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CONTENT

AUTUMN MESSAGE  2

PAPERS

Social Cohesion and Knowledge  3
Sanja Pfeifer

Education for Entrepreneurship – Non Scholae sed Vitae  12
Discimus
Antal Szabó

The Comprehensive Approach to the Entrepreneurship  20
Education in Slovenia: Strategy for the Future
Miroslav Glas

Development Entrepreneurship at the Petru Maior University  32
Daniela Stefănescu

The original Building of Venice: A Metaphor for  35
Consolidating Public-Private Socially Sustainable
Entrepreneurship
Toni Brunello

Entrepreneurial Competences: a Life-Skill for the 21. Century  37
Sanja Crnković-Pozaić

Creativity, Innovation and the Role of Higher Education in  39
Economic Development. Part 2
Jorma Routti

Some Thoughts on Factors of Global Incubation Success  46
Laurence Hewick

From Student to Entrepreneur – From Entrepreneur to  53
Millionaire?
Krásztián Csápi

The Emergence of Social Enterprises in the Hungarian  56
Nonprofit Sector
Attila Petheő

CONFERENCE PAPERS

• Round Table on Increasing Investment in Human Capital  64
  through Better Education and Skills, Zagreb, 6 October 2006
• BSEC Workshop on the Role of Cooperatives for the  67
  Development of SMEs, Sofia, 12-15 October 2006
• Budapest Round Table, 10 November 2006  71

INSITUTIONAL PROFILE

• Belgrade Banking Academy  74
• Sintra West Belgium  78
• WASME – World Association for SMEs  79
• Alliance of Universities for Democracy  80

CALLS – EVENTS – NEWS

• Global Business Week Turku  81
• 16th Annual Meeting of the European Confederation of Young  82
  Entrepreneurs –YES for Europe
• The European legal Framework for E-Business and Innovation  83
• ENTRANSE 2 Project Has been Launched for Moldova  84
Dear Readers, Distinguished Friends,

It is my great honour to forward you the fourth issue of our joint new Internet periodical ERENET PROFILE. We left an eventful and busy quarter behind. Lots of things happened in Europe as well as concerning ERENET. The Membership of the Entrepreneurship and Research and Education Network of Central European Universities - ERENET – has been increased by three new countries: Armenia, Belgium and Germany. So far, 40 universities, high-schools, research and training institutions, government authorities from twenty-two countries have joined this Research and Development Partnership Network. It is our great honour that following the visit of Ms. Tina Sommer, President of the EUROPEAN SMALL BUSINESS ALLIANCE (ESBA), our application to become an Associate Member of the ESBA was approved by the ESBA Board at the ESBA Board Meeting of 15-16 September in Amsterdam. On 4 October 2006, ERENET successfully organized Round Table on “Increasing Investment in Human Capital Through Better Education and Skills” to be held within the framework of the 3rd European Day of Entrepreneurs in Zagreb, Croatia. Hereby I express my gratitude and appreciation to our host Prof. Dr. Sc. Sanja Pfeifer, Faculty of Economy, J.J. Strossmayer University Osijek, one of our Founder Members for the excellent organization. On 10 November, ERENRET actively participated in the Budapest Round Table on “How to Become Successful and Social Responsible Entrepreneur” organized by the European Academy of sciences and Arts at the Hungarian Academy of Sciences.

On 26 September 2006, Adoption of the Commission's Monitoring Report on Bulgaria and Romania (COM (2006) 549), in which it concludes that Bulgaria and Romania will accede to the Union on 1 January 2007. The EU officially launched accession negotiations with Croatia and Turkey at the General Affairs Council in Luxembourg on 3 October 2005. Mr Olli Rehn, Member of the European Commission, responsible for Enlargement said on the same day in Ankara “Turkey's best response is a rock-solid commitment to reforms. With political will we can turn the tide and pave the way for Turkey’s accession to the EU. It matters to our future, for our children and grandchildren.”

That reminds me, that in October 2006, the Nobel Prize in Literature for 2006 is awarded to the Turkish writer Mr. Orhan Pamuk “who in the quest for the melancholic soul of his native city has discovered new symbols for the clash and interlacing of cultures”. Pamuk in his interview says that “Culture is mix. Culture means a mix of things from other sources. And my town, Istanbul, was this kind of mix. Istanbul, in fact, and my work, is a testimony to the fact that East and West combine cultural gracefully, or sometimes in an anarchic way, came together, and that is what we should search for. This is getting to be a good interview by the way.” Award for Turkish writer has also a symbolic significance. Turkey has to confront his historical role in the massacres of Armenian in the last century if it intent to join Europe.

The Norwegian Nobel Committee has decided to award the Nobel Peace Prize for 2006, divided into two equal parts, to Muhammad Yunus and Grameen Bank for their efforts to create economic and social development from below. Lasting peace can not be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means. Loans to poor people without any financial security had appeared to be an impossible idea. From modest beginnings three decades ago, Yunus has, first and foremost through Grameen Bank, developed micro-credit into an ever more important instrument in the struggle against poverty. Grameen Bank has been a source of ideas and models for the many institutions in the field of micro-credit that have sprung up around the world.”

This issue we devote primarily to present the most important papers of the Round Table on “Increasing Investment in Human Capital Through Better Education and Skills” held in Zagreb, but we highlight also other important issues and news in entrepreneurship related issues.

Dr. Szabó Antal
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Social Cohesion and Knowledge
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Why investing in education pays off?

Human capital comprises quality and quantity of the individuals in a society. The level of education attainment as well as quality of competences has profound impact on economic and social welfare of individual, organizations, communities and societies. Investment in education is a necessity due to the changes in a modern society such as:

- Fast technology developments force individuals to learn new way of operating with the equipment more frequently.
- Demographic trends indicate that more people will soon enter the retirement while fewer younger will enter the labor market. Therefore, the working population will have to stay active for a longer time and early retired will have to consider second or even third career.
- In the knowledge economy, the most valuable resource would be the human capacity to create, modify and adopt. Therefore, learning to learn gives the greatest flexibility for the future ahead.

The economic benefits of having more and better educated people are:

- higher productivity,
- higher employability,
- more competitive advantages,
- more sustainable growth.

Societies are becoming increasingly diversified and multiethnic. More diversity opens a question of tolerance of differences, solidarity, active citizenship, and responsibilities for personal and social welfare. Education has profound impact in providing children and adults with basic tools to participation in society. Social cohesion is characterized by equal opportunity to access employment, education, health care, culture, family life and political participation. Cohesive societies are usually open, just, fair, and vibrant. These characteristics seem to have a potential to influence the economic development too. Social cohesive societies:

- Attract and pool talented people,
- Enhance business operations since less money is spent on safety or crime remedies,
- Create transparency through active citizenship and makes public administration more efficient.

Education pays off for a society (social rate of return on investment in tertiary education is 10%), institutions and individuals (private rate of return on investment in tertiary education is 18%). These figures confirm that investment in education yields favorable rates of returns compared with other industries or banks interest rates.

Why investing in entrepreneurship education pays off?

Various international comparisons indicate that Europe is not fully utilizing its entrepreneurship potential. The Europe has fewer entrepreneurs among the working population and less individuals willing to become

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entrepreneurs (as reported by GEM, Flash Barometer, SME Observatory). During the last couple of years, educational sector tries to provide more entrepreneurial climate and foster entrepreneurship spirit.

Development of an entrepreneurship skills and competences provide benefits such as:

- Capacity to take more initiative for personal, institutional and social welfare;
- Ability to handle the calculated risks and “make things happen” effectively and efficiently,
- Creation of business dynamics through more businesses and more competitiveness
- Creation of new jobs (proportion of job openings is higher in SME than public sector)
- Self-employment for individuals who are disadvantaged on an open labor market due to a gender, age, disability, outdated knowledge, low educational attainment, ethnicity, low absorptive capacity of the economy, etc.

In Croatia, several categories of job seekers face disadvantage on a labor market: Young professionals with unemployable “academic” knowledge, lower educated people, long-term unemployed, older people, women, disabled, and minorities. Addressing these issues with the proper designed entrepreneurship courses could create more inclusion and greater social benefit for everybody.

What should investment in education systems provide?

The educational sector “make over” is geared to provide:

- knowledge and skills better attuned to the labor market
- educational efficiency
- enterprising climate

Better tuning provides job seekers with more employable knowledge. Fast changes make all knowledge life span shorter, so the education system should be focused more on basic knowledge that will last for a lifetime. Entrepreneurship is recognized as such knowledge.

The education should not only provide the right – effective knowledge, but should also provide it in a right way – efficiently. Creating a huge database on numerous indicators enables EU member states to track their progress in achieving important targets for education system efficiency such as completion rate in secondary education, drop out rate in the tertiary education, the higher education average length. In Croatia high level of young unemployed individuals indicate that education system is not attuned to the market needs; the average % of those who finish higher education is 30%; the average length of the undergraduate study is 7 years (in the system of 4 years of compulsory education).

Education systems are searching for a model that will foster the entrepreneurial behavior on all levels and across all organizational shapes.

EU perspective on investing in human capital through better education

The reform in EU higher education is well under way. Entrepreneurship education is recognized as strategic priority for fostering more employability, and more enterprising individual through several policy domains such as: employment, education, social cohesion.

The huge legislative and institutional support is engaged (there are a number of white, green and multicolored agendas; action plans, and structural funds, benchmarks, best practices role models) to assist all this. The

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2 Comparative statistics on Europe, USA, Japan and Croatia indicators of can be found in attachment 1.
3 More details about benchmarks and indicators can be found in attachment 2.
extensive monitoring systems were set up, and in 2005, signaled that progress in various areas of education is not fast enough to support the benchmarks for human capital enhancement, and Lisbon goals.

**Croatia perspective on investing in education**

Education sector reform was pushed down by the Ministry of Science, Education, and Sports. During 2005/2006 the first generation of the students entered the new three stages model of higher education (3 years of undergraduate + 2 years of graduate + 3 years of doctoral study). The reform’s goals were:

- Adoption of a European system of easily readable and comparable degrees
- Adoption of common European guidelines and standards in quality assurance in higher education

The educational sector responded to these general guidelines in reactive way. Expectations that Bologna reform will provide students with more efficient, more customized choice have not been fulfilled yet. The one year of experience is not enough to give a comprehensive assessment on the reform progress. However, the academic community raised concerns upon coordination and coherence of the reform and institutional capacity to perform under new framework.

Legislative and administrative framework is dispersed through Ministry of science, education and sports; Ministry of economy, labor and entrepreneurship. Number of agencies are involved such as Agency for science; agency for professional education, etc. It is felt that action plans and legislative framework are not well aligned in scope and in time sequence.

Institutional capacity to make the new education system viable is not strong enough. The educational system embarked on the enlarged educational challenges lagging in the capacities (from the number of teachers, to the available space, equipment, and new training methods) to provide more quality.

The educational sector emphasizes concern that sheer volume and speed of the reform could compromise the quality of the process. On the other side, the concern of the overall low proactivity of the public educational institutions is also an issue.

**Entrepreneurship education programmes in Croatia**

The main suppliers of the Entrepreneurship programmes are public universities and high schools, however the number of the private high schools for professional education, as well as local affiliates of the foreign educational programmes exist. The majority of the students enroll the public universities. For instance, in 2004, 150,000 students were enrolled in public universities, while 12,000 students were enrolled in private institutions.  

There is significant increase in the number of courses, modules, and programs on the undergraduate, graduate and postgraduate level. Private and public institutions have the equal treatment and have to obey to the same standards. Higher education institutions are accompanied with the wide variety of non formal initiatives and life long learning options, which will most probably attract more and more students that fail to learn the employable skills in the formal system of education. This will intensify the competition.

Since the supply side is mostly financed by the state funds, the overall public education expenditures are important benchmark. Total public expenditures in education for EU-25 are around 5% of the GDP, while the Croatia public expenditure in education is 4.4% of GDP. The Croatia public expenditure in education will continue to rise in order to close the gap with EU benchmark. However, the distribution of the funds among more beneficiaries will drive the public funds provided to particular institutions to decline.

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7 General structural indicators of EU and Croatia are provided in appendix 3.
Supply and demand side

On the demand side, several favorable trends will significantly raise the demand for entrepreneurship educational programmes such as:

- The growing small businesses search for entrepreneurial competences.
- The growing corporations search for intrapreneurial competences.
- Professional infrastructure (consultants, bank sector) search for more knowledge about their clients
- The entrepreneurship as a basic competence embarks on the primary and secondary school teachers, science and technology students and teachers, arts and humanities.

On the other side, demand is constrained by factors such as:

- the overall low purchasing power of the people,
- the low perception of the value for money,
- the overall business climate with too few incentives to invest in education.

Private expenditures in education in Croatia comprise 0.003 % of the GDP. Furthermore, there is prevailing concern that educational institutions provide unemployable knowledge. There is also too few incentives for the employers to invest more in the human capital of their employees. For instance, the questionnaire on 1500 employees, conducted in 2005, showed that more than 71% of the employees have less than one hour of education per month paid by employer. On the other side, majority of employees reported they would be willing to invest in their education if employer would reimburse the part of the cost.  

How entrepreneurship education programmes in higher education can be evaluated?

Entrepreneurship programs are usually evaluated through its content, scope and debt of the curricula, its importance, the underlying philosophy and teaching pedagogy, governance of the programme, its financial capability, quality assurance and accreditation, collaboration, research base, outreach.

With respect to those criteria, 22 programmes offered by the higher education institutions in Croatia have been assessed through desk research of web pages contents. Although web contents do not represent programmes full potential, they provide the preview of the scope and dept of the programme.  

The findings indicated as follows:

- Curricula design:
  - entrepreneurship as course, or programme on undergraduate, graduate, postgraduate, doctoral programmes on majority of institutions (16 out of 22)

- Teaching staff:
  - versatile interests and lecturing topics in management, finance, marketing,
  - little experiential pedagogy,
  - scarcity of the teaching material embedded in local economy

- Governance system:
  - no chairs or Centers so far, although initiative of the J.J. Strossmayer University to establish Centre for Entrepreneurship is under consideration

- Funds:
  - state fund; research grants
  - private funds: tuitions fee; research grants; project contracted; donations; partnerships; sponsors

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8 See http://moj-posao.net.
9 See Attachment 4.
• Quality assurance:
  o one ISO;
  o a few accreditations
• Collaboration:
  o university level compartmentalization;
  o international mobility of students and teachers rarely evident
  o visiting professors a few;
  o students internationalization – a few;
  o business adjunct faculty: a few;
  o student traineeship with local business – a few initiatives in Centers for entrepreneurship; business incubator
• Research base:
  o from the 1990s Entrepreneurship paradigm; Entrepreneurship in macroeconomic perspective; Entrepreneurship in agriculture; technology...
• Outreach:
  o technology transfer centers,
  o no systematic progress in the field of intellectual property commercialization

The importance of the entrepreneurship is recognized through the sheer number of the institution providing the entrepreneurship as a course, or a program. There is a huge potential to build up on these opportunity. The leading position is the position of the J.J.Strossmayer University with its Entrepreneurship undergraduate, graduate, postgraduate and doctoral programme. Existence of the competition creates pressure to the potential student benefit, such as more choice, higher level of quality, more efficiency.

What issues needs to be addressed more in order to have better choices, more equal opportunities and more quality?

Although the progress is evident the few issues needs to be addressed further.

The overall perception in the academic community of lack on coherence and coordination pertain the entrepreneurship education too.

System level
Entrepreneurship lack clear policy domain and is scattered throughout Ministry of economy, labor and entrepreneurship, Ministry of science, education and sport, Ministry of finance.

Institutional level
On the institutional level, entrepreneurship is put in the compartment of economic studies. Students and outcasts of former educational systems still do not have the sufficient ability to customize their learning preferences or to profit from mobility.

The insufficient capacity (number of teachers, pedagogy, teaching materials, mobility, internationalization, quality assurance) could compromise quality of the process.

Quality of the programmes must be rewarded and fostered through system level to ensure the incentives in further advancement, fair and professional conduct of all competing in this field. Recognizing the insufficient enterprising attitude of the universities in providing more diversified funds for capacity building; the more support is nevertheless needed.

State funded model of education resulted in the lack of responsiveness of the universities on the market needs. The collaboration and better utilization of partnerships with business sector, students’ organization, and academic community would be preferable. The students, the business sector, the local authorities could be
valuable complementators of the education outcomes and performances. At present moment, they are underutilized. The educational programs should contribute more to the community challenges and progress.

Who can help and how in providing better education?

Links between highly profiled institutions such as HEI; National Council for Competitiveness, Center for SME policy, Croatian Employers Association; could provide valuable input for policy coherence and coordination.

Bonds among experts in a field advocating the entrepreneurship issue can provide more focus and expertise in defining core concepts and standards of the entrepreneurship area.

Bridges between higher education institutions and stakeholders should help in the curricula design, governance reform, and community embeddedness of the education.

How this can be done?

The curriculum needs constant attuning to the labor market and business sector. Partnership of different institutions can assist in providing more applicable and more attractive learning outcomes. Higher education partners include:

- High profile institutions (CEPOR, National Competitiveness Council)
- Alumni organizations of the students
- Adjunct faculty
- Targeted clients

More incentives for teaching infrastructure and more diversity usually bring more quality. Varieties of initiatives could be used:

- Mobility of the professors and students between university and enterprises must be encouraged and rewarded
- Staff exchanges; students mobility, international character of the student cohort should be encouraged
- Intellectual capital of the universities should be more utilized and transferred (by community willingness to support business incubating, think tanks, knowledge transfers)

Better governance could be imposed by:

- Professional Board of directors
- Funds diversity: tuition, conferences, consultancies, corporate sponsorship; sponsorships, donations, research, contracted projects
- Accountability: public access to performance indicators, self and external evaluations, quality assurance; taking care of student career after graduation

Building partnerships between higher education institutions, and private, ngo, public sector, would assure more and better responsiveness to the labor market needs. Alternatives such as:

- Adjunct faculty from business sector,
- Visiting professors – guest speakers from the business sector
- SME clinics (entrepreneurs willing to share their problems, as challenges are essential for that input)
- Rewards for high profiled business people, entrepreneurs

proved as valuable input in the quality of educational outcome all over the world.
Is there a missing link?

Social cohesion is a rather elusive concept. It comprises the level of trust, norms and values that connect individuals to each other, and to associations, institutions, and community. Societies that are just, fair, tolerant, and resolve differences in an open, integrating and democratic manner have high social cohesion.

Key elements of social cohesion are social relationships, social inclusion, and social equality. The education and employment are the main driving forces behind the level of cohesiveness. The more education leads to more cohesion, however, the more cohesion enables education systems to grow and contribute more.

The social capital comprises bonding, bridging, and linking relationships and values among individuals. Bonds refer to the level of ties between individuals who are homogeneous (for instance by age, gender, profession,…) It is hypothesized that the number of secondary associations such as amateur football club, bird-watching groups, hunter’s associations, alumni organizations predict the level of economic and political development.

Bridging relations are ties between heterogeneous groups. Building connections between heterogeneous groups are time consuming and delicate.

Linking social capital refers to the level of relationship between groups holding different level of power, status or wealth.

All these forms of social capital are important in designing the educational system attuned to the market. Bonds between those who are experts for defining core principles of entrepreneurship values, skills, competences, and bonds between those who learn about entrepreneurship are important for learning dynamics (student counselors, role models). Bridging and linking are about networking, collaboration, cooperation in formulating, delivering and receiving entrepreneurship education strategy. Links between those who provide for, deliver, receive, utilize the entrepreneurship education are essential for more and better education.

