship.

ESBA Mission Statement

The mission statement of the ‘European Small Business Alliance’ (ESBA) is:
To stimulate the greater integration of the resolve and purpose of small and medium sized enterprises throughout the European Union and beyond its border to other European non-member countries by:
- Encouraging and assisting the expansion of entrepreneurship.
- Working with European Institutions and other appropriate bodies to create a more harmonious environment for SMEs. An environment that will generate sustainable growth, greater employment opportunities and economic freedom for all our peoples.
- Promoting and protecting the interests of SMEs throughout Europe in an unselfish manner, always mindful to the needs of others
- Encouraging trading activities beyond the borders of Europe and expanding our influence on a global basis
- Inviting and attracting selected professional bodies into ‘Associate Membership’ with the aim of bringing together ‘all the players’ in the field of enterprise to advance the creative, entrepreneurial culture of Europe

Brian A Prime
President
ESBA

ESBA’s Policies

ESBA is a non-party political lobby group which promotes and protects the interest of all those who own and manage their own small businesses. ESBA seeks to lift the barriers for entrepreneurship in Europe.

Although SMEs (Small and Medium-Sized Enterprises) are largely recognised as the backbone of the European economy, their expectations for less red tape and a fair and incentive fiscal treatment have consistently been neglected in Europe.
Whereas the EU has launched a wide debate on entrepreneurship in Europe this year, there is not a single EU decision-maker who can clearly explain what have been the results (10 concrete changes) of the past 15 years of SME Policy at EU level (since the SME year in 1988).

The level of regulatory and fiscal burdens continues to rise, affecting entrepreneurs and their motivation to do more business. Without any concrete changes, innovative European entrepreneurs will continue to start their business outside the EU, would-be entrepreneurs will never start, older entrepreneurs will not find anyone to transfer their business and maintain jobs and activities.

ESBA informs its members about EU and international regulatory and policy initiatives and coordinates policy answers and dialogue with officials in Brussels. The ESBA WEB visitors are able to see all our position papers, policy statements, press releases.

The registered users of the ESBA POLICY PAGE will also receive or have access to policy updates and confidential policy analysis.

More info: secretariat@esba-europe.org

THE EUROPEAN INNOVATION DIALOGUE...
http://www.innovationdialogue.eu/

…is a major new initiative intended to take Europe’s innovation agenda one step further by creating a joint action plan, bridging the gap between practitioners and policy makers, and accelerating progress towards achieving the Lisbon objectives. As a first step, the EID conference in Brussels on 6 and 7 December 2005 debated the main issues and started a discussion on making EID a permanent dialogue, representing the interests of innovation stakeholders.

The European Union relaunched its Lisbon agenda in 2005 to rectify shortcomings and refocus its objectives. Since then the European Commission is working on a number of important initiatives to boost research and innovation. However, political initiatives cannot succeed without the active participation and substantial support of relevant stakeholders. Implementation especially at the national and regional level is now of the utmost importance.

The EID is also designed to facilitate the dialogue between the stakeholders – technology innovators, entrepreneurs, researchers, investors, incubating structures, technology transfer centres, and public actors from all levels, local, regional, national and European. It follows a bottom-up approach, with a view to support the Commission’s work on innovation policy. EID recognises the paramount importance of SMEs in any discussion on European innovation, and SME issues are a key priority for all EID related activities.

Beside the support from the European Commission, the main policy partner for EID, significantly, several members of the European Parliament are lending their political backing to the initiative, as they recognise the crucial importance of innovation for citizens and prosperity in Europe, from inception to the creation of jobs and economic growth.

EID activities comprise annual events and roundtable meetings in Brussels and events at the regional level with a view to supporting the EU innovation agenda from bottom-up.

The European Innovation Dialogue regional events are bringing together innovation actors from the local, regional, national and EU levels.

The 2-day conferences are focusing on policies and programmes that stimulate the small business innovation process. Particular attention is given to the complementarities of EU and local level actions in the areas of pre-seed and early stage financing, incubation, spin-off and technology transfer models, entrepreneurial challenges etc. Innovation related policies such as state aid, public procurement and tax incentives are also part of the
agenda. The European Innovation Dialogue Event held on 21-23 June 2006 in Budapest was the first in a series of regional conferences conceived to stimulate innovation at the local level. Krisztián Csapó,

Furthermore successful innovators from other European regions present their best practice cases and offer support for transfer. Special attention is paid to the needs and requirements of innovative SMEs. Throughout the whole event in particular small business leaders and entrepreneurs can obtain information from experts and consultants in one-on-one meetings on issues such as “SME participation in EU framework programmes for research”, “intellectual property”, ”access to finance”, “technology transfer” or “use of IC Technologies to increase productivity”. These meetings can be scheduled beforehand on an individual basis via the conference website.

**CALLS – EVENTS – NEWS**

**HUNGARIAN ASSOCIATION OF YOUNG ENTREPRENEURS**

**¥€$ FOR HUNGARY**

The palm tree grows under the burden – says the unfailing thesaurus of Hungarian sayings and wisdom. The saying seems to be true, because in the era of increasing taxes and entrepreneurial liabilities one can still find vigour, will to act, and the appetite for running successful businesses rather than the unique Hungarian phenomenon of running compulsory businesses.

Further proof of this statement is found in the recently established Hungarian Association of Young Entrepreneurs, an organization which even in this short period of time has already made some remarkable achievements. The establishment of the Association took place on 6 June 2006.

The strengths and benefits of this association come from the wealth of knowledge possessed by its members and client network, and there is an eagerness to see other young entrepreneurs join in its ranks. Upon establishment, the organization was quickly promoted to act as the Hungarian division of the internationally active and well-known YES for Europe. Consequently, this is a strategic and worthwhile time to join and to enter an international pool of entrepreneurial activity. Furthermore, YES for Hungary has aligned its statutes to international standards, for instance, the issues related to Advocate Membership have been tailored to the trends experienced word-wide. Thus, those who became entrepreneurs in their forties can contribute as Advocate Members to the association's knowledge database, its power of interest, and to its proposed objectives which are turned into plans and actions by the ever-growing number of active Regular Members.

The Hungarian Association of Young Entrepreneurs is having its Board meeting and team building

**The Hungarian Association of Young Entrepreneurs** sets its goals to inspire and accelerate the foundation of new and viable businesses as well as the entrepreneurial notion of the youth. On its flag, alongside the words representing a sphere of interest and lobbying, there stands the introduction and development of entrepreneurial culture. All of this is embedded in a broad national and international representation with an intensive international cooperation. In practice, all of this is applied within through the development of a broad information system and entrepreneurial network set up for common benefit. Therefore, in the center of its mission there is the development of entrepreneurial culture. In terms of practice and application the association's primary agenda is to organize an immense and easily accessible source of useful information. The tools for this will be tender riding, competition and carrier consulting, service development, organization and representation in forums, educational projects and conferences, statistical analysis and dissemination.
Furthermore, the association would like to monitor and improve border-line and regional business opportunities in cooperation with strategic partners in neighbouring countries. As the successful and prosperous companies have already built their network of connections, YES for Europe - Hungary is an outstanding forum and place for the younger generation (18 to 40 years) to begin. A gateway to homeland partnerships and international opportunities.

In the near future, the association will participate at the annual congress of the Entrepreneurs Society (YES for Europe) in Berlin representing itself and Hungary for the first time. With the help of international relations and available funds, opportunities exist for young entrepreneurs. It is critical for entrepreneurial youth not to miss the bus, to move beyond „compulsory“ to „successful“ concerning their small- and medium businesses, and concerning their aims to transform dreams and desires into plans and success.

For further information please contact
Kristóf Schum, Secretary General
E-mail: kristof@schum.us

**ESBA DELEGATION’S VISIT ERENET HEADQUARTER**

ESBA President, Tina Sommer, and Brussels Representative, Frédéric Soudain, recently undertook a three day mission to The Slovak Republic, Slovenia and Hungary to learn about small business representation in Central Europe. The trip entailed a series of meetings with representatives of SME associations or other appropriate organisations. These included sessions with the Business Alliance of Slovakia (PAS), the Association of Employers of Slovenia (ZDS) and ERENET, an entrepreneurship research network of Central European Universities in Hungary. The ESBA web-site highlighted this fact finding mission. See at: [http://www.esba-europe.org/A4D70/An_ESBA_Delegation_visits_Central_Europe.aspx](http://www.esba-europe.org/A4D70/An_ESBA_Delegation_visits_Central_Europe.aspx)

![Frédéric Soudain, Tina Sommer, Péter Szirmai and Antal Szabó (from right to left)](image)

Tina Sommer was elected President of ESBA following Brian A. Prime’s retirement. She had been Hon. Secretary for two years and a Member of the Board since 2002. Tina is also a Director and Chairman for International Affairs for the UK Federation of Small Businesses, which is a member of ESBA.