Concluding remarks

Better choices, more accessibility, more adaptability of the education can be achieved only through more engagement of all stakeholders in education (from students, to business sector). Although education drives the social capital, the social capital is crucial for making education systems more adjust and efficient. Nurturing networks, cooperation, and active involvement gives more synergy and provide more and better educational options, more accessibility, more accountability and more responsibility. All mentioned drive the social cohesion and open the self-reinforcing cycle of social and economic benefits.

It seems that transitional countries such as Croatia have problems with trust in institutions, systems, memberships and active citizenship and cooperations, collaborations and partnerships. While Croatia has high social sensibility, the majority of people do not believe they can trust others and avoid memberships in associations. They are usually reluctant to participate in the networks, partnerships, cooperatives. On the other side, informal personal or family ties are strong and frequently utilized in “getting things done”. Making more people involved in the everyday and strategic social issues is a huge challenge. Social cohesion is a huge underutilized area that needs more attention from the policy level and from the practitioners’ level. This presentation described social capital as the hidden resource that could contribute to the overall efficiency of the education system. There is no resolution to that relationship, only new question: “How bonding, bridging, linking can contribute to more effective curricula design, efficiency and responsibility in delivering it and responsivity of education programmes to enlarge learning needs?”
### Appendix 1: Cross comparison of the selected performance indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>EU-15</th>
<th>EU-25</th>
<th>USA</th>
<th>Japan</th>
<th>Croatia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global competitiveness report</td>
<td>4,99</td>
<td>4,77</td>
<td>5,81</td>
<td>5,18</td>
<td>3,74</td>
</tr>
<tr>
<td>Global entrepreneurship report</td>
<td>5,49</td>
<td>5,26</td>
<td>12,4</td>
<td>2,2</td>
<td>6,1</td>
</tr>
<tr>
<td>Knowledge Assessment Methodology</td>
<td>8,27</td>
<td>7,91</td>
<td>8,58</td>
<td>8,35</td>
<td>6,52</td>
</tr>
<tr>
<td>Gini</td>
<td>32,5</td>
<td>30,46</td>
<td>40,8</td>
<td>24,9</td>
<td>29</td>
</tr>
</tbody>
</table>

### Appendix 2: Education sector benchmarks

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Benchmark</th>
<th>EU-25 mean</th>
<th>Croatia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of early school leavers (18-24)</td>
<td>No more than 10</td>
<td>15.2</td>
<td>4.8</td>
</tr>
<tr>
<td>Ratio of low achieving 15 years olds in reading literacy in EU</td>
<td>15.5 %</td>
<td>19.8 %</td>
<td>n.a.</td>
</tr>
<tr>
<td>Upper secondary completion rate in EU (20-24)</td>
<td>85%</td>
<td>77.3 %</td>
<td>6.5%</td>
</tr>
<tr>
<td>Graduates in MST</td>
<td>15% growth rate or 783,000</td>
<td>4.6% 775,800</td>
<td>3,300</td>
</tr>
<tr>
<td>Adult participation in Ill</td>
<td>12.5% or higher</td>
<td>11.0%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Share of the TE graduates in population</td>
<td>53.9%</td>
<td>49,3</td>
<td>30.0%</td>
</tr>
<tr>
<td>Public expenditures in education</td>
<td>5.21%</td>
<td>4.4%</td>
<td></td>
</tr>
</tbody>
</table>

### Appendix 3: Structural indicators – international comparison

<table>
<thead>
<tr>
<th>Indicator</th>
<th>EU-25</th>
<th>EU 15</th>
<th>USA</th>
<th>J</th>
<th>Croatia</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Economic Background (EU-25 = 100)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP per capita in PPS</td>
<td>100,00</td>
<td>108,6</td>
<td>149,9</td>
<td>109,3</td>
<td>46,7</td>
</tr>
<tr>
<td>Labor productivity</td>
<td>100,00</td>
<td>106,1</td>
<td>136,7</td>
<td>93,0</td>
<td>57,7</td>
</tr>
<tr>
<td>Employment rate</td>
<td>63,8</td>
<td>65,2</td>
<td>71,2</td>
<td>68,7</td>
<td>55</td>
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<tr>
<td>Employment rate of older workers</td>
<td>42,5</td>
<td>44,1</td>
<td>59,9</td>
<td>63,0</td>
<td>32,6</td>
</tr>
<tr>
<td>Innovation and Research</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth educational attainment (20-24)</td>
<td>76,9</td>
<td>74,1</td>
<td>:</td>
<td>:</td>
<td>93,9</td>
</tr>
<tr>
<td>Gross domestic expenditure on R&amp;D</td>
<td>1,86</td>
<td>1,92</td>
<td>2,66</td>
<td>:</td>
<td>1,25</td>
</tr>
<tr>
<td>Social Cohesion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At risk of poverty rate (%)</td>
<td>16</td>
<td>17</td>
<td>:</td>
<td>:</td>
<td>18</td>
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<tr>
<td>----------------------------</td>
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<tr>
<td>Long term unemployment rate (%)</td>
<td>3,9</td>
<td>3,3</td>
<td>0,7</td>
<td>1,6</td>
<td>7,4</td>
</tr>
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</table>

Attachment 4. Survey of the entrepreneurship programmes in higher education institutions

<table>
<thead>
<tr>
<th>Feature analyzed</th>
<th>IGSS, Zagreb</th>
<th>RRF, High school, Zagreb</th>
<th>VERN, Zagreb</th>
<th>VSPU BAK, Zaprešić</th>
<th>ZSEM, Zagreb</th>
<th>ZSM, Zagreb</th>
<th>Polytechnics, Karlovac</th>
<th>Polytechnics, Rijeka - Gospić</th>
<th>Polytechnics V. Gorica</th>
<th>Faculty of Economics, Osijek</th>
<th>Faculty of Economics, Rijeka</th>
<th>Faculty of Economics, Split</th>
<th>Faculty of Economics and hotel management, Pula</th>
<th>Faculty of economics and tourism, Osijek</th>
<th>Faculty of the organization and informatics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Course</td>
<td>Electives</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Compulsory</td>
<td>X</td>
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<tr>
<td>Programme</td>
<td>Undergraduate</td>
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<td>X</td>
<td>X</td>
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INTRODUCTION

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

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

In many Countries in Transitions (CITs) the society is suspicious towards entrepreneurs, who intend to become reach overnight, and the mass media prefer to show the negative phenomenon instead of showing the picture of the honest and useful entrepreneurs producing goods and services, which were not available during the era of centrally planned economies. The term “entrepreneurship” itself can lead to misconception. Parents, the business community and the education institution certainly have a different understanding of what this concept means. Europe recognized that education and entrepreneurship are no more two separate issues. Now, to their mutual benefit, more and more bridges link the two.

In this paper I summarize the current situation of the Bologna process, highlight the new European Commission university development, make emphasis on improving skills in the light and entrepreneurship and finally make suggestion to develop youth entrepreneurship.

THE BOLOGNA PROCESS

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

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

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

As Professor Miroslav Glas from the University of Ljubljana highlighted “even after two years of work on the new Bologna-based curriculum and the first year of its implementation, we still have some reservations about the employability of bachelors and we could hardly forecast the number of students continuing directly from the first on the second cycle.”

NEW TASKS OF THE EUROPEAN UNIVERSITIES

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

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

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

10 ERENET stands for Entrepreneurship Research and Education Network of Central European Universities established on 22 April 2005 in Budapest.
players in the global knowledge society and economy. The primary goal must be to achieve excellence in the teaching and research functions of universities. 12

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

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

The proposals put forward by the Commission today include:

1. **Boost the proportion of graduates spending at least one semester abroad** or in industry.
2. **Allow students to make use of national loans and grants** wherever in the EU they decide to study or do research
3. **Bring procedures for the recognition of academic qualifications in line with those for professional qualifications** and make European degrees more easily recognised outside Europe.
4. **Introduce training in intellectual property** management, communication, networking, entrepreneurship and team-working as part of a research career
5. **Refocus courses to allow greater participation at later stages of the life-cycle**, thereby addressing the skills needs of Europe’s workforce, and ensuring that universities are able to adapt to Europe’s ageing population.
6. **Review national student fee** and support schemes so that the best students can participate in higher education and further research careers whatever their background.
7. **Review systems for funding universities**, to be more focused on outputs and give universities more responsibility for their own long-term financial sustainability, particularly in research.
8. **Allow universities greater autonomy and accountability**, so that they can respond quickly to change. This could include revising curricula to adapt to new developments, building closer links between disciplines and focussing on overall research areas domains (e.g. renewable energy, nanotechnology) rather than disciplines. It could also include **more autonomy at individual institution level for choosing teaching and research staff**.
9. The Commission stands ready to support the modernisation of EU universities through a process of identifying and sharing good practice, and through its funding programmes for education, research and innovation: the Lifelong Learning Programme, the Seventh Framework Programme for research and development, the Competitiveness and Innovation programme, and the Structural and Cohesion Funds.

PROMOTING ENTREPRENEURSHIP AND SKILLS

The new EU Partnership for Growth and Employment document 13 underlines the need to improve the business environment, especially for SMEs and take account the entrepreneur’s concern on making business. SMEs in practice create more jobs than large enterprises, while they are more flexible and innovative; however, they are also more vulnerable than large enterprises. To revitalise the economy, Europe needs more people willing to become entrepreneurs. This is why it becomes paramount importance to promote entrepreneurial culture in the entire Europe. By 2010, half of the jobs available in Europe will require people with high skills. Only 15% will be available to those with such primary education.

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

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

The new actions to improve SME’s capability and competitiveness in accordance with the new EU policy 14 include the following:

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

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

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

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

Last but not least the Commission addresses some specific training and education needs like problems facing by women entrepreneurs, young and old people and ethnic minorities.

IMPROVING SKILLS OF YOUNG ENTREPRENEURS

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

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

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

Development of youth entrepreneurship programmes have to be based on the recognition, that promotion of young entrepreneurship is part of the national youth development programme, as well as an organic part of the small business development programme, and those it contribute to economic development, job creation, economic empowerment and poverty alleviation. While national youth programme are the “mother” for the promotion of youth entrepreneurship, the national SME focal point organization must be considered as the “father” responsible for the development of an overall small business development economic climate. Other governmental organizations, as Ministries of Labour, Health, Education, etc. have to play an important role in this process.
While developing a national youth policy, attention should be given to youth entrepreneurship and enterprise-based youth employment policies. **15** Youth entrepreneurship could move young men and women into self-employment, so it create jobs, it contribute to economic empowerment and alleviate poverty. Young entrepreneurs provide useful goods and services to the society and quite often find new solutions and ideas to doing things more innovative way.

It is importance to recognize that youth entrepreneurship is not a solution of the youth unemployment and the problem of the economy. The promotion of youth entrepreneurship is rather a programme of developing new skills and experiences that some of the young men and women could and will applied in comparison of many other challenges of their life.

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

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

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

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

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

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

The **key objectives of youth entrepreneurship** promotion programmes should be the following: **16**

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

The **main orientation of a youth entrepreneurship development programme** should be built on the following:

1. Promotion of self-employment;
2. Youth business incubation;

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

**16** Dr. Antal Szabó: Development of Youth Entrepreneurship as Means of Poverty Alleviation in Rural Area. International Conference on “Entrepreneurship – The Best Answer to the Future”
2. Skill training; 
3. Financing; 
4. Community information centers/telecenters; 
5. Mentoring; 
6. Development social entrepreneurship; and 
7. Youth entrepreneurs’ competition.

THE ROLE OF ERENET 17

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

The signatories of the declaration on cooperation accepted that education plays a significant role in the development of entrepreneurship and that research and education could ultimately contribute to closing the gap in entrepreneurship between countries of Central and Eastern Europe and those in Western Europe and North America. He went on to say that: Taking advantage of international experience based on research of issues, such as good governance, enterprise-friendly economic and social policies, administrative burden and the financial environment, can speed up the growth of entrepreneurship in Central and Eastern Europe to rival that in western countries. ERENET is a research and development partnership acting as an open-ended network. So far, 36 universities, high-schools, research institutions and government authorities from twenty countries have joined ERENET.

In addition to this Round Table, ERENET will co-organize the Budapest Round Table on How to become successful and socially responsible entrepreneur? Learn from experience to be held on 10 November 2006. The main issues to be discussed will be as following:

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 words, 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.?

17 See at http://www.erenet.org
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?

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

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INTRODUCTION

The need for an entrepreneurship education and training is well recognized as a tool to foster the entrepreneurial drive. It is built into virtually all documents on the economic development and competitiveness in the EU since the Lisbon Strategy (2000). Entrepreneurship as a basic competence should be explicitly included in the national curriculum at all levels of the formal education. It was not the case in the past and this move therefore demands strong commitment and coordinated action of the entrepreneurship policy, schools, teachers and business sector in order to provide for all the needed components of a good entrepreneurship education.

In the past, Slovenia according to the findings in the Global Entrepreneurship Monitor (2002-2005) did quite well in the area of education, but there were mostly some private initiatives, supported by enthusiastic individuals and teacher’s groups sponsored by some responsible firms than the education system as the whole. Only at the university level, business programs were well equipped by entrepreneurship topics, from the general courses on entrepreneurship to the specialized courses, both at undergraduate and graduate level.

Following the EU recommendations, with the revived interest for SME start-ups and growth-oriented companies, the National Agency for Entrepreneurship (JAPTI) subcontracted a research to develop a comprehensive national strategy of entrepreneurship education at all levels of schooling. The paper will present the first directions for this strategy as developed by a team of experts in August and September 2006.

SLOVENIA: ENTREPRENEURSHIP AND EDUCATION

Academics acting in favor of entrepreneurship and SME development have always stressed the need for the business literacy and the enterprise spirit in young people to promote the economic growth, jobs creation, competitiveness and innovation in Slovenia. They supported also the entrepreneurship training of would-be entrepreneurs and small business owners-managers early in 1990s, establishing GEA College and a host of other providers of training and counseling to entrepreneurs.

From the very beginning, it was understood that the entrepreneurship education should be both supporting the entrepreneurship culture among young people and providing young people with two elements:

- development of entrepreneurial attitudes and skills, e.g. fostering certain personal qualities as the competencies needed in every modern job in business sector as well as in all other jobs involving creativity, initiative and a proactive attitude to serve clients’ needs;
- more specific training on how to create a (new) business, discussing the entrepreneurial process of business idea development, business planning, organizing resources and starting and growing a new venture, both in the commercial sector or as a social venture.

The need for entrepreneurship education intensified after the first wave of entrepreneurship in 1990-1994 that filled the market gaps in production of goods and services, with increased competition. Tougher business environment demanded well trained entrepreneurs to grow successful businesses, to internationalize their activities and embark on new technologies, constant flow of new products and services. The dynamics of new venture creation stagnated through the last decade and the GEM findings on the early-stage entrepreneurship in Slovenia are close to alarming (www.gemslovenia.org) While the size structure of firms still tends towards
the European average, with % of all businesses being SMEs in 2004, employing % of all employees and contributing % to the revenues, there are still too few SMEs with high growth potential, high-tech and innovative firms, the collaboration between academic and business sphere is insufficient and the forms of cooperation of larger groups of SMEs through clusters, networks and technology platforms only started few years ago. The education and skill structure of SME owners-managers is improving (Glas et al., 2006), but there is still a large share of entrepreneurs with high school and even entrepreneurs with a college or university lack managerial know-how. There is still a large gap in the education of entrepreneurs between Slovenia and USA (Polajžer, 1999) which contributes to the lack of high-tech and growth oriented firms.

Table 1. Early-stage entrepreneurship activity in Slovenia, 2002-2005

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<td>4.1</td>
<td>2.6</td>
<td>4.4</td>
</tr>
<tr>
<td>- estimate number of adults in early-stage venturing</td>
<td>58,000</td>
<td>51,000</td>
<td>35,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Index of motivation: quotient between shares of early-stage entrepreneurs based on opportunity and need</td>
<td>2.4</td>
<td>3.8</td>
<td>5.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Relationship between male and female entrepreneurs in the early-stage entrepreneurial activities</td>
<td>2.21 : 1</td>
<td>3.90 : 1</td>
<td>2.25 : 1</td>
<td>1.98 : 1</td>
</tr>
<tr>
<td>Rank of Slovenia by TEA index among countries</td>
<td>25 of 37</td>
<td>24 of 31</td>
<td>33 of 34</td>
<td>31 of 35</td>
</tr>
</tbody>
</table>

Source: GEM Slovenia 2002-2005

After 1990 Slovenia developed quite a broad training activity for entrepreneurs and the staff in SMEs, supported by Ministry of Labor, performed by a number of training organizations. Also, at higher levels of education already in early 1990s, there were new curricula focused on entrepreneurship and SME management. Among the pre-conditions for entrepreneurship, according to GEM research, Slovenia scored well in the area of education and training.

Table 2. Assessment of education and training among factors of entrepreneurship, 2002-2005

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>D – Entrepreneurship and training 1 – primary and secondary schools</td>
<td>Score 2.14</td>
<td>2.11</td>
<td>2.21</td>
<td></td>
</tr>
<tr>
<td>D – Entrepreneurship and training 2 – postsecondary level</td>
<td>Score 3.04</td>
<td>2.82</td>
<td>2.80</td>
<td></td>
</tr>
</tbody>
</table>

Source: GEM Slovenia 2002-2005

However, GEM research revealed the weak support by the culture and the social environment and the existence of the egalitarian social attitude, strongly anti-entrepreneurial that should also be targeted by the education.

In the post 1990s development of entrepreneurship education in Slovenia we could identify some milestones as indicated by Table 3.

Entrepreneurship curricula in Slovenia are a mixture of the transfer of best practices in the world (Junior Achievement, School Enterprise, DUBS Enterprise), the cooperation with some key entrepreneurship schools (Babson College, Scottish Enterprise at Stirling University) that provided curricular experiences and the
training of university staff in the contents and teaching methodology, and the innovative development in 
Slovenia (training programs at GEA College, some high school initiatives).

Table 3. Milestones in the development of entrepreneurship education and training, Slovenia

<table>
<thead>
<tr>
<th>Year</th>
<th>Milestone</th>
<th>Key events</th>
</tr>
</thead>
</table>
| 1990 | Private sector initiatives | - GEA College entrepreneurship training centre  
- training of SME counselors  
- first initiatives in the secondary school |
| 1992 | Entrepreneurship in higher education | - courses on entrepreneurship and SME management  
- M.Sc. program at Faculty of Economics, Ljubljana  
- Business school: concentration in entrepreneurship  
- Faculty of Economics and Business. program in SME management |
| 1994 | High school initiatives | - Summer schools on entrepreneurship  
- “School Enterprise”  
- DUBS Enterprise in vocational schools  
- Economic Gymnasium: economics, entrepreneurship |
| 1996 | Private higher education in entrepreneurship | - GEA College of Entrepreneurship: first private higher education institution in Slovenia  
- entrepreneurship courses at departments of science and technology, University of Ljubljana |
| 1998 | Entrepreneurship in grammar schools | - Enterprise program developed by Sun  
- extracurricular activities at grammar schools and high schools  
- national competition in business planning |
| 2001 | Entrepreneurship infrastructure at universities | - entrepreneurship centres as focal points for education, research, counseling, publishing  
- university spin-off incubators (2004) at 4 universities  
- collaboration with technology parks  
- Design School program (2006) |

Table 4. Achievements and weaknesses at different level of education in Slovenia

<table>
<thead>
<tr>
<th>School</th>
<th>Achievements</th>
<th>Weaknesses / limitations</th>
</tr>
</thead>
</table>
| Primary school | - entrepreneurship circles (extracurricular) | - problems with financing  
- too few schools involved  
- no entrepreneurship content in other courses |
| Secondary school | - course on entrepreneurship  
- business plan competition  
- transfer of int’l programs  
- int’l participation of pupils | - too few in technical schools  
- no links to (non-entrepreneurial) courses  
- need for training of teachers in methods  
- lack of technical equipment  
- links to local entrepreneurs |
| College and university | - courses as part of curricula  
- concentrations on entrepreneurship, SME management  
- optional courses elsewhere  
- GEA College | - weak involvement of science and technology departments  
- lack of linkages to SMEs, projects  
- lack of entrepreneurship infrastructure  
- academic climate not friendly |
SLOVENIA: NEW STRATEGY FOR ENTREPRENEURSHIP EDUCATION

In 2006, as part of the Measures to Promote Entrepreneurship and Competitiveness (2007-2013) the area of entrepreneurship education got the attention of the government and JAPTI subcontracted a project on the strategy development to a consortium teaming leading scholars in entrepreneurship at different levels of education. While the process is still going on, there are some general directions we can deduct from international experiences and materials already developed as part of the research. First, we agree with the triple objectives in the entrepreneurship education that develop along the age of pupils:

1. Understanding and awareness of enterprise and entrepreneurship.
2. Developing enterprising skills and abilities of pupils.
3. Promotion of the process of new venture creation (providing specific know-how).