The visit to the ERENET Headquarter and the Small Business Development Centre at the Corvinus University too place on 20 July 2006. The ESBA Delegation was interested at one side for the representation of the SMEs in Hungary, and in the activities and modalities of operation of the ERENET. Professor Péter Szirmai, Head of the SBDC, and Antal Szabó, From right to left: Scientific Director of ERENET met Tina Sommer and Frédéric Soudain. A fruitful discussions were carried our how to cooperate between ESBA as an EU-oriented non-party lobby group as well as ERENET, at the time being an entrepreneurship oriented open-ended research partnership. The issue of associate membership of ERENET will be discussed at the next ESBA Board meeting in September 2006.
EMERGING MODELS OF SOCIAL ENTREPRENEURSHIP: POSSIBLE PATHS FOR SOCIAL ENTERPRISE DEVELOPMENT IN CENTRAL EAST AND SOUTH EAST EUROPE
28 - 29 SEPTEMBER 2006

The OECD LEED Trento Centre for Local Development is pleased to invite you to the seminar “Emerging Models of Social Entrepreneurship: Possible Paths for Social Enterprise Development in Central East and South East Europe” to be held on 28-29 September 2006 at The Regent Esplanade in Zagreb (Croatia).

The seminar is organised with the Institute for the Development of Non-Profit Organisations (ISSAN) and the USAID mission in Croatia.

Please find enclosed the draft agenda, the seminar registration form, and a hotel booking form. The materials are also available on our website www.trento.oecd.org:
<http://www.trento.oecd.org/>

The deadline for registration is 10 September 2006. We encourage early registration as spaces are limited.

REGISTRATION FORM

EMERGING MODELS OF SOCIAL ENTREPRENEURSHIP: POSSIBLE PATHS FOR SOCIAL ENTERPRISE DEVELOPMENT IN CENTRAL EAST AND SOUTH EAST EUROPE
28 - 29 SEPTEMBER 2006

Organised by the OECD LEED Trento Centre for Local Development and the Institute for the Development of Non-Profit Organisations (ISSAN) in co-operation with the United States Agency for International Development (USAID)

Zagreb, Croatia

Please complete and return this registration form by 10 September 2006 by e-mail to Roberto.Chizzali@oecd.org or by fax +39.0461.277650.
3rd EDE in CROATIA - The European Day of the Entrepreneur
Under the High Patronage of the President of the Republic of Croatia
H.E. Stjepan Mesić

What is EDE
Europe is trying to advance the entrepreneurial culture, and the best way is to spread the transfer of the good practice and experience of European institutions involved in supporting entrepreneurs beginners and already developed entrepreneurial companies.

The European Commission initiative, EDE, used accumulated knowledge to develop a European method which would encourage all involved in supporting the development of entrepreneurship.

«Eurocities», Europe’s major cities’ network and the European Commission program «PAXIS» launched a pilot project to develop the European Day of the Entrepreneur concept. This concept is based on the building and development of entrepreneurship through the organization of local events at which all participants share experiences. [www.entrepreneurday.org](http://www.entrepreneurday.org)

The European Commission supported the idea and included the project in the PAXIS pilot initiative for start up creation. European Commission created PAXIS to take examples from the experience of the Regions of Excellence and learn from the sophisticated policies that support their activities. This facilitated better documentation of policy decisions and the elaboration of solid measures, which enabled regions to be more innovative and competitive, simultaneously transferring their expertise to other regions. Creation of new innovative enterprises, support of spin-off companies and development of start-ups are now some of the main policy objectives in both EU and worldwide. The rich European scientific base needs to be further explored and promoted so as to include European citizens' welfare, developing new ideas for implementation. PAXIS aspires to gather all these ideas and recommendations and through advanced networking and collaboration, make them prolific and accessible.
After a phase of gathering ideas from Eurocities’ members and taking advantage of the original event, *El Dia del Emprenedor*, hosted by the city of Barcelona, Spain, the European Day of the Entrepreneur is spreading throughout Europe. 36 cities already organized EDE. Zagreb organized the first EDE in 2004 followed the 2nd one on 2005.