These objectives vary among the levels of education from the prevalent focus on the creation of enterprise awareness at the lowest levels (through the games, role playing, visits to local businesses), towards increasing focus on developing enterprising competencies that should be important for the employees in every profession and, finally developing the specific know-how on how to create and grow a new venture. We start there from the fact that only some people at any moment in their life embark on self-employment and the creation of venture and that some know-how could always be developed through the lifelong learning.

This approach presents also the background for the USA standards of entrepreneurship education at the secondary school level with the 5-stage concept, from the basics at primary school, through the competence awareness and creative applications (from the learning of entrepreneurial competencies to the know-how on new venture creation), to the experiencing of entrepreneurship through the self-employment and venture creation process, up to the problem-solving and growing existing businesses. Basically the same concepts were promoted by Allan Gibb in 1990s and supported by European experts, backing various documents of the European Commission, DG Enterprise and DG Education. The entrepreneurship education in Australia is based on the same concept.

Table 5. Programs, levels and objectives of entrepreneurship education in Europe

<table>
<thead>
<tr>
<th>Countries (number of programs)</th>
<th>Level of education (age of pupils)</th>
<th>Goals of entrepreneurship education</th>
<th>Source: Vir: Hytti et al., 2002, str. 45-50; <a href="http://www.Entredu.com">www.Entredu.com</a></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Below 6 years</td>
<td>6-12</td>
<td>13-19</td>
</tr>
<tr>
<td>Austria (13)</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Finland (11)</td>
<td>3</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Ireland (14)</td>
<td>1</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Norway (11)</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>UK (13)</td>
<td>0</td>
<td>1</td>
<td>9</td>
</tr>
</tbody>
</table>

In discussing the introduction of entrepreneurship at all levels of formal education, we met a number of questions relating to all subjects in this process:
- How widely to conceive the entrepreneurship education, whom to involve (what is the appropriate scope of this education and training)?
- Which contents to teach: is this the education for or about entrepreneurship? Who will decide to follow an entrepreneurial career? What are the determinants of the venture success? What personal traits and behaviors should an entrepreneur develop?
- How to introduce entrepreneurship contents into the education system? How to divide them among courses? What should be included into entrepreneurship courses and what should become part of other courses?
- What entrepreneurship know-how and how much to teach at different levels of education?
- How to teach, which didactic approaches and methods to use?
- How to introduce changes and how to adapt to new development needs (directions of the modernization of learning contents and methods)?
- Who should teach entrepreneurship (entrepreneurial and teaching experience, life-long training of teachers)? How to include other subjects that could make an important input to the quality and attractiveness of teaching?

Figure 1. Objectives and contents of entrepreneurship education at different levels

SCOPE OF THE ENTREPRENEURSHIP EDUCATION

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>CONTENTS AND METHODS</th>
<th>LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEVELOPING ENTERPRISING COMPETENCIES</td>
<td>I want to direct my learning, career and the life as whole in a responsible way. I need enterprising skills and competencies!</td>
<td>Vocational schools</td>
</tr>
<tr>
<td>GROWING NEW ENTREPRENEURS / BUSINESSES</td>
<td>Can I become an entrepreneur? How to become one? How to manage the venture?</td>
<td>SECONDARY</td>
</tr>
<tr>
<td>IMPROVING ENTREPRENEURS</td>
<td>How to do business efficiently at home and internationally? How to grow? How to do »harvesting«?</td>
<td>COLLEGE, UNIVERSITY, GRADUATE SCHOOLS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LIFELONG LEARNING</td>
</tr>
</tbody>
</table>
ENTREPRENEURSHIP EDUCATION: THE CONCEPT FOR FUTURE

We are currently at the stage of conceptualization of a comprehensive system of education for entrepreneurship as the broad discussion has to check the ideas and bring to a consensus, with further assessment of the resources and time needed to implement such a concept effectively. We will represent the concept according to the level of formal education in a short concise manner.

**PRE-SCHOOL LEVEL: up to 6 years**

| Objectives                                      | 1. Developing a sense for enterprises  
|                                                | 2. Discussing what do entrepreneurs do |
| Location                                       | All pre-school institutions            |
| Learning methods                               | - playing (as part of games played)  
|                                                | - role-playing (entrepreneurs, other stakeholders)  
|                                                | - visits of entrepreneurs to pre-school institutions  
|                                                | - identifying local businesses on walking around |
| Resources                                      | Training of trainers  
|                                                | Promotional materials, adapted to local situation |
| Current situation                              | Few cases of enthusiastic teachers     |

At this level, pupils only get aware of the role of the enterprise in the life of their parents, they could discuss the tasks entrepreneurs have to accomplish; all has to be a part of playing and their parents and local entrepreneurs could be involved. They could also learn what local businesses produce, what is needed for that, how important the quality of products and services is etc.

**PRIMARY SCHOOL: 6-12 years (first two “triads”)**

| Objectives                                      | 1. Awareness building on the role of enterprise  
|                                                | 2. What are the enterprises in the neighbourhood, their impact on the life of local people, environment |
| Location                                       | All primary schools  
|                                                | Project work: visits to local enterprises |
| Contents                                       | Entrepreneurship topics / aspects in other courses  
|                                                | Extracurricular activities /entrepreneurship circles) |
| Learning methods                               | - role-playing  
|                                                | - visits of entrepreneurs to the class  
|                                                | - visits of pupils to local enterprises  
|                                                | - project work: Enterprise in our neighbourhood |
| Resources                                      | Curriculum changes (adding entrepreneurship contents)  
|                                                | Training the trainers (teachers of relevant courses)  
|                                                | Teaching materials: cases, videos, handbooks |
| Events                                         | - local/regional/national contests in project work  
|                                                | - Enterprise day in schools |
| Current situation                              | Initiatives in some schools based on enthusiastic teachers and parents  
|                                                | (case of PINGO) |

**PRIMARY SCHOOL: 12-15 years (last “triade”)**

| Objectives                                      | 1. Searching for business ideas, developing business ideas into opportunities  
|                                                | 2. Awareness on entrepreneurial careers: what do entrepreneurs do, how is their life  
|                                                | 3. Developing enterprising skills of pupils  
|                                                | 4. Awareness building on the role of enterprise for the society and well-
With the current 9-year programmes in primary schools, the focus should be on the last three years where pupils already develop a good knowledge on the local situation. Entrepreneurship should be a cross-curricular topic, quite important in history, geography, natural sciences and technical subjects. The enterprising abilities and skills in pupils should be developed. While there is already a stock of past experiences, a comprehensive scheme has not been developed yet and the commitment of the Ministry of Education is under question.

At the level of secondary schools, there are vast possibilities to develop entrepreneurship in a different way according to the character of schools. It is most important in vocational schools where pupils intend to leave the education and to pursue a professional career that could become to a large number of pupils also an entrepreneurial career. The know-how to create a venture, while eventually developed by further training, should become an optional content already in schools, in particular for pupils that intend to continue the career in their family businesses, aspiring to become owner-managers.

| Location                          | All primary schools  
|                                  | Local enterprises, business associations |
| Contents                          | Entrepreneurship topics in other courses (cross-curricular)  
|                                  | Extracurricular activities (circles, clubs)  
|                                  | Optional course: Basic Entrepreneurship  
| Comment                          | contents could be adapted to local situation |
| Learning methods                  | - visits to enterprises and reporting in class, publishing reports (internet portal)  
|                                  | - visits of entrepreneurs to the class  
|                                  | - entrepreneurship circles in extracurricular activities  
|                                  | - optional course  
|                                  | - Mini enterprise in school |
| Resources                         | Curriculum development (optional course, extracurricular)  
|                                  | Training the trainers  
|                                  | Teaching materials  
|                                  | Local entrepreneurs, SME counselors, staff in promotional institutions (Tourist Associations) |
| Events                            | - local / regional / national contest in enterprise projects  
|                                  | - creative workshops on different aspects of doing business  
|                                  | - public presentations of enterprise projects (local TV, journals)  
|                                  | - Enterprise Day |
| Current situation                 | Enterprise programme: Sun d.o.o., in a network of schools  
|                                  | Initiatives in many schools: teachers, parents |

At the level of secondary schools, there are vast possibilities to develop entrepreneurship in a different way according to the character of schools. It is most important in vocational schools where pupils intend to leave the education and to pursue a professional career that could become to a large number of pupils also an entrepreneurial career. The know-how to create a venture, while eventually developed by further training, should become an optional content already in schools, in particular for pupils that intend to continue the career in their family businesses, aspiring to become owner-managers.

### SECONDARY SCHOOL - VOCATIONAL: 15-18 years

| Objectives | 1. Searching for business ideas, developing business ideas into opportunities  
|           | 2. Awareness on entrepreneurial careers: what do entrepreneurs do, how is their life  
|           | 3. Developing enterprising skills of pupils  
|           | 4. Awareness building on the role of enterprise for the society and well-being  
|           | 5. Know-how on the creation of new ventures |
| Location   | All vocational schools  
|           | Local enterprises, business associations |
| Contents   | Entrepreneurship topics in other courses (cross-curricular)  
|           | Extracurricular activities (circles, clubs)  
|           | Basic Entrepreneurship / SME Management course |
Upgrade: specific courses: Creating a New Venture, Family Businesses
Comment: contents could be adapted to local situation

<table>
<thead>
<tr>
<th>Learning methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>- visits to enterprises and reporting in class, publishing reports (internet portal)</td>
</tr>
<tr>
<td>- visits of entrepreneurs to the class</td>
</tr>
<tr>
<td>- entrepreneurship circles in extracurricular activities</td>
</tr>
<tr>
<td>- basic entrepreneurship (SME management) course</td>
</tr>
<tr>
<td>- optional courses</td>
</tr>
<tr>
<td>- Mini enterprise in school</td>
</tr>
<tr>
<td>- International co-operation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curriculum development (optional course, extracurricular)</td>
</tr>
<tr>
<td>Training the trainers</td>
</tr>
<tr>
<td>Teaching materials</td>
</tr>
<tr>
<td>Local entrepreneurs, SME counselors, bankers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>- local / regional / national contest in enterprise projects</td>
</tr>
<tr>
<td>- creative workshops on different aspects of doing business</td>
</tr>
<tr>
<td>- public presentations of enterprise projects (local TV, journals)</td>
</tr>
<tr>
<td>- business plan competition</td>
</tr>
<tr>
<td>- Enterprise Day: Owner-Managers of Tomorrow</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of DUBS Enterprise programme since early 1990s, teaching materials translated/developed, a group of teachers trained, some events already traditional</td>
</tr>
</tbody>
</table>

The situation is quite different at the level of technical schools that are still more traditional in their contents and the room to develop entrepreneurship content was always lacking, while at the programme of Economic Gymnasium entrepreneurship is well established with the following approach:
- Year 1: Economics
- Year 2: Economics; Entrepreneurship 1: role of enterprise in the society, who are entrepreneurs, business idea development
- Year 3: Economics; Entrepreneurship 2: doing a business plan (team project), developing enterprising skills
- Year 4: Economics; Entrepreneurship 3: managing and growing the enterprise: basic knowledge of business functions: marketing, finance, developing people, management, business law etc.

While the high schools are preparing pupils for the higher education, at technical and commercial schools a large share intends to leave education for professional career and the know-how of new venture creation is important for them as well as enterprising skills. For these schools generally the same scheme is appropriate as for the vocational schools, maybe with slightly more sophistication on the role of entrepreneurship in the society and enhanced orientation towards markets and international aspects of business.

At the level of higher education entrepreneurship should be at the core of the mission of this education – to contribute to the high level of knowledge and competences to develop a successful and competitive society. In Slovenia, we need to rethink this mission since the research always points to the weak link/collaboration between academic area and business community as the source of the gap in the competitiveness of our economy.

Since most HEI (higher education institutions) are in the process of developing Bologna-based curricula, it is time to encourage them to introduce entrepreneurship as cross-curricular content and to establish Faculty of Economics (and Business) as the leading institution to support curricula development and to provide teaching know-how, while also building the infrastructure for entrepreneurship and the transfer of know-how, innovative business ideas and technology to the high-end business ventures.
In Slovenia, many building blocks for this development are in place or developing at the right moment:
- entrepreneurship curricula are well developed at the first and second level of Bologna programmes at Faculties of Economics;
- government has encouraged the development of university spin-off incubators in 2004 and technology parks are either in planning or construction stage,
- regional development strategies are supporting a broader network of HEIs etc.

*Picture 2* The comprehensive institutional setting for entrepreneurship at HEIs

As a case in this development, we can present the entrepreneurship curriculum at the Faculty of Economics, University of Ljubljana, that is already running for the second year. Although we are facing some hurdles at the normative level (the dispute on academic titles) and the financial aspects of the Bologna curriculum is not well defined yet, the process is on the move. Entrepreneurship has been developed as a concentration at all programmes and the entrepreneurial contents at the first stage Bologna programme are presented in Table 6

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


Remarks:
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

While the similar programme has been developed for the Business School programme, more experience-oriented programme, the upgrade at the second stage of Bologna programme is even more focused on specialised courses (Table 7). While this and the similar programmes in Maribor offer a great variety of entrepreneurship contents, the major concern in the strategy is to bring entrepreneurship courses and orientation to other departments, either in technology, science, social sciences, where in the past only limited initiatives (optional courses) have been implemented, with the assistance of the staff from the Faculty of Economics. Fortunately, the climate is changing and these departments, facing the demands of students and the business community, are becoming more open to these initiatives.

Table 7. Entrepreneurship contents at the second stage of Bologna programme

<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 1</td>
<td></td>
<td>Theory of Entrepreneurship (6)</td>
</tr>
<tr>
<td>SME Management</td>
<td>Compulsory 1</td>
<td></td>
<td>SME Counselling (6)</td>
</tr>
<tr>
<td>SME Management</td>
<td>Compulsory 1</td>
<td></td>
<td>Entrepreneurship Infrastructure (6)</td>
</tr>
<tr>
<td>SME Management</td>
<td>Compulsory 1</td>
<td></td>
<td>Identification and Implementation of New Venture opportunities (6)</td>
</tr>
</tbody>
</table>
| Optional A/1 1 | | | One out of four courses (6):
- Procurement and Sales Management
- Financing Growing Businesses
- Entrepreneurial Networks
- Technology Entrepreneurship |
| Optional B/1 1 | | | One course from the list (6):
- Data Analysis for Business Decisions
- International Marketing
- Personal Finance
- Project Management
- SME Counselling |
<p>| 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 |</p>
<table>
<thead>
<tr>
<th>Economic Policy and the Support Environment</th>
<th>Compulsory 1</th>
<th>Theory of Entrepreneurship (6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compulsory 1</td>
<td>Industrial Policy and Entrepreneurship (6)</td>
<td></td>
</tr>
<tr>
<td>Compulsory 1</td>
<td>Entrepreneurship Infrastructure (6)</td>
<td></td>
</tr>
<tr>
<td>Compulsory 1</td>
<td>Identification and Implementation of New Venture opportunities (6)</td>
<td></td>
</tr>
<tr>
<td>Optional A/1 1</td>
<td>One out of four courses (6):</td>
<td></td>
</tr>
<tr>
<td>Optional B/1 1</td>
<td>Entrepreneurship and Regional Dev’t</td>
<td></td>
</tr>
<tr>
<td>Optional A/2 2</td>
<td>SME Counselling</td>
<td></td>
</tr>
<tr>
<td>Optional B/2 2</td>
<td>Venture Capital Management</td>
<td></td>
</tr>
<tr>
<td>Optional A/3 2</td>
<td>Innovation Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Optional D 2</td>
<td>One course from the list above (6)</td>
<td></td>
</tr>
<tr>
<td>Optional B/3 2</td>
<td>A choice from other courses (6)</td>
<td></td>
</tr>
<tr>
<td>Optional C/1 2</td>
<td>One out of four courses above (6)</td>
<td></td>
</tr>
<tr>
<td>Optional D 2</td>
<td>One course from the list (6) including Innovation Management</td>
<td></td>
</tr>
<tr>
<td>Optional B/2 2</td>
<td>Another course from the list (6)</td>
<td></td>
</tr>
<tr>
<td>Optional B/3 2</td>
<td>Third course from the list (6)</td>
<td></td>
</tr>
<tr>
<td>Optional C/2 2</td>
<td>A choice from other courses</td>
<td></td>
</tr>
</tbody>
</table>

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


While the new curricula with more entrepreneurship content are being developed, there is also a mounting task to train a large part of the existing workforce in the spirit of entrepreneurship and effective SME management. However, the high priority should be given to a successful solution of current disputes between Ministry of Higher Education, Science and Technology (MHEST) and higher education institutions (HEIs). Earlier, we identified a number of recommendations with the respect to still diverse attitudes:

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. HEIs have 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, it 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.

CONCLUSION

After years of diverse initiatives to develop entrepreneurship education and training at all levels of the education system in Slovenia, we are in the situation where an important part of the government, Ministry of Economy, understands the need, as expressed by the EU bodies and rather widespread in developed economies, to developed entrepreneurship education with clear objectives and being aware of the resources needed to support effectively such a plan. Still, the Ministry of Education and Sports and the Ministry of Higher Education, Science and Technology have to join these intentions in order to bring feasible solutions.

The research done as the basis for the strategy development has identified a number of well conceived initiatives, either developed originally in Slovenia or transferred as “best practices” from more developed countries. Quite a number of teachers / trainers / mentors have been trained after 1990 and we can built on their expertise and experiences in the future. However, we still have to develop an attractive proposal in order to promote entrepreneurship education to all stakeholders and to establish these contents and competencies in the curricula, while the efforts to train the teachers, to develop the effective teaching methods, the supporting materials and infrastructure should not be understated in the sense of staff, finance and time needed.

It is always a daring experience to change an established system, to overcome barriers and difficulties when moving large numbers of stakeholders. Fortunately, it is a task for people with innovative and entrepreneurial attitude, and it is at the core of entrepreneurship to do it.
Daniela Stefanescu
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Petru Maior University (UPM) was founded in 1960 securing for itself institutional continuity in the academic field and cultural permanence for the community in the Mures County, Romania. The Mures County is situated in the center part of Romania, and our town, Tirgu-Mures is the most important town of the county, with 160 thousand habitants.

During the 46 years of its existence, our university developed itself gradually, as it can be observed in Table 1.

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960-1997</td>
<td>3 Years Pedagogical Institute (based on the Order of the Minister of Education and Culture no. 3243/1960)</td>
</tr>
<tr>
<td>1984-1990</td>
<td>The Institute of Short-time Education Engineering, subordinated to the Polytechnic Institute of Cluj-Napoca (according to the Decree of the State Council no. 213/1984)</td>
</tr>
<tr>
<td>1991-1995</td>
<td>The Technical University (according to The Order of the Minister of Education and Science no. 4894/1991)</td>
</tr>
<tr>
<td>1996 and in present</td>
<td>The Petru Maior University of Tirgu-Mures (Government Decision no. 676/1996)</td>
</tr>
</tbody>
</table>

The university population has grown to over 6,000 students and 135 members of the teaching staff. Nowadays, the university is divided in three Faculties:

The Faculty of Engineering;
The Faculty of Sciences and Letters
The Faculty of Economics, Law and Administrative Sciences.

The Faculty of Economics, Law and Administrative sciences was founded in 2002, and since last university has a new building, realized with proper founds, aspect which revealed the entrepreneurial interest of our university. The students’ number of the faculty has been increased every year, today being around 3000 students (as the figure no.1).

The students’ of our faculty represent around 50% from the entire university, and we have two educational levels: bachelor (3 years) and master (2 years), since last university year, in line with the Bologna Process. Each academic year has 60 ECTS.

In our faculty, the students are organized in two association: the students League, and AIESEC (The International Association of the Students Specialized in Economy). Both associations are interested in organizing activities related with entrepreneurship. Even for this university year, it is planned to take place an
In Romania, there is not yet in the national catalogue of professions “the entrepreneur” as an occupation. So, till now there is not a curricula or the field of specialization on entrepreneurship. The most closed to entrepreneurship area, in Romania case, is the Management specialization for bachelor level and Business Management for Master degree.

Even though there is not yet a specific curriculum for entrepreneurship, the spirit is present among our students, shown by the number of them who asked for authorization, based on a special law, the Government Decision No. 166/2003. According to this government decision, there are fiscal facilities for students who want to start their own business; the solicitors are remitted of initial costs of getting the authorizations.

During the period 2003-2006, the number of students who asked for authorizations, at the university level, distributed on the three faculties is shown in the figure 2.
At the university level, the issue regarding entrepreneurship is a priority, included in the strategic plan: to emphasize the entrepreneurial character. As an example to demonstrate the presence entrepreneurship, on the university level, it is the fact that even if it is a public university, sustained by the Education Ministry, only 40% of our funds are public, and the rest of 60% are coming from proper funds, as research activities, students taxes, contracts with economic environment. In the structure of our university are several departments which sustain the students and in the same time the entire university entrepreneurial behavior, such as:

- The Center of Professional Guidance and Counseling, which monitors and sustain entrepreneurial education through a system of measures as follows: they are in direct contact with our graduate students, in order to create a data base of the students preoccupation after the graduation; they are doing studies about professional insertion of the graduates, generally; they started to monitory the students who asked for authorization, during the study program and after that. For example, from all graduate students of economical engineering, 10% of them have their own firm.
- The Open-Distance and Part Time Learning Department;
- The Training and Improvement Centre;
- The Teacher Training Department.

In the last two years, our faculty obtained national and European grants, and also realized many research projects, demanded by the economic community of Mures County.

The university has met its external challenges through openness and willingness to collaborate with 37 university-partners all over the world and business institutions. Since 2002, UPM has been a member of the International Association of Universities (I.A.U.). It has participated in many European programs: TEMPUS, SOCRATES, LEONARDO DA VINCI, and CEEPUS within which there are activities of funding the implementation of the system of transferable credits, student mobility, and visiting professors. The university’s strong institutional dynamics can be seen in the setting up of new departments and specialization’s, and in the increasing number of students and teaching staff. UPM plays the role of a real integrator in the formation and development of professional competencies and improved levels of qualifications.

The integration of Romania into the European Union gives paramount importance to international qualification, teaching in international languages, English in particular. Education is made adaptable to the needs of the society, and compatible with international performance standards. The structure of the scientific fields of specialization, beginning with academic year 2005-2006 and according to the Bologna Treaty and the Berlin Agreement is changing into modules which will allow better performance of the formative educational activities, offering the graduates broader perspectives and better chances in the labor market. (Quotes from Rector Liviu Marian: Career Counseling & The Global Labor Market, First International Conference, Târgu Mureș, 31 May – 2 June 2005).

Petru Maior University is one of the oldest and prestigious universities serving the Mures County, and continues to keep its name in the community, with high educational standards and potential through constant innovation in the structure of its curricula, and more engaging school activities that reach out to students of all interests and specializations.

In this crucial stage, when special efforts are demanded of universities to be the active agents of change, to facilitate the compatibility with the formative standards which are already existent in other countries, the teaching staff of the Management and Administrative Services started to look into and identify the entrepreneurial skills needed in the new economical and educational context.
Firstable, a question: We have to check whether in Croatia the old domination by Venice left some bad memory (probably not...). However, the proposed intervention can work very well also without the metaphor, which can be cut without any problem. Toni Brunello.

It is probably very well known that Venice was built on a (still!) precarious small islands land.

But it is probably not known how this dangerous and unreliable territory was consolidated and became the base for a 12-century-living Republic, and for a unique creation, today a real heritage for the whole world.

Planning, and systematic working were the secrets for this extraordinary result. Such result would not have been achieved without the confidence to succeed and the definite will of all those involved: from leaders to all those who, at all level, co-operated with them, feeling they were “Venice”.

In the highly developed and effective Veneto Region, in the North-Eastern Italy, one area was left from the post-2nd World War development: the Polesine, so called because lying in the Delta of the Po river.

In 1986 a project was run in this area, in the Rovigo town province, in order to help and support its development, by a philosophy similar to Venice land consolidation.

The Venice “architect”:
1. first stuck into the land over one million vertical pales, very deeply into the marsh;
2. then lay out, flat, many more transversal, lighter horizontal pales;
3. finally filled the remaining space with also lighter material.

This way the basic territory became both coherent and flexible.
And it was able to hold and support the new buildings and the inhabitants development works.

By the same way, the project called “Consolidating Polesine entrepreneurial basis” was run, during 6 six months periods (semesters), under the Rovigo Chamber of Commerce initiative and with the support of the Veneto Region and of the local business associations.

With the sponsorship (and the financial support) of such P.A. Institutions, a small Task Force of 5 people organised an organic activity.

The Task force member were three local people – who have become the soul of the new started Land Promotion Agency “Polesine Innovazione” - and two external, temporary consultants. They worked as follows.

A synthetic plan was presented to the territory, giving short times to candidates: These were invited to self-propose with a business idea.

A very severe and short time selection was done, actually choosing those who were able to “sell” the Task Force members a business idea they had.
Then:

**Action 1. Stricto sensu Entrepreneurship.**

Sub. Action 1.1. Some training courses were run, aiming to start some new businesses, by training, and positively motivating, a small number of aspiring entrepreneurs (about 15 per semester). Courses were designed mainly aiming at first building-up and consolidating entrepreneurial skills. Than also by proposing managerial culture.

Sub. Action 1.2. Emerging businesses. A successfully growing entrepreneurs discovering Sub-Action was started, aiming to find out, with business associations and banks cooperation, some entrepreneurs whose activity was well evolving, at a better speed than the local average speed. Those people were supported by training them under a managerial culture point of view.

Sub. Action 1.3. Intra-preneurship. An action aiming to find out who, in larger (public or private) organisations was thinking s/he had a project worth - attended to its entrepreneurial potential - to be developed. Those few people were also supported by training them under a managerial culture point of view.

**Action 2. Advanced Service Sector.**

Tuning action. Meanwhile, a training course was proposed for support actors, like chamber of commerce, business association and public administration functionaries, so to allow all these people to be able to speak the same language as entrepreneurs; to help them share a unitary vision; and to let them feel involved in the same “mission”.

The Quality culture should be the base for such training.

**Action 3. Public/Private alliance.**

Synchrony action. Different actors in public and private areas were identified, and involved into an actual – informal, and de facto - alliance idea, in order to plan a communication action. Such action to be done mainly by seminars with such actors as witnesses, aiming to inform the territory about what had been done in cooperation, and the results achieved by such attitude.

As usual, not everything worked perfectly, but some things were particularly satisfying:

I. A couple of years after the first semester start, the Task force members were invited to take part in the opening ceremony of a new 400 sq. m. building, with 40 (forty) employees within one of the new businesses which were only an idea at the beginning.

II. A seminar was run in Rovigo - usually known as underdeveloped town - with the participation of many experts coming from the whole Veneto and from other regions, including the prestigious BIC (Business Innovation Centre) representatives from Milan, and Trieste.

III. The **Polesine Innovazione Agency** is still alive, and is one of the most effective between the Italian Chambers of Commerce system special Agencies.
ENTREPRENEURIAL SKILLS – A LIFE-SKILL FOR THE 21ST CENTURY

Sanja Crnković-Pozaić
Director of the Centre for Development of SMEs and Entrepreneurship (CEPOR), Zagreb
e-mail: sanja.crnkovic@gmail.com

BASIC PRINCIPLES

Entrepreneurship is seen as a basic life-skill which is useful in all spheres of life from personal issues and relationships to the business and social and community areas. Every role that a person assumes in life, and there are many in our human life-cycle can be enhanced and improved by recourse to the entrepreneurial principles.

The basic entrepreneurial principles can be reduced to a few basic questions which one has to ask oneself when entertaining any activity in life:

- What do I want?
- What resources do I have to achieve my goals?
- How can I combine the resources in the most efficient way?
- What will tell me that I have reached my goal?
- Each one of us is faced with these questions every day for activities like cooking lunch to raising children to selling one’s product or service. It entails the following ability:
  - To focus on one’s real needs and their value to us in life
  - To define goals which will satisfy the needs
  - To define a strategy for fulfilling the goals
  - To find and apply the necessary resources
  - To have the means to assess whether the goals have been realised.

ENREPRENURIAL SKILLS

- Ability to define goals, strategies, plans
- Innovativeness and creativity
- Recognition of opportunities
- Realistic assessment of the risk involved
- Courage and ability to take risks
- Adaptability to changing circumstances
- Communication and networking skills.

FINALLY

Life is an entrepreneurial activity. Some of the variables which determine our life equation are given like our genetic make-up, our family environment and a wider setting into which we are born. Other than that, nothing is given and has to be shaped. What we have is our free will and energy to achieve our goals. In business, as in life, risks are taken every day. Even doing nothing is a strategy which brings with it a lot of risk.

DEMANDS THAT THE FUTURE BRINGS

Our time is the time of change and the age of the entrepreneur or the doer. As massive change occurs around us globally we can join or stand aside. We are facing:

- Fast change in the business environment
- High degree of competition, sometimes global
• Huge opportunities on the world market but also huge risks
• Technology breakthroughs and their application
• Big diversity in ethics of living and doing business.

We have to adopt the entrepreneurial way to survive.
4. MODELS FOR SUCCESSFUL DEVELOPMENT

4.1 Competitive Clusters

The chance of individual companies succeeding alone in the rapidly globalizing world is quickly disappearing. Even largest companies today for alliances and networks all over the world, often also with their competitors. We have seen this in the battle of telecom and software standards. Competitive clusters are emerging as a model for success. They can be located in the common areas like many high technology clusters in the world, but they can be also be localized in different regions.

In the European Union for instance aircraft manufacturing has been completely restructured around multinational Airbus Industries. Because of the huge development costs smaller companies or small countries have no chance of working alone but do have a role in build advanced components.

The cluster dynamics also applies to more traditional industries combining the strengths of different players. Clusters are emerging also as a results of externalizing many activities when aiming at better efficiencies and more flexibility.

Studies by Michael Porter and his associates indicated the importance of competitive clusters also to their region. Studies of the United States divided into several hundred smaller economic areas makes it feasible to draw conclusions also for smaller countries.
Composition of Regional Economies
United States, 2001

<table>
<thead>
<tr>
<th></th>
<th>Traded Clusters</th>
<th>Local Clusters</th>
<th>Natural Resource-Driven Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of Employment</td>
<td>31.6%</td>
<td>67.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Employment Growth, 1990 to 2001</td>
<td>1.7%</td>
<td>2.8%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Average Wage</td>
<td>$44,956</td>
<td>$28,288</td>
<td>$33,245</td>
</tr>
<tr>
<td>Relative Wage</td>
<td>133.8</td>
<td>84.2</td>
<td>95.0</td>
</tr>
<tr>
<td>Wage Growth</td>
<td>4.5%</td>
<td>3.7%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Relative Productivity</td>
<td>144.1</td>
<td>79.3</td>
<td>140.1</td>
</tr>
<tr>
<td>Patents per 10,000 Employees</td>
<td>21.7</td>
<td>1.3</td>
<td>7.2</td>
</tr>
<tr>
<td>Number of SIC Industries</td>
<td>590</td>
<td>241</td>
<td>48</td>
</tr>
</tbody>
</table>

Note: 2001 data, except relative productivity which is 1997 data.
Source: Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School

Clusters can be divided in local clusters operating in areas such as education, health care, construction, and on the other hand to trading clusters with links and exports outside their own areas. The trading clusters typically have higher productivity, much larger patent portfolios and capacity to pay higher wages.

Determinants of Regional Prosperity
Cluster Strength and Wage Levels

Trading clusters are also economic locomotives for their regions. In areas where their share is high compared to the average the overall economic performance as indicated for instance by the wage levels is much improved. For smaller countries this means that you must have strong export industries and external balance or surplus to be able to get all the tools needed for higher productivity also in the local clusters.
4.2. Success Factors

The performance and the efficiency of the innovation systems remain difficult to measure. Comparison of investments and results can provide guidance to best practices. Such studies have been conducted to measure R&D intensity and GDP growth. The results show clear correlations but also indicate complex relationships between the variables.

The success of creating new knowledge and converting it into economic and social benefit depends on several factors. These factors are rather similar to those used when evaluating the competitiveness of different countries or economic areas or when assessing the transition towards knowledge economies.

Studies conducted at Merit Institute group these factors in four major areas including research capacity, social and human capital, absorption capacity and technology and innovation. Good overall success would be assured by strengths in all these areas. However, success can be obtained, at least temporarily by different bias of the elements. Combination of two of these four major elements could be characterized by supply, users, demand and creators.

Different countries depend on different combinations of these elements. Finland belongs to the group of technology suppliers, while Sweden in more in the knowledge creator group. Japan is biased towards demand while Ireland high strong human capital and absorption capacity is a successful technology user, as also illustrated by their economic growth despite of relatively modest R&D investments.

During their economic development countries can and often need to develop new strengths change their bias in response to changing global competition and domestic situation. Finland for instance has managed to transform its earlier raw-material based economy towards more diversified knowledge economy.
4.3. Telecommunication and Network Economies

In the future we will see the convergence of different platforms and channels into wideband systems. Telecommunication has the potential of eliminating the disadvantages of peripheral locations and becoming an equalizer of opportunities.

Access through Internet and mobile communications helps to establish presence and collaborations on the global scale. This has accelerated the adoption of new design and operational tools for all industries as well for service sectors, including banking and financial services.

Knowledge economies are evolving towards network systems where small research studios can be in collaboration with or serve as embryos for large international corporations. They resemble biological systems with multiple interactions and specialized tasks for different subsystems. The evolution towards network economies is accelerated by modern telecommunications linking scientists, industrialists and policy makers all around the world.

4.4. Content Industries

The explosion of the number of new communication channels has created a great demand for new content, for instance in the mobile information society. Creative content industries represent the next wave of evolution after technologies. The very paradigm of value chains is changing rapidly. The monopoly of distribution companies is disappearing and the focus of investments is changing from distribution to content production. Entrepreneurial companies seeking channel-independent distribution will do increasingly content production.
FOCUS IN THE VALUE CHAIN

The content industries require local presence and global access. Not every country can have global information and communication giants, but they all need to be active in content creation based on local needs, languages and cultures.

4.5. Consensus Building and National Strategies

How has such a growth been achieved and maintained when at the same time many older industrialized countries have decreased their R&D investments? How to convince policy makers of such investments that typically bring fruit at a much later time, if even then? And how to measure the results and effectiveness of such investments to guide them in the optimal direction? These are questions closely related to the development of knowledge economies.

An important consensus instruments enhancing the political commitments has been also a series of economic policy and national strategy programs organized by Sitra, the Finnish National Fund for R&D. The participants have included most new members of the Parliament and hence also ministers and political leaders, industrial, labor market, university and media leaders having an active role in the economic policy formulation. The programs have covered fiscal policy related to budget planning and monetary policy, and structural topics related to globalization and integration, industrial sectors and agriculture, education and research policies, energy and environmental topics, etc. However, the most important part has been an exercise taking form of economic policy formulation at the national level. This illustrates the conflicting goals of economic growth and employment on one hand and the balance and low inflation targets on the other hand and the use and impact of different economic policy instruments. These courses have also supported effective innovation policies and increasing R&D investments for improved competitiveness and new knowledge industries.

It is also important that the innovation policy questions are placed high enough in the agenda of public and corporate decisions. In Finland the highest policy organization is the Science and Technology Council chaired by the Prime Minister and including Ministers of Education and Trade and Industries, and maybe most importantly also the Minister of Finance.
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Ylä-Anttila, Pekka and C. Palmberg (2005), The specificities of Finnish industrial policy - Challenges and initiatives at the turn of the century. ETLA Discussion Papers (forthcoming)

USEFUL WEBSITES:

Academy of Finland: http://www.aka.fi
www.research.fi
http://virtual.finland.fi/
CIM Creative Industries Management: http://www.cimfunds.com
Etla, the Research Institute of the Finnish Economy: http://www.etla.fi
European Venture Capital Association: http://www.evca.com
Finnish Venture Capital Association: http://www.fvca.fi
Institute for Strategy and Competitiveness, Harvard Business School:
http://www.isc.hsb.edu
Merit, Maastricht Economic Research Institute on Innovation and Technology
http://www.merit.unimaas.nl
Sitra, Finnish National Fund for Research and Development: http://www.sitra.fi
Tekes, National Technology Agency of Finland: http://www.tekes.fi
World Economic Forum: http://www.weforum.org
SOME THOUGHTS ON FACTORS OF GLOBAL INCUBATION SUCCESS

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e-mail: lhewick@cbincubators.com

This brief paper is a result of a talk at the given at the ERNET (Entrepreneurship Research Network of Central European Universities) and SINTEF (the Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology) workshop on “Business Incubators in selected Central-Eastern European and Commonwealth of Independent States Countries” held in Budapest in June of 2006.

INTRODUCTION

Canadian Business Incubators (CBI) is a private company operating as a division of Hewick Research Inc. CBI’s vision is to be a global source of effective practices in incubation. CBI have purposefully selected the words ‘effective’ rather than ‘best practices’ because it believes that ‘doing something right, within the context of the needs of a particular community’ is far more important than providing ‘global best practices’ that may not be appropriate for the community. Its mission is to assist economic development agencies, academe and the private sector in the effective development and management of business incubators and research parks.

In the past five years CBI has partnered with eleven global academic institutions and incubators in South America, Europe, Asia and the Pacific Rim (see web site www.cbincubators.com for partner institutions) to assist new ventures to commercialize their products and services. This commercialization has followed CBI’s respective three ‘Success Models’; 1-CBI’s Steps to Successful Incubation, 2-CBI’s Successful Incubation Players and 3-CBI’s Successful Practices with-in the Incubation Process.

GLOBAL PERSPECTIVE

CBI view incubators as buildings that facilitate qualified entrepreneurs with mentorship, networking, and training. The major emphasis of a successful incubation program is placed on the commercialization process through quality mentorship and networking for qualified entrepreneurs into the business community and not on the physical aspects of the building. The emphasis of the commercialization process is placed on getting the product or service to the local market and then expanding this base to the national and international markets thus creating jobs and building regional economic strength.

In all communities that have supported business incubation programs there appears to be common needs (objectives) and these are: to create new jobs, to reduce small business failure, to maintain youth within the community and thus prevent the ‘brain drain’; to facilitate technology transfer from academic institutions and to rehabilitate selected sectors (agriculture and manufacturing).