The ZAGREB region is determined to proceed in encouraging and supporting entrepreneurship in Croatia to be prepared to join Europe the most competitive and dynamic economy in the world. The 3rd EDE in CROATIA promotes entrepreneurship and strengthens EU relations and international co-operation of companies.

The Faculty of Economy of the J.J. Strossmayer University Osijek and ERENET will organize a Round Table on “Increasing investment in human capital through better education and skills - Experiences from EU”.

The programme of the Round Table sees below. Professor Sanja Pfeifer is the host lady of the house supported by Antal Szabó, Scientific Director of ERENET. It is our great pleasure to announce, that this event will a friendly gathering of our Members also from the University of Belgrade – School of Economics and Belgrade Banking Academy (Serbia), Studiocentroveneto, (Italy), the Petru Maior University, Tirgu Mures (Romania) and the University of Ljubljana; (Slovenia) and also the Croatian Ministry of Economy, Labour and Entrepreneurship. It is our great pleasure, that Ms. Tajana Kesić-Šapić, State Secretary, Ministry of Economy, Labour and Entrepreneurship, kindly accepted our invitation to make an opening key-note presentation and also make closing remarks.

**ZAGREB – 6 October 2006 – Venue: V.Lisinski Hall, Trg S. Radića 4**

09.00 – 12.00

**Round table 1 : Increasing investment in human capital through better education and skills - Experiences from EU**

**Organizer:** ERENET, Entrepreneurship Network of Central-European Universities, Budapest, Hungary, and J.J. Strossmayer University, Osiek, Croatia

**Co-Chairs:**
Prof. Dr. Sc. Sanja Pfeifer, Faculty of Economy, J.J. Strossmayer University Osijek, and
Dr. Antal Szabo, UN ret. Regional Adviser, Scientific Director of the ERENET Network

**Keynote presentations**
- “The Croatian Entrepreneurship Policy on the Road to European integration.” Ms. Tajana Kesić-Šapić, State Secretary, Ministry of Economy, Labour and Entrepreneurship (15 minutes)
“Social cohesion & knowledge”.  
Prof. Dr. Sc. Sanja Pfeifer, Faculty of Economy Osijek: (10 minute)

“Education for Entrepreneurship – Non Scholae sed vitae Discimus- Education is not for school, but for life.”  
Dr. Sc. Antal Szabó, Scientific Director EREN (10 minutes)

Experiences (5 min each):
- "The originary building of Venice: a metaphor for consolidating public-private socially sustainable entrepreneurship".
  Mr. Toni Brunello, Studiocentroveneto, Italy

- «Development of entrepreneurship curricula at the Petru Maior University».  
Dr. Daniela Stefanescu, Head of the Management and Economic Department, Faculty of Economics, Law and Administrative Sciences at the Petru Maior University, Tirgu Mures, Romania;

- «Development of entrepreneurship skills in Serbia»
  Prof. Eric Dejan, University of Belgrade – School of Economics and Belgrade Banking Academy

- «The Graduate Programme of the J.J. Strossmayer University» Prof.Dr.sc. Slavica Singer; - Director of the Graduate Programme in Entrepreneurship, J.J. Strossmayer University, Osijek, Croatia;

- "Entrepreneurial Competences: a Life-Skill for the 21. Century"
  Ms. Sanja Crnković-Pozaić, M. Sc, Director of the Centre for Development of SMEs and Entrepreneurship - CEPO; Zagreb, Croatia

- «Transferring Croatian National SME Policy in Entrepreneurship Education - Challenges and Implications»
  Ms. Dragica Karaic, Ministry of Economy, Labour and Entrepreneurship and lecturer at VERN Undergraduate Study for Economy of Entrepreneurship, Zagreb, Croatia

- „Entrepreneurship education in Slovenia“ prof. dr. Miroslav Glas, University of Ljubljana; Ljubljana, Slovenia

- «From Theory to Practice in Education» Mr. Ulric Fayl von Hentaller, Adviser to the President, New Information Technologies Novitech, Brussels, Belgium

„The Isle of knowledge – Croatian initiative for knowledge economy“
Mr. Davor Lauc, Ph. D; Chairman of the Supervisory Board of the Isle of Knowledge, Dubrovnik, Croatia

Discussion with Speakers and the Audience (60 minutes)

Lessons to be learned and Messages
Speakers of the Experiences (5 minutes each)

Closing remarks by Ms. Tajana Kesić-Šapić, State Secretary, Ministry of Economy, Labour and Entrepreneurship

Conclusion of the Round Table by Prof. Dr. Sc. Sanja Pfeifer and Dr. Antal Szabo
EUROPEAN YOUNG ENTREPRENEURS AWARDS
Innovact – l’Etudiant 2006

For five years now, the European Young Entrepreneur Awards have, with the support of the European Commission, enabled young students to implement their projects at European level.