These objectives have been met by a number of different public incubation models from municipal, academic, community, special interest and virtual models that account for approximately 90% of all global incubators. However there are a growing percentage of private incubator models such as real estate incubators, equity incubators and new initial group incubators such as are found at firms like Hewlett Packard and Intel. This is a fast growing sector of the global incubator sector that account for about 10% of the total market.

The current global scene (number of incubators), according to CBI research 10/2004, appears to look like this:

North America 1000
For a total of approximately 3,500 but these numbers will vary depending on your definition of “incubator”. CBI’s definition is that an incubator is a physical building for qualified entrepreneurs that are receiving regular mentorship, networking and training.

It is interesting to note that of the current 3,500 global incubators approximately 1,500 (43%) are located in ‘developing countries’ and that in the late 1970s there were less than 20 incubators on the global stage, perhaps indicating that they are a useful tool of economic development. Also of interest is that a continental view of their basic characteristics does not show great variance in size, firms within the building, employees per firm during the initial incubation period, nor in survival of firms after the incubation period. This data is indicated below:

<table>
<thead>
<tr>
<th>Continent</th>
<th>America</th>
<th>Europe</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size (sq. meters)</td>
<td>3,500</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td>Firms/incubator</td>
<td>20</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Employees/firm</td>
<td>6.2</td>
<td>12.2</td>
<td></td>
</tr>
<tr>
<td>Firm survival</td>
<td>86%</td>
<td>85%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Source: CBI survey 2/2006.*

**FACTORS OF SUCCESS**

It is the thinking of CBI that some of the factors of a successful incubation program can be found in three models of incubation as developed by CBI between 2000 and 2005. These include the CBI Steps to Successful Incubation; the CBI Successful Players; and the CBI Successful Practices Within the Incubation Process models.

1. **CBI's Steps to Successful Incubation Model.**

The ‘CBI Steps to Successful Incubation’ are strongly suggested sequential steps that should be followed to begin an incubation program in any given community. They consist of the following steps:

1. **Community Analysis:**
   - In this step it is suggested that community stakeholders be first briefed as to what the role and scope of incubators are and what they can and cannot accomplish. Firstly, the community should be surveyed to
determine their degree of willingness to support such a program under two differing scenarios, one with donor support and the other without donor support. Secondly, that an economic profile be developed that spells out the ‘natural’ resources of the community in terms of skill levels, infrastructure, finance readiness, natural resources and entrepreneurial culture. Lastly, that a PEST (political, economic, social & technical) analysis be conducted to determine the potential affects of these areas on the potential incubation project.

2. Feasibility study:

In this step it is suggested that it be determined if an incubator is needed, and if yes, then what type of an incubator should be developed in the community then what incubation model will work best for the community and where the incubator should be located. On location it is stressed that this should not be a ‘political’ decision but one based on careful analysis of all the stakeholders needs. The study must also clearly show the market’s need for an incubator’s services and where the funding will come from for the initial capital to open the incubator plus the ongoing operations until it can break-even within 10 years of operations and where expansion monies will be derived.

3. Business Plan:

In this step it is suggested that the data from the previous steps be brought together to form the basis of the governance model, the operations, the marketing and the financial strategies. This ‘first’ business plan should be viewed as a dynamic plan that needs to be revised every year for the first 3 years and then every three to five years once a stable program is put into place. It should be approved by the stakeholders and be the working document guide for the director of the incubator. This should be prepared by an ‘outside’ independent incubator expert (with practical experience) who has not been biased by the community nor the funding agencies. The plan then should be presented to stakeholders committee that includes the funding agencies, academic institutions, established large and medium private companies, financial institutions and local government representatives.

4. Project Development:

Once the business plan has been approved steps should be taken toward bringing the project to fruition. These steps will include obtaining the necessary resources to open the incubator such as finding the ‘right’ incubator director, establishing temporary administrative offices, securing equipment, marketing the project to the entrepreneurial community, and preparing the ground work for financing future entrepreneurs (such as micro-credit programs and establishing venture forums).

5. Management Development:

Once the project has been launched there will be a need for ongoing training and development of the incubation staff. It is suggested that incubators not get too ‘top heavy’ with administration. Most incubators 3-4,000 sq meters require only one director and one administrative assistant. It is also suggested that once 3 or more incubators are formed in a country that they form an association to share: effective practices, lobbying for continued support, sharing of entrepreneurial product offerings and working toward the establishment of cluster development specialty on a national basis.

2. CBI's Successful Incubation Players Model.

Each of the ‘players’ have clear and definitive roles to be played and the objective here is to create synergy within the soft infrastructure where incubation development begins and to continue this synergy and collaboration into the established SME area and again into the supply chain of the large companies. Surrounding all this is an improved hard infrastructure which will be necessary to move the goods and services within the regional and national markets.
The roles are as follows:

**Entrepreneurs** need to respond to market needs, take risks to meet these needs, grow healthy firms and create jobs thus assisting local economic growth. **Incubators** facilitate this response and risk through mentorship, networking and training.

**Investors** need to respond to entrepreneurs needs with a well rounded supply of money at the various stages of their growth from concept, proof of concept, market acceptance, growth and maturity. Investors must also make a real effort to better understand the entrepreneurial community and be less dictatorial and more partnering oriented in culture with a win-win objective. Incubators can reduce investors risk by reducing business failure by as much as 60% thus increasing returns and creating a win for the investors. Investors in turn need to “give a little” and be more realistic with their terms both in rates and length of time of debt and be a more willing partner in equity plays.

**Community champions**, private sector leaders and politicians must come together to be the drivers of change and messengers that no longer can their community rely on large industry nor government to produce jobs and create economic diversification. The new world order for business is small business survival and growth. Research has shown that the 21st century will be the century of the entrepreneur and regions that support small business growth will themselves grow.

The role of **economic development managers** will be to merge their economic development strategy with the community stakeholders’ incubation strategy and be flexible to the changes required in incubation. They cannot simply ‘give lip service” to incubation-they must embrace it and support “effective incubation” practices. Incubation and economic development strategies, to be successful, cannot stand alone. There must be synergy between them and together they can create jobs at the local, national and international level.

The role of **international experts** and incubator associations is to share best practices in incubator development and management. The incubation industry is relatively young, with fewer that 25 years of real experience. Many mistakes were made in the early days of the 1980s and the 1990s became a maturity phase
and today is the time to start to professionalize the industry and create certification programs based on best practices.

**Universities** are keys to the soft infrastructure of incubation. Their role is to supply entrepreneurial motivated minds that are willing to step into the market and finds a better way of producing innovative goods and services. These entrepreneurs will then require knowledge workers with skill sets geared toward the entrepreneurial firm and no longer targeted toward 'management programs' of large firms. Large firms have restructured, downsized and outsourced many of the products and services to small growth firms. It is these new entrepreneurial firm who are shown as the creators of new jobs in growing economies. Universities need to re-examine their curriculums and direct skills courses toward the small business clusters of their communities. Researchers at the Kaufman Foundation, 2006 have suggested that entrepreneurial courses have tripled in the past 20 years and are currently the fastest growing course of study in America.

3. CBI's Successful Practices within the Incubation Process Model.

In this model CBI attempt to examine some of the necessary factors for successful incubation once the incubator has gone through the successful development steps and gone through the exercise of getting all the incubation players successfully working as a synergistic team.

**Inputs:**

A critical input, prior to opening the incubator, is community awareness. Beyond the stakeholders, the community itself must be aware of the value of incubation in supporting entrepreneurial activity and the need for community support in mentoring and networking with existing businesses in the supply chain. Local politicians and private sector must be aware that at some point the incubation program should be self sufficient and that the incubator must be supported in operational funding. International donors can assist with initial capital for building and equipment but eventually community support is needed for sustainable development of the incubator because ultimately the benefits of incubation in the form of local job creation and economic redevelopment are those of the community.

A second critical input, prior to opening the incubator is a solid business plan, written by practicing experts in the field of incubation. The business plan needs to reflect solid analysis as conducted in the feasibility study. It also needs to be unbiased from sources within the community and reflect local resource availability. The operations, marketing and financial strategies should be approved by local stakeholders who will have a major role to play in the execution of the plan and use it to govern the work of the management team within the incubator.

Key to the actual operation of the incubator is the input of the right people. Typical governance models require at least one director and one administrator for up to 20 firms. There is no need to make the incubator a ‘make work project’ for the community. Major expenses should not go to administrative salaries but rather to mentorship and training.
The CBI recommendation is that the director spend 70% of their time with mentorship and training, 20% on community networking (see CBI model 2) and 10% on administration. Here it is very important that the director not be a bureaucrat but come from the private business sector with a solid understanding of the needs of the entrepreneur and their challenges in building a firm that creates jobs and community wealth and thus leads to economic redevelopment.

The last remaining key input is having qualified entrepreneurs. There is an expression “garbage-in equal garbage-out” and this relates to incubators as well. Incubators cannot create entrepreneurs thus they must be sure that they are admitting the right people with solid business plans. Incubators should not be in the practice of helping someone with their idea and getting the business ‘up and going’ rather they should be concentrating on assisting with the ‘proof of the concept’ and getting the product or service to market with mentorship and networking for ‘qualified entrepreneurs.’

Qualified entrepreneurs generally are those that have gone through at least two interviews to determine if they have: a willingness and ability to be mentored; a realistic opportunity for success in the commercialization of their concept (a viable business model); a need for all the services provided by the incubator; a fit with the other clients (for cross fertilization of ideas and learning); a fit into the cluster strategy of the community; an ability to add value to the incubator's objectives; and a willingness to abide by the incubators guidelines, policies and rules pertaining to mentorship, training, operations and exiting the incubator. Generally the interview process should determine if they have the right background, lifestyle and attitude to be successful.

**Process:**

The process within the incubator involves: planning for entrepreneurial mentoring, training and networking; organizing resources to meet these objectives; leadership in mentoring, training and networking; and controlling to determine if the resources have been allocated with efficiency and effectiveness in meeting the stakeholders’ objectives.

Planning is a result of carefully selecting qualified entrepreneurs and continues into the process area. Once a qualified entrepreneur is identified then customized objectives and goals are set to facilitate their growth through the various stages of proof of concept, market acceptance to market growth at the local and national levels.

Organizing involves providing the best advisory (mentorship) services available to the client and matching their needs to the characteristics of the mentor to assure success. These mentors must not only be matched to the entrepreneur but they must also be rewarded for their efforts. Organizing also involves providing appropriate resources within the incubator for administrative support such as shared reception (director’s administrator), shared photocopying equipment, mail receipt & sending services, meeting rooms, coffee service, and space for expansion. A last consideration for the organizing of an incubator is one that CBI call “grad house”…a space for continued community support when the entrepreneur is ready to ‘graduate’ from the incubator in three to five years. In this scenario the entrepreneur should not be investing in ‘brick and mortar’ but placing dollars in the expansion of the firm and hiring beyond the typical 10 to 12 employees that they currently have at graduation.

The last phase of the process is concerned with the controlling of the management of the incubator in the form of evaluation and benchmarking of the progress of the entrepreneurs and that of the incubator itself. Here primary measurements of utility, effectiveness and efficiency should be regularly made and then be benchmarked against other incubators in the country and internationally.

The basic measurements involved in utility (perceived by CBI as the most important measure) such things as: entrepreneur’s (clients) satisfaction levels with mentorship and networking; number of firms entering & leaving incubator and average length of time in incubator. Efficiency represents such items as cost per start-
up; cost per graduate and total cost per square meter of operation. Effectiveness (second most important) involves measures of full-time and part-time job creation, graduation rates and community wealth creation.

**Outputs:**

The ultimate output for the incubator is a healthy and growing small business that is creating jobs and contributing to the growth of the community. But this takes work and commitment on behalf of the incubator and its stakeholders (entrepreneurs, investors, community champions, universities and community champions). They must have a common goal for the creation of wealth within the community and self sustainability. Above all they must have and a common incentive. As Wm. Easterly stated in his 2001 ‘The Elusive quest for Growth’…

“Neither aid nor investment nor education nor population control nor adjustment lending nor debt forgiveness proved the panacea for growth. Growth failed to respond to any of these formulas because the formulas did not take heed of the basic principle of economics--- people respond to incentives.”

Concluding thoughts suggest that incubation programs be based on three key thoughts:

1. Do it right or don’t do it at all.
2. Engage bright minds in the process
3. Partner, partner, partner.
Entrepreneurship education is widespread in Hungary although these courses teach only theoretical knowledge the students. My colleague and I acquired such methodologies in the United States, which are strange nowadays in Hungary and in the region, but they can appear in education over time.

“Be a job creator instead of being job seeker! Don’t look for a job, rather create one for yourself!” – we used to repeat these sayings to our students at the Small Business Development Center of the Corvinus University of Budapest. More and more students follow our advice, start their firm after graduating from the university and subsist through entrepreneurship.

Starting and managing successful companies is fairly difficult for the founder without the necessary entrepreneurial skills and knowledge, which people often would like to acquire in the easiest way through taking part in training. Today at universities and, what is more, at colleges those entrepreneurship courses are so trendy, which aim to develop entrepreneurial skills and abilities, and to transmit knowledge. Although there is a heated debate on whether entrepreneurs are only born, or they can be raised (the majority have the latter opinion), representatives of both standpoints admit, that although these courses do not create entrepreneur from everybody, they teach a lot of useful, practical knowledge which can be utilised in diverse fields of everyday life. The entrepreneurial approach, which the students get acquainted with during the courses, has a great influence on their lives and behaviour.

Theory vs. practice

As theory can be most easily taught under entrepreneurship education, courses offering this kind of knowledge are the most widespread. So the most popular business planning, small business finance and distinct management courses can be found in the curriculum of the most prestigious higher education institutions dealing with the education of economic sciences. The advantage of education teaching mainly theoretical knowledge is that these courses can be taught to a great number of students at the same time, while the infrastructural needs and the cost of education is relatively low.

Entrepreneurship education should not focus only on the transmission of theoretical knowledge; it must also include the improvement of skills and abilities. Although several studies call attention to this, the realization is so far not easy. A study prepared by the request of the European Union (see below) enumerates the skills, abilities and knowledge which a secondary school level entrepreneurship program should involve in an optimal case.

<table>
<thead>
<tr>
<th>Individual skills / characteristics</th>
<th>Business education, competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team working</td>
<td>Basic economics</td>
</tr>
<tr>
<td>Communication</td>
<td>Financial literacy</td>
</tr>
<tr>
<td>Self-confidence</td>
<td>Developing market research</td>
</tr>
<tr>
<td>Taking initiative</td>
<td>Drafting a business plan</td>
</tr>
<tr>
<td>Problem solving</td>
<td>Raising finance</td>
</tr>
<tr>
<td>Taking calculated risk</td>
<td>Sales techniques</td>
</tr>
</tbody>
</table>
Leadership  Running a business meeting


Such programs which offer these fully are fairly rare, as these skills and knowledge can only be acquired, or rather taught through starting and managing a real enterprise. Starting and supporting such a program, and involving a great number of students, is rather difficult not only at secondary school, but also at university level.

It is done otherwise in the United States

While in Hungary and in the European Union the stress is put on the education of theoretical knowledge, in the United States (where entrepreneurial activity is substantially higher) such courses are coming to the fore at universities, which take care not only to teach theoretical knowledge, but also to develop entrepreneurial skills and abilities. The case of the Pennsylvania State University (PSU) is very good example for this, where beyond the traditional entrepreneurship courses (i.e. Introduction to Entrepreneurship, Basic Entrepreneurship, Business Planning, etc.) students can also visit more informal courses which focus on increasing their entrepreneurial skills, creativity and self-realization. It is very typical for American universities that entrepreneurship courses can be visited by students attending any kind of college (technical sciences, social sciences, economic sciences, etc.) – while in Hungary entrepreneurship courses are only taught for students of economics nowadays. In this way students with different background knowledge and perspectives are working together, which is often one of the factors which make the course successful.

Team work, competition

At the PSU during the course called “Technology Based Entrepreneurship” there is a great emphasis put on creativity and team work: during the semester students have to accomplish new challenging tasks in every 2-3 week long period. Team work and communication skills are developed also through team forming: not a circle of friends make up a team to fulfill the different assignments during the semester, but the lecturer selects the members of each group. Moreover, new teams are formed to solve each new task, so the students are creating new connections, getting to know each others’ thinking, ideas and professional background. This way no student can complete the semester with minimal work joining to a hard-working team, and neither can a group with weaker abilities get out of each task as a loser, and with that the students lose their motivation. Each task is a competition. Evaluation is often made by successful entrepreneurs, managers and venture capitalists coming from the business sector, who make their decision based on their business experience and preferences as investors. The semester-end grade will be determined strongly by how the students work compared to each other. The students consider this system fair, as they know that in real life the better and smarter people prevail. Therefore they do their best to get the highest points.

Futuristic space vehicle, creative ideas

During the courses the students have to deal with a lot of practical, real-life based tasks. One of the best assignments for developing students’ creativity is the one where the students have to collect worthless, out-of-use garbage equipment, and to create some kind of product from it, which they have to sell. The winner will be the team which earns the most money. It was interesting for us that the students were not thinking about taking the easy way and asking well-to-do parents or friends to buy their products for a high price. They take the competition seriously, and do everything for victory. After all, if they lose, than they endeavour to learn from their mates’ examples and their own faults. They try to sell their products to local people: they exhibit them in areas with high traffic and offer for them for sale to the people walking in that way.
Creativity development with creative assignments

The other favourite task of the semester is, when the students have to develop their own product or service, and they have to earn as much money as possible during 3 weeks by selling it. To guarantee equal chances every team gets 50 dollars from the lecturer as initial investment. They had to multiply this amount of money. The students came out with very creative ideas: one team produced egg-shaped chocolate and other cakes before Easter; others produced university souvenirs (framed photos which were taken from remarkable parts of the university campus) and sold them. There was a team which tried to win the competition with the idea of selling photos of the university football team players. The most successful group entered to the market with the product called “PowerHour DVD”: they produced a one hour long film of legally downloadable clips from the internet, which aims to boost morale before parties. When the DVD switches to a new clip, the viewers have to drink – this way morale will increase quite quickly. The students vended one DVD-s for 5 dollars, their prime cost was (not counting their work) less than one dollar. The demand for this product outnumbered all of their expectations: at the university dormitories where they sold them, every fifth student bought one. During 5 days (they spent the other days with making up the idea and producing the product) they earned almost 1500 dollars. Another team wanted to earn money by organizing house parties “Van Wilder style”, others wanted to get some income with organizing weekend programs for secondary school students. These ideas presumably would have been very successful in the long run, but due to the short period of available time they had few opportunities to do them – therefore their income was lower.

From student to entrepreneur, from entrepreneur to millionaire

The students know of course, that winning such a competition does not guarantee that they will be successful in real life, too. Several years ago a student visited this course and took part in this competition. Although his idea did not finish among the best, he has today a company worth almost 3 million dollars. He had the idea with his friend to make different kind of covers for the trucks (which are so popular in the US) which offer opportunity of using the back side of the truck in many forms (for example storing hand-tools, transporting other equipment, etc.). The United States is the land of huge sizes (everything is much bigger than in Europe), for this it is not amazing that their best-selling product is the truck cover which enables ATV (all-terrain vehicle – also known as “quad” in Europe) owners to transport their ATVs on top of the cover while keeping their bed free to store cargo.

After graduating from university, the students did not want to work as employee but they started to work on their idea and create the product. The idea proved a very good one, as after three years of operation it was a competitive business. Nowadays they have dealers in every bigger American city, and they are thinking of appearing on the international market. This was the point when we could deepen our relationship with the PSU: during the semester our students were working on the project of creating a business plan for this company for appearing on the European market. Meanwhile, students from the PSU were thinking about how to help a Hungarian company to appear on the US market. So we could get to PSU and get to know their experiences about entrepreneurship education.

The lecturers of PSU are happy to report on these achievements on every forum, and by doing so win new entrepreneurs and supporters for newer projects. Although today in Europe such a course sounds strange, we think that this entrepreneurship education methodology might disperse in a similar way to how other American ideas caught on earlier.
During my studies and researches, I did a lot of voluntary work. Leading several associations, building local communities, helping other people formed my personality. Meanwhile I started my first business, and I got the taste of real business life. Both of them were great help to me to become an open minded entrepreneur who are looking for new challenges. After several researches I had the luck to meet Antal Szabó (Former UNECE regional advisor) who introduced me the world of social entrepreneurship. Since that I know that there is a special challenge in my entrepreneurial life to become a social entrepreneur and with my studies and research I should help Social entrepreneurship (SE) development in Hungary. Many entrepreneurs with social sense are looking for guidelines and basic information on how to move ahead so that he or she might pioneer social enterprise locally.

1. The definition of social enterprise

As a new approach to solving intractable issues, social entrepreneurship has begun to attract substantial attention. A decade after first beginnings in the USA, the concept of social entrepreneurship has sparked media interest and became a subject of government policy both in the USA as well as in the UK. In 1996 EMES network was established in order to build Europe’s knowledge on the social economy and social entrepreneurship. With the leading of Carlo Borzaga and Jacques Defourny they published their EU15 research results in 2001. Another important milestone, that in year 2002 intent on increasing the range of social enterprise the UK Department of Trade and Industry (DTI) has set up an Interdepartmental Official Group to monitor implementation of the Strategy for Success, a policy paper on social enterprise across Government as a whole.[1] They are combining this in house group with external stakeholders from the private sector, voluntary organisations and academia. A series of working groups are now in place to research the major factors determining successful social enterprise. Today an important research project is going on: Study on Practices and Policies in the Social Enterprise Sector in Europe sponsored by the European Union.

In almost all industrialised countries we are witnessing today a remarkable growth in the ‘third sector’, in socio economic initiatives which belong neither to the traditional private for-profit sector nor to the public sector. These initiatives generally derive their impetus from voluntary organisations, and operate under wide variety of legal structures. In many ways they represent the new or renewed expression of civil society against a background of economic crisis, the weakening of social bonds and difficulties of welfare state (Defourney 2004).

There are many definitions of social enterprise, but in general the following is the most frequently quoted.

According to Ashoka fellow in India:

"While a business entrepreneur may thrive on competition and profit, a social entrepreneur has a different motivation: a commitment to leading through inclusiveness of all actors in society and a dedication to changing the systems and patterns of society." [2]

The UK Department of Trade and Industry has defined a social enterprise as

“A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.” [3]

On the website if Small Business Support we can read the following definition:
"Social Enterprises are competitive businesses, owned and trading for a social purpose. They seek to succeed as businesses by establishing a market share and making a profit. Social Enterprises combine the need to be successful businesses with social aims. They emphasize the long-term benefits for employees, consumers and the community."

Social entrepreneurs make commercially viable businesses out of being socially responsible to the very core of the business - they invigorate business propositions through the reading of market signals in the context of social, environmental and ethical movements.

Until now there has been no official definition of social enterprises, but there is the 188/1999 (XII.16.) Statutory order whose §18 is the Permission of Social Enterprise. During our research we use the following definition according to the British interpretation[4], social enterprises are not-for-profit organisations; they seek to meet social aims by engaging in economic and trading activities; have legal structures which ensure that all assets and accumulated wealth are not in the ownership of individuals but are held in trust and for the benefit of those persons who are, or areas that are the intended beneficiaries of the enterprise's social aims; have organisational structures with full participation of members being encouraged on a co-operative basis with equal rights acceded to all members; They often have another interesting, but contended, characteristic; to encourage mutual co-operation with other organisations in the 'sector'.

2. The Social enterprise place and mission at the border of non-profit world

There are visible signs that the world around non-profit sector is changing. The real message of the phenomena is that all the factors which influence non-profit services has fundamentally changed. The graph of David Billis in 1992 [5], which draw attention on overlaps between sectors, receives a new meaning today. In our view non-profit and competitive sector inseminate each other, and already in the Harvard Business Review more than 35 article has been published in non-profit topic.

When we look at the graph we can see at the middle EA. If he had done this graph now, it would be SE in the centre I guess.

In the last decade we could analyse many examples at the borders of competitive and non-profit sector.

If I put social entrepreneurship in the middle, I can find alternative capitalists like Body Shop, Ben and Jerry on the right, Local Exchange and Trade Systems (LETS) on the left, and whole phenomena is surrounded by the Social Economy.
We try to distinguish them from others, but they are already so diverse, that can be found in most of the traditional sectors. We should focus our research on parts of them to receive relevant information. Many researches focus on employment targeted organisations, or social service providers, but in my opinion the more complex activity they do the higher social entrepreneur level they are. I prefer those social enterprises to put in the highlight, which employ decreased workability people and solve other local problems, meantime outperform competitors on the market.

According to Muhammad Yunus once a SE operates at 100% or beyond the cost recovery point he has entered the business world with limitless possibilities. This is the moment worth celebrating. He has overcome the gravitational force of financial dependence and now is ready for space flight! This is the critical moment of significant institutional transformation. He has moved from the world of philanthropy to the world of business. To distinguish him from the SE, we will call him “social business entrepreneur” (SBE). [6] To reach the level of SBE is our mission to help them with our small business development experience.

3. Characteristic of the Social Enterprise sector in Hungary

As there has been no direct social enterprise research in Hungary, we can only estimate the sector size from several aspects:

From 1990 onward the Hungarian Central Statistical Office (KSH) has had a full and yearly surveyed database about non-profit organizations.

According to a regional survey in the North Hungary region [7], out of 5828 non-profit organizations in the region, 60 social enterprises were found.

There are 53,022 non-profit organisations in Hungary in 8 regions (January 2004), so we have an estimation of 545 different organisations which would fulfil the social enterprise definition criteria.

According to the North Hungarian survey, the most similar organisations to social enterprise are employment-targeted organisations. According to our own other surveys [8], we have found many social enterprises in different fields. So we would not call them “social enterprise sector”, but more appropriately a model of entrepreneurial activity which can act in different sectors.
According to the definition, we state that they are not-for-profit organisations. We have detailed surveys and data about civil-sector and non-profit organizations.

Analysing the full survey of KSH 2003 about the nonprofit sector [9] we can make a much better estimation. The KSH survey differentiates 18 different activity groups. According to our examination and the focus field of our research, we selected 5 activity groups where we have found social enterprises, these five are Social care 4548 (gross), Environmental protection 1246, Local development 3004, Economic development 1015, Security services 1702. There are a total of 11,515 organisations in these 5 activity areas.

Of these 11,515, we selected all with real entrepreneurial activity, who has their dominant income from their market activities. In this case, we have found 512 non-profit organisations. (We have taken out UWYTA, Social enterprise, because with their 2000 employees and 14 million euro income, it is an extreme outlier of the database. This enterprise still requires a special analysis.)

According to the British definition, social enterprise has to have more than 25% of its income from entrepreneurial activity. In the KSH survey we used a much stricter rule that their dominant income must be from entrepreneurial activity.

Looking at these 512 estimated enterprises, we can calculate their other statistical data from the original database. Out of these 512 enterprises, according to the original sample (11515) 21% is in the capital (Budapest), 20% in regional capitals, 28% in other cities, and 31% in villages. The 512 organisations employ 1161 full-time employees, have 184 contracted employees, they have 2824 occasional and 1332 regular voluntary workers, whose voluntary work is, according to the statistical office working hour calculation, equal to that of 174 full-time employees. They have altogether 59 million Euro Income (1 Euro = 260 HUF on 18 May 2006). Out of this income an average 34% government subsidy (increased compare to year 2000 KSH survey), 9% private subsidy (decreased), 33% basic activity income (stable), 19% economic activity income (increased), and 5% other income. Their total turnover is less then 0.8% of the Hungarian GNP [10].

The number of non-profit social ventures was increased from 1993 to 1997 by a yearly average of 8%, stagnating later from 1998 to 2001, after increasing again by a yearly average of 6%. The income of nonprofit social ventures increased between 1993 and 2003 an average 23%. During this period 14% had continuously increasing income, 6% had continuously decreasing income, and the remaining 80% had fluctuating income. In the non-profit sector out of 115 164 calculated employee (including voluntary work calculated into full time employee) in 1993 had grown to 158 076 calculated employee in year 2003.

4. How can we find SE, and what are their activities?

As we state in the definition, social enterprises are co-operating with each other. During this co-operation there is an important role to coordinate. These coordinators we call umbrella organisations.

The umbrella organisation for employment-targeted organisations, Association of Civil Organisation for Helping Unemployed People (MSKSZMSZ) counted 252 network members in 2005. There are several important umbrella organisations, namely: National Employment Foundation OFA [11], Foundation for Welfare Service and Non-profit Ventures, Autonomy Foundation, Motivation Foundation, Association of Non-profit Human Service of Hungary and Civil Employment Association. These five together are connected with more than 95% of Social enterprises.

There are several important institutionally connected social enterprises in form of Public Benefits Companies (KHT). They are mostly established by public institutions (local governments), to handle different problems. They are targeted to regional and entrepreneurship development, and there are several environmental protective organisations as well. There are some KHT targeted on helping socially exclusion populations, there are some groups for preserving valuables, like nature, culture, and environment.
Their main activities of SE include family help, taking care of old people, accommodation and catering for homeless and refugees, re-integration training, education, taking care of the disabled, child and youth, labour market service, cultural services, aid, social retail network, organisation of projects. Aside from the national umbrella organisations, most of them are small and mostly aimed at helping their local development and community, to re-socialise disadvantaged subgroups.

Aside from the national umbrella organisations, most of them are small and mostly aimed at helping their local development and community, to re-socialise disadvantaged subgroups.

The role of social enterprises in the 3 activity areas, including training and re-integration, personal services, local development, are to reach those people who cannot be reached by public service. Usually, not only the lack but also the bad-quality of services sting into action civil groups.

5. Historical background

According to the study of Éva Kuti and István Sebestyén, historical development and background are as follows[12]: The very first “benevolent entrepreneur” was the Catholic Church, but it has not remained the dominant force in the initial development of the voluntary sector in Hungary. In mediaeval times, kings played an active role in founding and supporting charitable institutions, and they granted numerous civic rights and privileges to the citizens in the “free royal cities”, thus they helped the development of a citizenry that was willing and able to create social institutions outside the arena of the Catholic Church.

The Communist regime that took over Hungary in 1947 and reigned more than 40 years, brutally stopped the development of the voluntary sector, destroyed and vilified civil society. The government banned most voluntary associations. By the time the breakdown of the Soviet Bloc made fundamental political changes feasible in 1989, civil society organisations were numerous, developed and widespread enough to become important actors of the systemic change. Since then, they have developed together with other institutions of the economy and society trying to find appropriate answers to the challenges created by the process of transition. From 1998 onwards, the public benefit status has become the single most important condition for preferential tax treatment.

All kinds of foundations and voluntary associations are registered by the court, while public benefit companies must register with the Registry Court. In accordance with “non-profit law”, the registration of non-profit organizations is completed by a public benefit test.

In 2000, the most striking difference was the relatively low share of the Hungarian voluntary organizations in welfare services, which are the most important fields of voluntary activities in the developed countries. This difference is explained by the state monopoly of education, social and health care under state socialism. While voluntary organisations as service providers were tolerated in culture and even promoted in sports, recreation and emergency prevention, they were not allowed to establish schools or hospitals. Though the shortage of capital was a major impediment to the development of the non-profit welfare institutions in Hungary in the 1990s, the growth reflected in the statistical indicators was still impressive. After 2000, an abundance of examples (non-profit psychiatric hospitals for children, shelters for homeless and for victims of family abuse, schools for drop-out children, “job-exchange” for unemployed people, etc.) show that this “step-by-step” procedure of attracting government support is often workable when direct lobbying proves to be futile. The “problem-solving” approach can be quite fruitful, can efficiently influence the decisions of the “professional policy-makers”, and can result in some kind of social control of the changes in the welfare mix, but it can hardly produce a balanced financial situation in the short run.

Until recently, it has been quite rare for private entrepreneurs to establish service providing non-profit organisations in Hungary. The initiators have either been the potential clients (e.g. unemployed people, parents of handicapped children, etc.) or enthusiastic professionals (teachers, librarians, social workers, artists, etc.) both lacking managerial skills and sufficient money to invest.
6. Organisational and management characteristics of social enterprises

As a legal form the previously estimated 512 organisation are composed of 206 private foundations, 35 public foundations, 239 voluntary associations, 31 public benefits companies,  8 other non-profit institutions. According to the new Company Law (IV/2006), which comes into force in 1st of July 2006, every form of company can become non-profit company, and public benefits companies have to transform into non-profit companies, until end of 2009. From the middle of 2006 on, it is possible to establish a social enterprise in form of non-profit business in Hungary.

When we divide the number of calculated full time employees with the number of organisation (without previously mentioned outlier), we get an average of 3 full time employees/social venture. We know that the number of employees is concentrated at the 5 or 6 big ones, that is why the majority has one or none full time employee. The majority has no or very small organisational and management structure. Even in bigger organisations there is huge lack of professional managers, because of the uncompetitive salary in the non-profit sector. The average gross salary in the non-profit sector is 1486 thousand HUF (5715 EUR)/years.

They use an average of 34% public subsidy, 9% donations, 52% market resources, and 5% other resources. There is no annual subsidy to the social sector, but still public subsidies are the main sources of income. One-fourth (26.9% and 28%) of the normative public subsidy and the local government subsidy is received by social service-targeted organisations. The main buyers of their services are public and local government institutions.

Non-profit organisations use a great deal of voluntary work. This is one of the reasons why they can provide service more effectively than the public authority, but in most of the cases they do not reach the economy of scales. They should prefer using more part- or full-time employees, and develop towards employing professional management. There are very strict rules in Hungary for giving special services; experts are some kind of quality guarantee for public authority. According to personal experience, usually the older generation is much more active in this field, trying to involve the young generation in their work.

7. Current framework conditions and future perspectives

There are some main barriers for their further development: Attila Ágh, professor of Corvinus University of Budapest examined the Hungarian Social model and in his view the central government is surrounded by the “institutional jungle”. [13] There is a strong need for institutional reforms. They measure every institution and organisation on 3 levels: Effectiveness, Efficiency, and Efficacy. In Hungary, we have a strong absolute institutional deficit. Our structure is hierarchical and government state centred. We have a huge problem of representation (every organisation is legitimate, has the same right without taking the number of members into consideration), there are no regulations how civil organisations could reach a central level, and also none how they could join to the public administration process. Every institution has an optimum size, but in Hungary the organisations are much more segmented, and so they cannot be efficient enough. Most of the non-profit organisations are aware of this necessity and they make efforts to enlarge their services. The main obstacle to this kind of development is a chronic shortage of resources. Private donors prefer to support spectacular events and highly visible projects. The population is obviously much too poor to buy the services at a market price, or to finance their non-profit provision through private donations.

Also there is lack of the regulations. Issues like juridical situation of voluntary work, or social service guarantee are not clear, but important steps have been made in this respect.

The lack of networks and cooperation in Hungary, to share knowledge locally and regionally extremely hinder social enterprise creation. Social enterprises are grounded on the philosophy of mutual help, and networks play an integral role in creating and sharing knowledge. Surveys show that civil organisations are more competitors than partners to each other. The lack of these co-ordinated movements is one of the most
difficult problems in the Hungarian voluntary sector. Very few activists of the small organisations seem to understand that their organisations belong to a sector and their problems could probably be solved only in co-operation with their counterparts.

The poor resource endowment of disadvantaged communities is an obstacle to for-profit entrepreneurship and also social enterprise development.

Éva Kuti’s research results show that the future development of the existing service providing Non-profit Organisations (NPOs) and the establishment of new ones depend heavily on the government policy, including regulation, direct and indirect support, and the development of contracting out welfare services. The resources which are available cannot be dramatically increased, but the social control of their use seems to be feasible. The emergence of the non-profit and for-profit service providers is clearly a step toward the institutionalisation of this consumer control. Public authorities are well aware of the necessity of modernisation and restructuring of the provision of welfare services, of a new partnership between the public, non-profit and for-profit organisations. The intensive government participation in the establishment of non-profit service providers (mainly public benefit companies and public law foundations) and the indirect support to the third sector through tax regulations are based on an ideology which regards non-profit organisations as constituent parts of the modern three-sector economy.

In our view, the public/political awareness towards social enterprises is very low, mainly because of the lack of primary information about them. They accept that that there is a need for its research, and for taking into consideration for the Hungary 2015 program by the restructuring of the institutional system. The government wants to transform the state socialist welfare system into a mixed economy, thus welcomes non-profit service providers, however not being too eager to support them. There is no clear agreement concerning financing obligations and techniques; the practice tends to be chaotic and contradictory. The tax system is under “reconstruction”, rules for tax exemptions and tax deductibility change much too frequently, thus – in the short run – voluntary organisations cannot firmly rely on these forms of government support.

In our opinion, social enterprise future perspectives for the development are well behind in many fields compared to the United Kingdom. In Hungary, the regulatory background of social enterprises has just started to reform. As the institutional transfer is very strong in the EU region, we take over all the best practices from West European countries. (We have found LET systems, local development organisations, micro-finance institutions, and all types available in the international literature.) Until now we have not found any dynamic segment, but there are some best practices, which gives us a great hope.

Literature


CONFERENCE PAPERS

EDE 2006 ZAGREB & DUBROVNIK
Under the High Patronage of the President of the Republic of Croatia H.E. Stjepan Mesić

INCREASING INVESTMENT IN HUMAN CAPITAL THROUGH BETTER EDUCATION AND SKILLS – EXPERIENCES FROM EU

6 October 2006
Congress Hall V. Lisinski, Zagreb

MODERATOR
Mr. sc. Dražen Glavaš, Consultant - CMC, Etik Zagreb

CHAIRS:
Prof. Dr. sc. Sanja Pfeifer, Faculty of Economy, J.J. Strossmayer University Osijek
Dr. Antal Szabo, UN ret. Regional Adviser, Scientific Director of ERENET – Entrepreneurship Network of Central-European Universities, Budapest, Hungary

KEYNOTE SPEAKERS:
Mrs.sc. Sanja Crnković-Pozaić, Director of the Centre for Development of SMEs and Entrepreneurship – CEPOR, Zagreb
Croatian entrepreneurship on the road to European integrations; Entrepreneurial Skills-A Life-Skill for the 21. Century

Prof. Dr. sc. Sanja Pfeifer
Social cohesion & knowledge

Dr. Antal Szabo
Education for Entrepreneurship – Non Scholae sed vitae Discimus- Education is not for school, but for life.

Representative of Prof. Dr.sc. Slavica Singer, Head of the graduate program «Entrepreneurship», Faculty of Economics, University of J.J. Strossmayer, Osijek, Croatia,
The Graduate Programme of the J.J. Strossmayer University

Dr. Davor Lauc, Chairman of the Supervisory Board of the Isle of Knowledge, Dubrovnik
The Isle of knowledge – Croatian initiative for knowledge economy

ROUND TABLE SPEAKERS

Mr. Toni Brunello, Director StudioCentroVeneto
The original building of Venice: a metaphor for consolidating public-private socially sustainable entrepreneurship

Mr. Ulric Fayl von Hentaller, Adviser, European Academy of Sciences and Arts

Ms. Nicole Zimmerman, Director - Marketing Department for Business and Wholesale, T- Mobile Croatia
Benchmarking of EU business processes (Austria, Germany)

Dr. Daniela Stefanescu Head of the Management and Economic Department, Faculty of Economics, Law and Administrative Sciences Petru Maior University, Tîrgu Mureş Romania
Entrepreneurial education at Petru Maior University, Tîrgu – Mures, Romania
Roundtable 1: «Increasing investment in human capital through better education and skills – Experiences from EU» was organized by the ERENET (Entrepreneurship Research and Education Network). Through short presentations of the eleven participants of the Roundtable, as well as through lively discussions afterwards, several gaps in present education systems were emphasized.