If you are a student with a creative idea for a business project, you can with a team or individually, take part in the fifth edition of the European Young Entrepreneur Awards. Your project can either be in its design stage, in progress or already launched.

The Awards ceremony will take place during Innovact on 18 October 2006 in Reims.

For more detailed information visit the website at: www.innovact.com, www.letudiant.fr

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BUDAPEST ROUND TABLE 2006
10 November 2006
Corvinus University Budapest (HUNGARY)

How to become successful and socially responsible entrepreneur?
“Learn from experience.”

BACKGROUND:
The economies of Central- and Eastern European countries (CEECs) have heavily suffered for more than 40 years of operating under tight state control within the framework of a centrally planned economy. Today, many of these countries are members of the European Union, others will become in a foreseeable future, or on the way to develop close economic links to it.

SME friendly policies become more important in the enlarged Europe to unlocking the EU’s potential. Under the new economic circumstances, the CEECs need dynamic entrepreneurs, in particular young ones at the beginning of their careers. There is a need to promote greater awareness of a carrier as an entrepreneur and foster entrepreneurial mindsets including the promotion of responsible entrepreneurial practice.

ORGANISERS: Hungarian Section of European Academy of Sciences and Arts, Hungarian National Commission for UNESCO, Corvinus University of Budapest, Entrepreneurship Research and Education Network of Central European Universities - ERENET, Young Entrepreneurs Association YES for Hungary, Budapest Infopark.

PARTICIPANTS: max. 20 persons:
- 10 high school/university students: 3 Hungarians + 7 non-Hungarians;
- 10 successful self-made entrepreneurs below 35 years old: 3 Hungarians + 7 non-Hungarians.

Within each group, approx. equal number of participants from new- and old EU Member States. Overall, preferably equal number of female and male participants.

LANGUAGE: English.
PLACE: The event will take place at the Corvinus University of Budapest, established in 1920, which is specialized in teaching economics, but since 2000 incorporated other universities as well. Its main building, next to the Market Hall, located on the left bank of the Danube.

EXPECTED OUTCOME:
1. A set of recommendations that will be handed in an official ceremony to a Member of the Hungarian Government.
2. The recommendations will be distributed to relevant individuals in the European Commission, European Parliament, Rector Conferences, etc.

MAIN POINTS OF DISCUSSION:

1. To be a successful entrepreneur:
What kind of personal qualities do you consider as important being a successful entrepreneur? How do you make best use of emerging opportunities? What are the critical success factors (e.g. readiness to take risks, “think global/act local”, “doing the right thing at the right moment”, business planning, utilization of quality and environment management standards, networking, simultaneous co-operation and competition, etc)?

As a busy entrepreneur, how do you ensure the long-term competitiveness and continuity of your business?

2. To be a socially responsible entrepreneur:
How do you ensure the economic success of your business by the inclusion of social and environmental considerations - like energy efficiency and pollution prevention, waste minimisation and recycling - into your enterprise's operation? In other worlds, how do you satisfy customers' demands, while also managing the justified and rightful expectations of other individuals and relevant bodies, such as employees, suppliers, the public authorities, the community around you, etc. How can this process bring direct benefit to your business and secure your long-term sustainability?

3. To be young, creative, innovative entrepreneur:
How do you maintain focus on:
- Critical issues: innovation as a substantive appearance of entrepreneurship; creativity and innovation in the enterprises; different types of innovation (product innovation, organizational innovation, social innovation, etc.)?
- Potential innovative areas: informatics, communication engineering, biotechnology, etc.?
- Relevant measures to optimize the performance and profit of your enterprise: spin off enterprises as special links between innovative entrepreneurs and educational institutes; creativity developer and creativity restricting educational methods; enterprise development as innovative education developer method in higher education; etc.?

4. Lessons to learn from successful young and socially responsible entrepreneurs:
- Success stories?
- Successful entrepreneurs as “role model”?
- How could an entrepreneur and an enterprise become creative and successful?
- What is the message for future entrepreneurs?
- What is the message for national and EU authorities?