The Roundtable raised awareness about new role of the education systems in EU and Croatia, in particular in the field of higher education and entrepreneurship education. Roundtable analyzed and compared several programs in entrepreneurship education in order to learn from the best practice and share the experiences. The experiences of the universities in creating and developing entrepreneurship education, as well as strategies for collaboration such as networking, creating supporting infrastructure, private-public partnership, etc. were presented and best practices identified. A number of forming and governance challenges such as gaps in policy, strategy, and capacity, hinder responsiveness, accessibility and accountability of the entrepreneurship education.

The recommendations of the Roundtable are as follows:

1. Education systems, especially higher education system, have profound impact on human capital enhancement and raising awareness of its importance and new role is strongly recommended. The new role of the universities (public and private) should be in engaging with the society, and delivering more enterprising culture and more responsibilities for making things happen. The expectation and the responsibility of the education sector should be constantly communicated and pushed toward faster and better responses from the education sector.

2. Although recognized as the strategic priority, entrepreneurship education lacks more coherence and coordination on the legal, administrative infrastructure level as well as more alignment with institutional capabilities. Therefore the stronger and more agile networks and links of the highly profiled institutions that define the entrepreneurship area should make constant and consistent pressure in aligning strategies, policies, action plans and benchmarks.

3. More transparency in institutional responsibility to provide more efficient education and better quality of the education are necessary. Higher education institutions should adopt more strategic autonomy and develop professional governance system and strategic leadership that will deliver more employable skills and competences.
4. More collaboration, coordination and responsiveness to the local economy priorities and more contribution to the solution of the local community problems are necessary.

5. More platforms for connection between education sector and its beneficiaries should be provided. Enabling structures comprise hubs, networks, clinics, sharing experiences and role models, training services, consultancy, visiting professors, adjunct professors, internationalization of the student and teaching staff cohorts, and so forth.

Zagreb, 06.10.2006.

PHOTO GALLERY OF THE ROUND TABLE

Lisinski Congress Hall
Tabel of the Moderator and Chairs
Audience

Toni Brunello
Prof. Dr. sc. Sanja Pfeifer
Prof. Dr. Eric Dejan

Dr. Daniela Stefanescu
Prof. Dr. Misorlav Glas
Audience
WORKSHOP ON
“THE ROLE OF CO-OPERATIVES FOR
SME DEVELOPMENT”
Sofia, 12-15 October 2006

The Workshop entitled “The Role of Co-operatives for SME Development” was held in Sofia, the Republic of Bulgaria, on 12-15 October 2006. It was jointly organized by the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) and the Representation of the Konrad-Adenauer-Stiftung (Foundation) (KAS) for Turkey. The BSEC Permanent Secretary and KAS invited Dr. Antal Szabó, UNECE former Regional Adviser, Scientific Director of ERENET, to assist in convening this event.

Welcoming statements were delivered by Ambassador Murat SUNGAR, the new First Deputy Secretary General of BSEC PERMIS; Mr. Ralf JAKSCH, Resident Representative of KAS for Bulgaria;

Ambassador M. SUNGAR welcomed the participants to the Workshop which was the 34th of its kind. He commended the Konrad-Adenauer-Stiftung and its Representation for Turkey for their active engagement in and financial support for the realization of the series of Workshops as well as their devotion to the development of SMEs in the Black Sea Region. He expressed gratitude to H.E. Ms. Gergana GRANTSCHAROVA, Deputy Minister of Foreign Affairs of the Republic of Bulgaria for honoring the Workshop.

Recalling the worldwide broad agreement that SMEs constitute the backbone of modern market economies and that SMEs play an important role in transition as well as in developed market economies, Ambassador M. SUNGAR stated that the core element of the political and economic transformation of any country in transition was the creation of a sound private sector and further development of SMEs and entrepreneurship. They were considered one of the principal driving forces in economic development and they promoted private ownership, stimulate innovations and develop entrepreneurial skills.

Presenting a brief account of the work done in the Organization of BSEC on SMEs, Ambassador M. SUNGAR said that BSEC since its inception had devoted particular attention to the development of SMEs and that matters relating to SMEs today ranked high in the priority list of BSEC. Pointing out to the prominent role of co-operatives in certain fields such as banking, crafts, agricultural production and retailing, and their contribution to effective competition, Ambassador M. SUNGAR stressed the fact that co-operatives were an important part of European economic life and industry, and their performance had a major impact on the lives of the citizens of Europe.

Mr. R. JAKSCH welcomed the Participants of the Workshop on behalf of KAS. He highlighted the future of the SMEs. In EU countries SMEs 23 million SMEs represent 75 million jobs. In Germany 80% of the working force are employed by SMEs. This is why KAS supports the creation and growth of the SME sector during the last 10 years in the BSEC region.

The welcoming statements were followed by a key-note address delivered by H.E. Ms. Gergana GRANTSCHAROVA, Deputy Minister of Foreign Affairs of the Republic of Bulgaria. She emphasized the next enlargement of the EU by Bulgaria and Romania. With these accession three countries, including Greece will support the BSEC economic cooperation from the Balkan region. She drew attention to the importance of “The Declaration of SMEs at the Dawn of the 21st Century” adopted by the Meeting of the Ministers in
charge of SME policies in 2001. In conclusion, H.E. Ms. GRANTSCHAROVA stated that the key words for
the present and future were 2“s”+2“i”, which meant security, stability, infrastructure and integration.

The Workshop was co-chaired in rotation by Mr. Jan SENKYR, Resident Representative of KAS for Turkey;
Ambassador M. SUNGAR; and Dr. Antal SZABO, UNECE (ret.) Regional Adviser on Entrepreneurship and
SMEs.

The Workshop was attended by the representatives of the following BSEC Member States: Republic of
Albania, Republic of Armenia, Republic of Azerbaijan, Republic of Bulgaria, Georgia, Republic of Moldova,
Romania, Russian Federation, Republic of Turkey and Ukraine

On the second day of the Workshop, Dr. Markus HANISCH, Institute for Co-operative Studies, Humboldt
University, Berlin; Dr. Heinz-Otto WEBER, Institute for Co-operative Economics, Phillips University,
Marburg; and Prof. Dr. Jost W. KRAMER, University of Technology, Business and Design, Wismar
addressed the Workshop as lead speakers.

Dr. M. HANISCH presented the Role of Co-operatives for SME Development in the EU. He indicated that
cooparatives had a strong role for SME development, but that there was no cross-country quantitative
research on this subject. He also stated that in EU today nearly 200,000 co-operatives, acting in business
sectors, had 80 million people. According to Dr. M. HANISCH as far as SMEs’ behavior is concerned, SMEs
have the fear of losing their independence. However, he said that the slogan of DGRW was “unity in
autonomy” which meant benefit through cooperation while co-operatives remained independent enterprises.
He added that the productivity of SMEs was always lower than the one of large enterprises, but that SMEs
served as the engines of economic growth. He stated that as far as the co-operatives are concerned, they:

- prefer long-term relations;
- risk averse smaller; and
- vulnerability of market share is less.

Dr. H. WEBER revealed the task of strengthening SMEs through Co-operatives in Germany and made a
reference to the words of Hermann Schultze-Delitzsch: “Several (micro) small (and medium-sized enterprises
forces united will become a big force and what you cannot achieve on your own will be possible when you
link up with others.” Dr. H. WEBER shared with the participants of the Workshop that in Germany 3.38
million SMEs employed 20 million people and 99% of all German enterprises were SMEs, but by legal form
only 0.2% was co-operatives.

From the presentation of Dr. H. WEBER it was learned that co-operatives were strong in: (i) banking sector;
(ii) agriculture (e.g. dairy and winegrowers’ coops); (iii) food and associated retail (EDEA, REWE); (iv)
consumer goods trade (e.g. shoes, pharmacists); and (v) food-producing traders (e.g. bakers, butchers).

**FINAL DISCUSSIONS AND CONCLUSIONS**

The following points were made in conclusion:

1. Co-operatives are autonomous associations of persons united voluntarily to meet their common
economic, social and cultural needs and aspirations through jointly-owned and democratically-controlled
enterprises.
2. Co-operatives are based on the values of self-help, self-organization, self-responsibility, democracy,
equality, equity and solidarity.
3. In the tradition of co-operatives’ founders, co-operative members believe in the ethical values of the
honesty, openness, social responsibility and taking care of others.
4. Co-operatives are an important part of European economy: 132,000 co-operative enterprises in the
European Union have 83.5 million members and employ 2.3 million people.
5. More than 50% of SMEs in Denmark, Finland and Italy engage in cooperation with more than three cooperators. These are the most cooperatively organized countries in Europe.

6. SMEs have learned to promote themselves in EU via co-operatives.

7. In Germany 3.38 million SMEs employ 20 million people including 99% of all German enterprises, but only 0.2% are co-operatives in legal terms. The co-operatives tend to be very big as 1 out of 4 Germans is a member of a co-operative.

8. In Germany the number of co-operatives is not high, but if we look into their activities their significance becomes higher.

9. The role of co-operatives is strong in the banking sector.

10. Traditional savings and credit co-operatives are economically-oriented, self-help organizations. Traditional co-operatives offer their facilities to members only, while new modern co-operatives tend to do non-member businesses as well.

11. In Albania, there are no co-operatives yet, as they are perceived as a part of the old socialist past. However, the Government pays important role to promote SMEs.

12. In Armenia, co-operatives basically exist in the field of agriculture in close cooperation with one large bank. Government’s intention is to promote SMEs.

13. In Azerbaijan, cooperation between large enterprises and SMEs are promoted. There is a Law on Co-operatives and co-operatives actively work in the field of construction.

14. In Bulgaria, co-operatives and SMEs are competitors in the market. Since the profitability of SMEs is low, their production costs are high, capitalization of earning is very low. For the time being, cooperation is more important than co-operatives. Bulgaria does not have credit co-operatives’ activities. Their establishment is prohibited by law.

15. In Georgia, there is a Law on Entrepreneurship Activity which regulates sphere of co-operatives as well as Law on Consumer Co-operatives. Government efforts are oriented to reform the licensing, permits and reform the technical regulatory system.

16. In Moldova, the main priority of the Government is creation of a favorable climate for SMEs, especially manufacturers. There is a Law on Saving and Crediting Banking Operation of Citizens. According to this Law, 507 savings credit associations were established.

17. In Romania, there are nearly 400,000 SMEs and 2,000 co-operatives. The legal basis is the Law No 1/2005 regarding organization and functioning co-operatives. The Law determinates the private property for co-operative society, establishes the role of state and introduces a special section of the Trading Register for co-operatives. Romania sets up a new body called “Co-operatives Consultative Council”. It is important to know that currently there are no SMEs as owners of co-operatives.

18. In Russia, more than 20 million people (14.3% of the population) lives below the poverty line which is approx. 100 US Dollars per month per capita. Microfinance facilities solve several problems of social issues and development in the depressed rural areas. With the current growth rate by 2010, the SME lending market is expected to reach 25 billion US Dollars.

19. In Turkey, tradesmen and craftsmen who had the willingness to establish a new business, created co-operatives. According to Law No 1163, the main objective of co-operatives is to provide with the requested credit in order to realize the aim of their members. The only financial institution that provides credit below market interest rate to tradesmen and craftsmen is “Halkbank”. As of 2005, more than 1,000 co-operatives act in Turkey.

20. In Ukraine, there are approx. 5,000 co-operatives. The new legal framework for rebirth of the co-operatives has been done. Co-operatives are legal entities which have been created by individual persons voluntarily. There exists manufacturing and service co-operatives, the second one includes credit co-operatives, too.
The following recommendations were made:

1. The Governments of the BSEC Member States are recommended to consider co-operatives based on self-help, self-administration and self-organization as important parts of their national economies. They deliver well-being to citizens and promote entrepreneurship.

2. BSEC Member States are encouraged to review their legislation in the line of international declarations and recommendations such as the UN Resolution No 56/114, ILO Recommendation 193, EU Commission COM (2004)18 and others.

3. It should be kept in mind that co-operatives should be based on self-initiated and voluntary decisions by their members. They should be member-driven and economically oriented self-help organizations. At the same time, they should not be perceived as a part of the old socialist past, but an efficient instrument of contemporary entrepreneurship.

4. It should be taken into consideration that if SMEs are members of the co-operatives, the co-operatives need to promote these enterprises. However, this does not mean that member SMEs are promoted regardless of risk, earning capacities and financing required.

5. SMEs tend to promote themselves in the EU region via co-operatives, but it does not mean that all BSEC countries should necessarily follow this practice.

6. BSEC Member States are encouraged to promote the principles and values of the co-operatives by raising awareness, facilitating community cooperation, especially in remote areas in order to promote establishment of co-operative societies like credit unions, agricultural farms and supply channels.

7. Governments of the BSEC Member States are invited to promote dialogue between large multinational corporations and newly created producing and servicing co-operatives in order to promote their indigenous SMEs and entities.

8. The BSEC Member States with advanced co-operative experience such as Greece, Romania and Turkey are invited to provide technical assistance to the other Member States. The Black Sea Trade and Development Bank (BSTDB) is encouraged to facilitate creation of non-commercial financial institutions like savings and credit banks or associations.

Group photo of the participants in Sofia
Europe needs
SUCCESSFUL, SOCIA LLY RESPONSIBLE ENTREPRENEURS
– What needs to be done –

Dedicated to Professor László Sólyom, President of Hungary, and
to the President of the European Economic and Social Committee.

Issued by the “Budapest Round Table 2006”
10th November 2006

1. FACE THE FACTS
Europe’s economy is facing major challenges, in particular the new EU member states and
countries in Central- and Southeast Europe. The emergence of more global competitors has
made the situation even more critical.
Entrepreneurs and Small- and Medium-sized Enterprises (SMEs) are the backbone in
creating jobs and boosting the growth and competitiveness of the European economy. Europe
needs more self-motivated entrepreneurs and more innovative SMEs. Voluntary business
initiatives (such as corporate social responsibility) can contribute to ensure sustainable
economic and social development.
However, there is no single best solution that could be addressed by political leaders alone.
Relevant civil society actors, including employer- and employee organisations and higher
education establishments, need to become full partners.

2. NEVER STOP LEARNING
The moral duty entrusted to political leaders includes best possible use of society’s intellectual
resources for the sake of the common good and a sustainable future.
This has to include optimal involvement of youth. It can only happen when clear prospects
exist to nurture talents through their entire career.
It is crucial to stimulate an entrepreneurial mindset from an early age. Entrepreneurship
education and training must be an integral part of the school curriculum and life-long learning:
• basic education at secondary schools as well as vocational training;
• comprehensive curricula at university / business school level; and
• regular life-long training sanctioned by employer- and employee organisations.
Well-educated individuals will better appreciate and adapt to Europe’s global challenges and
be aware of their own responsibilities and prospects in this context.

3. MAKE EXPERIENCE COUNT
Success needs to build upon the practical orientation and societal relevance of the
comprehensive training in international management and foreign languages.
Exchange of experience about success and failure and social responsibility must be a part of
the “European model of training”. This will open the prospects to become successful and
socially responsible entrepreneur.
Such training must include transfer of practical experience and best practice from experienced
(or past) entrepreneurs to young individuals. Well-trained and motivated young individuals will
be able to choose their own way to become successful and socially responsible
entrepreneurs. The final choice remains in their hands.

The Round Table suggests to launch European-wide awareness campaigns promoting
entrepreneurship and demonstrating the value of the entrepreneurial career-path.
EUROPE’S COMPETITIVENESS DILEMMAS

The EU is lagging behind its global competitors. The competitiveness gap is not improving. Among the EU Member States, economic divergence is growing. Rich countries are getting richer compared to the average and the poor are getting poorer. The efforts of the EU's to achieve economic and social convergence and enhance its global competitiveness are in question.

SMEs are the key to the solution. Entrepreneurs\(^1\) are of crucial importance in this respect. However, in Europe, SMEs are facing challenges not of their own making and not enough entrepreneurs are coming out of the educational systems to meet the needs.

A European paradox is that although there is high unemployment in Europe, up-to-date skilled personnel is often lacking in high-tech sectors.

SMEs represent the biggest sector of the EU economy and produce considerably more than half the EU's global GDP. With some 25 million enterprises employing around 80 million people. SMEs are responsible for the creation of more than every second new job.

Due to their small size lean structure, SMEs are generally more dynamic than big enterprises. This makes them particularly important for job creation. If every SME in Europe could employ one more person, the unemployment problem would be resolved.

But European SMEs are also vulnerable, often lacking risk-taking entrepreneurs and access to capital. In addition, they are often hindered by red tape.

Europeans are generally risk-averse. Europeans have more aversion to self-employment (to set-up micro enterprise). They are also less inclined to become entrepreneurs than their competitors. As a result, entrepreneurial initiatives are less developed in Europe than in competing economies (e.g. USA, China). This phenomenon is mainly due to fundamental cultural and social differences and the inadequate attention paid to entrepreneurship related training in Europe.

A single market for venture capital is absent in the EU. Lack of access to adequate venture capital and guaranty facilities are posing major challenges to European SMEs. This is a particular dilemma for high-tech start-up SMEs. The early stage capital market (business-angels) in Europe is considerably smaller than the corresponding market in the US, representing less than one-fourth of its US equivalent. Only one in about 50 European SMEs approaches a venture capital company to obtain financing.

Part of the explanation why Europeans are more reluctant to set up their own business can also be found in the difficulties perceived in facing red tape. In some EU member states the red tape is legendary and presents considerably difficulties for entrepreneurs, particularly for new-starters and young individuals.

On the other hand, there are certain commonalities for countries that are internationally successful. They are low on red tape, friendly to private enterprise, have an equitable tax regime, an open and well-developed financing system, flexible labour market, comprehensive training of skilled workers, and a modern network infrastructure.

At individual company level, more attention needs to be paid to social responsibility in general. It necessitates a clear commitment to contribute to the common good and economic development. Furthermore, such ethical behaviour should include contributing to improvement of the quality of life of the workforce and their families as well as of the local community and society at large. Nordic countries should serve as best-practice examples in this context.

The Round Table wishes to stress that it is necessary to create more favourable attitudes towards entrepreneurs by promoting them as role models, by celebrating their success, and by reducing the fear of failure.

\*\*

\(^1\) Individuals with ability to turn ideas into action, being creative, innovative and risk taking.
# Budapest Round Table 2006

## Participants

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<thead>
<tr>
<th>Name</th>
<th>Position and Affiliation</th>
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<tbody>
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<td>Young entrepreneur, Greece</td>
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<td>Gábor Hegyi</td>
<td>Owner &amp; Managing Director of Firmus Mutare Ltd., Hungary</td>
</tr>
<tr>
<td>Gábor Herczeg</td>
<td>Deputy CEO, Corvinus Venture Capital Fund, Hungary</td>
</tr>
<tr>
<td>Patrick Huyghe</td>
<td>Directeur Productie en Projecten, Syntra West, Belgium</td>
</tr>
<tr>
<td>Katarzina Jagic</td>
<td>President, Small and Medium Entrepreneurs' Association, Croatia</td>
</tr>
<tr>
<td>Julia Herle</td>
<td>Ph.D. Student, University of Ljubljana, Slovenia</td>
</tr>
<tr>
<td>Kyuta Alex Klinger</td>
<td>Co-Founder &amp; Co-Owner, Pracovnia Badan I Doradtzwa Re-Source, Poland</td>
</tr>
<tr>
<td>Michel Korczynski</td>
<td>PhD student, University of Debrecen, Hungary</td>
</tr>
<tr>
<td>Péter Ling</td>
<td>Ph.D. Student, University of Lausanne Law School, Centre for Business Law, Switzerland</td>
</tr>
<tr>
<td>Gergő Lőránd</td>
<td>Student in Economics, Petru Maior University, Tirgu Mureș, Romania</td>
</tr>
<tr>
<td>Angelos Manglis</td>
<td>President &amp; CEO, Atlantis Research Organisation, Greece</td>
</tr>
<tr>
<td>Katia Marchesin</td>
<td>Young entrepreneur, Italy</td>
</tr>
<tr>
<td>Zsófia Münich</td>
<td>Student in Project Management, University of Debrecen, Hungary</td>
</tr>
<tr>
<td>Andrej Nabergoj</td>
<td>Co-Owner &amp; Manager, Young Executives Society President, Parsék System, Slovenia</td>
</tr>
<tr>
<td>Prof. János B. Nagy</td>
<td>“Walloon of the year 2004”, Founder of the spin-off company NANOCYL, Belgium</td>
</tr>
<tr>
<td>Zoltán Endre Nagy</td>
<td>Student in Management, Petru Maior University, Tirgu Mureș, Romania</td>
</tr>
<tr>
<td>Katalin Orban</td>
<td>Owner &amp; Managing Director, Afford Translation and Interpreting Ltd, Hungary</td>
</tr>
<tr>
<td>Jean-Marc Patret</td>
<td>Chairman, Cogating, France</td>
</tr>
<tr>
<td>Attila Pethoe</td>
<td>Ph.D. Student in Entrepreneurship, Corvinus University Budapest, Hungary</td>
</tr>
<tr>
<td>Kristóf Schum</td>
<td>Owner &amp; Managing Director, Education and Business Consulting Ltd, Hungary</td>
</tr>
<tr>
<td>Debbie Michele Smith</td>
<td>Psychology Ph.D., Kingston University, United Kingdom</td>
</tr>
<tr>
<td>Mária Szabó</td>
<td>Young entrepreneur, Hungary</td>
</tr>
<tr>
<td>Mark Szigethy</td>
<td>Partner, Korral Partners A/S, Denmark</td>
</tr>
<tr>
<td>Kristina Vinkova</td>
<td>Ph.D. Student, Technical University of Kosice, Slovakia</td>
</tr>
<tr>
<td>Blaž Zupan</td>
<td>Tutorial leader for Entrepreneurship, University of Ljubljana, Slovenia</td>
</tr>
</tbody>
</table>

## Moderators

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof. David Smallbone</td>
<td>Small Business Research Centre, Kingston University, UK</td>
</tr>
<tr>
<td>Prof. János Vecseyi</td>
<td>Small Business Development Center, Corvinus University Budapest, Hungary</td>
</tr>
</tbody>
</table>

## International Advisers

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof. Tibor Asbóth</td>
<td>Vice-President, Hungarian Section EASA</td>
</tr>
<tr>
<td>Dr. Gilbert Fayl</td>
<td>Secretary of External Affairs, EASA</td>
</tr>
<tr>
<td>Ulric Fayl von Rentall</td>
<td>Adviser to the President, EASA</td>
</tr>
<tr>
<td>Prof. Imre Hronszky</td>
<td>University of Technology and Economics, Budapest, Hungary</td>
</tr>
<tr>
<td>Prof. György Pethes</td>
<td>Vice-President, Hungarian Section EASA</td>
</tr>
<tr>
<td>Dr. Antal Szabó</td>
<td>Scientific Director, ERENET</td>
</tr>
<tr>
<td>Prof. Péter Szirmai</td>
<td>Head, Small Business Development Centre, Corvinus University Budapest, Hungary</td>
</tr>
</tbody>
</table>

The Budapest Round Table was organised by the European Academy of Sciences and Arts (EASA) in collaboration with the following organisations: the Entrepreneurship Research and Education Network of Central European Universities (ERENET), Corvinus University Budapest, Central- and Southeast European Innovation Area Consortium (CEIA), and the Hungarian National Commission for UNESCO.

Comments and recommendations presented in this document are solely of those who participated in the round-table discussion. They do not represent the opinions of the participants’ organisations.

The organisers kindly thank the following organisations for their kind financial support: The Bank of Sweden Tercentenary Foundation, Sweden; Korral Partners A/S, Denmark; Atlantis Research Organisation, Greece; and Hungarian National Commission for UNESCO, Hungary.
BELGRADE BANKING ACADEMY
FACULTY FOR BANKING, INSURANCE AND FINANCES

OUR MISSION
• We provide education so as to enable the creation of qualified, well-educated experts capable of dealing with all types of modern banking, insurance and financial operations.
• We provide high-quality knowledge and analytical skills development based on the highest academic standards.

OUR VALUES
We base our main objectives on the following values:
• ‘open-door’ policy,
• co-operation with banks, insurance companies and other financial institutions and pro-active approach to changes in the environment,
• development of mutual respect and friendliness among personnel,
• respect towards students,
• care about each student respectively,
• creation of pleasant working atmosphere,
• encouragement of professional success among students.

The Faculty is a co-founder and the member of the Union University of Belgrade which comprises the following faculties: Computer Science Faculty, Faculty for Design, Faculty of Industrial Management in Krusevac, Faculty of Law, Faculty of Management in Civil Engineering, Faculty for Entrepreneurial Business, Faculty of Real Estate Management, and College of Ecological Engineering.

LOCATION
The Faculty is located in 12 Zmaj Jovina Street (corner of Zmaj Jovina and Knez Mihailova Str.)

PREMISES AND TECHNICAL EQUIPMENT
- Lecture, practice and seminar halls are equipped with modern educational devices that enable multimedia presentations.
- Each lecture hall has Internet access, which enables online monitoring of the ongoing activities at the stock exchange and financial markets throughout the world.
- There is a separate PC laboratory equipped with the modern Dell computers.
- The Faculty had a library with over 70,000 titles as well as Depository library of the World Bank, International Monetary Fund, OECD and UN.

COUNCIL OF EXPERTS
In order to improve high education and studies in the field of banking the Teaching and Scientific Council have decided to establish the Council of experts for the development of the Faculty, whose members are the representatives of the following banks: HVB Bank – Belgrade, A BANKA – Belgrade, LAIKI BANK – Belgrade, BANCA INTESA – Belgrade, JUBMES BANKA – Belgrade, EUROBANK EFG – Savings
WHY SOMEONE OPTS FOR BBA

- Because its study program is based on the programs of the leading world universities for banking, insurance and finance.
- Because education and teaching (lectures, practice, seminars, practical training) and proportion of general and specialized subjects both major and elective, is adjusted in such a way as to enable the creation of qualified well-educated experts who can successfully deal with all types of modern banking operations upon graduation.
- Because curriculum, syllabus, study and evaluation systems are based on the Bologna Declaration tenets. Moreover, the system of evaluating professors’ work provides the level of comparability and compatibility of our program with educational systems of the EU countries.
- Belgrade Banking Academy enables acquisition of basic knowledge, development of various business skills and analytical reasoning.
- Belgrade Banking Academy has concluded Cooperation Agreements with national and foreign banks which provide professional practice for our students lasting two and a half months, at the minimum.
- The relationship among teachers/professors, non-teaching staff and students is professional and based on mutual respect and understanding.
- Belgrade Banking Academy includes students’ organizations which enable students’ participation in sports tournaments and professional competitions and congresses in the country and abroad.
- Belgrade Banking Academy has established co-operation with NASD (National Association of Brokers and Dealers) of USA, thus providing an opportunity for students to take NASD examination series 65 and get an investment adviser license which is recognized all over the world for students of master studies.
- Belgrade Banking Academy is a member of ERENET network (Entrepreneurship Research and Education Network of Central European Universities).
- Belgrade Banking Academy is a member of ORACLE academy and IBM Academic Initiative. It enables organization of ORACLE courses and usage of all software packages provided by IBM.
- Belgrade Banking Academy possesses Ling group software which enables computer-based testing of students.
- Belgrade Banking Academy is a registered testing centre for ECDL-F European Computer Driving License Foundation, Ltd., Dublin, Ireland, which provides preparation and testing in compliance with ECDL program as well as issuance of index which is recognized throughout Europe.
- Belgrade Banking Academy educates modern, creative, banking experts.
- Belgrade Banking Academy Scholarship Fund provides 10,000 Euros to support the best students of each year of studies.

Academic staff at BBA

<table>
<thead>
<tr>
<th>Faculty staff</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Professors</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>Associate professor</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Assistant professors</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>Instructors</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53</strong></td>
<td></td>
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</table>

Prof. Eric Dejan, Vice-Dean of BBA
Undergraduate students of the first degree at BBA

<table>
<thead>
<tr>
<th>Type of attendance</th>
<th>Number of students</th>
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<tbody>
<tr>
<td>Full-time</td>
<td>357</td>
</tr>
<tr>
<td>Part-time</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>377</td>
</tr>
</tbody>
</table>

CAREER CENTRE
Career development centre, in the process of establishment, has three main objectives:
1. To organize regular practical training for undergraduate students (which will last 10 weeks) in order to develop skills and improve knowledge necessary for job finding.
2. To network banks and other financial institutions in terms of human resources so as to respond to professional requirements and needs and interests of BBA students.
3. To continue with contacts and co-operation upon graduation in Alumni Association

PRACTICAL TRAINING
Syllabus entails compulsory practical training which is organized in leading financial institutions. The major part of practical training (80%) is organized in banks, 10% in insurance companies while 5% is to be held in brokerage houses and other financial institutions respectively.

MASTER STUDIES (UNDERGRADUATE STUDIES OF THE SECOND DEGREE)
The Faculty organises master studies which last one year (60 ECTS) and two years (120 ECTS). Studies are organised in several courses (study programmes).
Courses of study:
1. Investment Banking
2. Entrepreneurial Finances
3. Insurance

Course of study: Entrepreneurial Finances (120 ECTS)

<table>
<thead>
<tr>
<th>No</th>
<th>Subjects</th>
<th>Semester</th>
<th>ECTS</th>
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<tbody>
<tr>
<td>1</td>
<td>Entrepreneurship</td>
<td>I</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>Financial Basics</td>
<td>I</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>Skills Development I</td>
<td>I</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>(general skills)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Electives:</td>
<td>II</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>- Financial Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Financial Markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Securities Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Electives:</td>
<td>II</td>
<td>10</td>
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<tr>
<td></td>
<td>- Accounting</td>
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<tr>
<td></td>
<td>- Financial Reporting</td>
<td></td>
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<tr>
<td></td>
<td>- Auditing</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>- Financial Risks Management</td>
<td></td>
<td></td>
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<tr>
<td>6</td>
<td>Skills Development II</td>
<td>III</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>(financial skills)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Business Law for Entrepreneurs</td>
<td>III</td>
<td>10</td>
</tr>
<tr>
<td>8</td>
<td>Business Ethics</td>
<td>III</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>Electives:</td>
<td>III</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>- Management</td>
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</table>
- Strategic Management

<table>
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<th>Marketing Management</th>
<th>IV</th>
<th>10</th>
</tr>
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</table>

11 Electives:
- Leadership
- Organisational Behaviour
- Human Resources Management
- Logistics

<table>
<thead>
<tr>
<th>11</th>
<th>Master paper development</th>
<th>IV</th>
<th>10</th>
</tr>
</thead>
</table>

Source: Prof. Dejan Eric - Director of Institute of Economic Sciences (IES) – Belgrade, Vice-Dean of BBA
Short Description of the organisation

Syntra West is a not for profit organisation set up in 1960 which is providing 3.5 million training hours every year for about 50,000 trainees. We are working with 2,000 part-time trainers and a staff of 200 persons.

Our target groups are company managers, senior staff and employees of small and medium-sized companies. Besides, we are making our know-how and structure available towards non-profit organisations and public enterprises.

The offer is made up of short term and long term training sessions, initiation, rush courses, broken down into 4 groups:

- Technical training sessions in 200 professions
- Management training
- IT training
- Specific language courses by which we are mostly working with native speakers as trainers. We also developed our own training and didactical material.

Also for professional and specialised tuition, individual training and follow opportunities are available.

There are three levels of training:

- Apprenticeship: learning a trade on-the-job whilst completing compulsory education
- Business training: business economy and business techniques for self-employed people, employees, managers and SME-staff
- Extra training and upgrading: short term training sessions for established self-employed people, employees, managers and SME-staff

Syntra West is acknowledged for receiving training cheques and received recently the ISO 9001-certification for the whole organisation. The departments Management and Informatics are also Q*For-certified.
Welcome To WASME

The World Association for Small and Medium Enterprises (WASME), founded in 1980 in New Delhi, India, is now recognised as the largest professionally managed global non-governmental organization with Members comprising of national governments, chambers of commerce and industry, small business authorities and associations, banks and financial institutions, training and consultancy agencies serving micro, small and medium enterprises, primarily in developing countries.

WASME is managed by a competent Secretariat and works out of its own building at Noida (close to New Delhi) supported by professionals in Information Services, Economic Research, Marketing, Technology Transfer and other specialized subjects. It is served by permanent representatives in Vienna, Paris, Bangkok, Geneva, Dubai and Kuala Lumpur.

WASME organises an international SME Convention annually. The 2007 annual Convention is scheduled to take place in Colombo, Sri Lanka on 5th-7th September, 2007 at the invitation of Federation of Sri Lanka Chambers of Commerce and Industry.

The Alliance of Universities for Democracy (AUDEM) is a consortium of institutions of higher learning formed to enhance the role of education in promoting democratic institutions, economic development including technology transfer, decentralized decision making, human health, sustainable habitation of the earth, and common moral and social values. At its inception in the 1990s, the Alliance included institutions in Central and Eastern Europe and the US. In 1993 the organization voted to expand membership to Western Europe, and in 1996 the first university in Asia was admitted.

AUDEM's first decade centered on reorientations of management training, economics education, and similar topics in the social sciences in an effort to assist universities from the former communist countries to move to their new socially responsible and proactive roles in democratic societies. Today, AUDEM's New Agenda is expanded to include the integration of universities at competitive levels into the world academic and economic communities.

Between 1990 and 2000, AUDEM was headquartered at the University of Tennessee and was registered as a 501 (c) 3 tax-exempt organization in the United States. With the election of Dr. Julia M. Watkins for AUDEM President in November 2000, the Board of Directors decided on the dissolution of the Tennessee-based entity and the integration of AUDEM as a department of the American University in Bulgaria (AUBG), of which Dr. Watkins was President since 1994 and 2003. In November 2002 Dr. John Ryder of the State University of New York assumed the Presidency of AUDEM.

Membership

The Alliance is open to all persons who are willing to contribute their skills and resources to encourage positive change in the world.

Members benefit from an alliance that is structured to:
Help individuals initiate, strengthen, and broaden multinational networks with Central and Eastern European institutions by supporting higher education reform throughout the world.
Help educators function in a highly networked world in which inter-university cooperation will be a compelling necessity.

- Help universities contribute to national definitions and a global society, espouse cultural and ethnic diversity, promote civil society, maximize the use of technological advances, study and solve complex problems through multidisciplinary approaches, and improve the quality of faculty research and teaching.
- Bring higher education representatives of CEE and other universities together effectively and economically in friendships, cooperative programs and conferences.

Irina Naoumova, our New ERENET Member is a Board Member of AUDEM and with her kind assistance we look for exploring the possibility of cooperating between the two initiatives.
GLOBAL BUSINESS WEEK 2006

ENTREPRENEURSHIP

Monday 13th November 2006
Sub-Theme: the fundamental issues any founder of a business should know and take into account
Inaugural Seminar focusing on the different kinds of support provided by public and private sector in Finland. Consultants from public administration and organisations will provide the participants with practical information about how to start a business in Finland.

Tuesday 14th November
Sub-Theme: Entrepreneurship viewed and commented by Entrepreneurs
Panel Discussions. Panelists representing different sectors will discuss about their experience as an entrepreneur.

Wednesday 15th November
Sub-Theme: Building Competencies through Student Initiated Projects: by the International Business Students Association (IBSA)
To be discussed with IBSA (Meet the Alumni of the Programme who have created a company)

Thursday 16th November
Public Debate by students of the International Business Management Programme and from Business Studies
An inter-class symposium on opportunities and challenges faced by Entrepreneurs.

Friday 17th November
Entrepreneurship Situation and Opportunities in Different Part of the World
Comparison between the entrepreneurship situation different countries by Exchange Students / Teachers at the International Management Degree Programme at Turku University of Applied Sciences.

The sessions last 2-3 hours every day and the audience will be mostly students who study entrepreneurship at Turku University of Applied Sciences. The event is open to everyone who is interested in entrepreneurship.

We are also hoping that some speakers will be our project partners or exchange teachers from our partner institutions as well as local entrepreneurs.
The European Confederation of Young Entrepreneurs

16th Annual Summit "Globalisation - Managing the Change"

Friday, 24 November 2006 from 14:00
Venue: European Parliament, Brussels

Dear Friend,

YES for Europe has the pleasure to invite you to its 16th Annual Summit, aimed once again at promoting the dialogue between the European Young Entrepreneurs and the EU decision-makers.

The topic of this year will be "Globalisation - Managing the Change". Globalisation is a reality that has to be managed. We will promote the debate on which institutional actions are deemed necessary by the European Young Entrepreneurs for supporting our competitiveness in the global markets. Starting from successful cases of internationalisation, we will discuss about the growing protectionist attitude now prevailing in many sectors and, more in general, on the best ways for a company to face and take advantage of a globalised economy. The Summit is our major event of the year, regularly involving young entrepreneurs from all over Europe.

The Conference will be held on the 24th November at the European Parliament in Brussels.

You will find full information of the event on www.yes-friends.org.

Don't miss this unique networking opportunity!

Marco Pezzini
Secretary General

YES for Europe, the European Confederation of Young Entrepreneurs, is the main association of young entrepreneurs through Europe (representing around 35,000 young entrepreneurs) and aims at improving the economic and social performance of European entrepreneurship. Its members (Austria, Belgium, Cyprus, Germany, Greece, Italy, Portugal, Spain, Slovakia, Slovenia, Turkey, the Netherlands and Ukraine) include the major national associations of young entrepreneurs in the fields of industry, trade and services.

Please visit our sponsors: www.kronenbrot.de, www.giovanimprenditori.lombardia.it

***************
YES for Europe
The European Confederation of Young Entrepreneurs
1, av. de la Joyeuse Entrée
1040 Brussels - Belgium
Tel +32-(0)2-280.34.25  Fax +32-(0)2-280.33.17
secretariat@yes.be  www.yes.be
Conference "The EUROPEAN LEGAL FRAMEWORK FOR E-BUSINESS AND INNOVATION"

Conference organised by the Enterprise and Industry Directorate-General
Brussels, 27-28 November 2006


The conference "The European legal framework for e-business and innovation" will take place on 27-28 November 2006 in Brussels. It will be the major event for the legal e-business and innovation community in Europe during this autumn. The event is organised by the European Commission and will bring together high-level policy makers in Europe, representatives of Member States, legal experts and practitioners with the objective to debating how e-business and innovation can be facilitated by a more favourable legal environment. The conference will present the results of recent projects in these fields and the outcome of the ICT task force's working group on "IPR for competitiveness and innovation".

Innovation and e-business have attracted a lot of public attention in recent years and now seem to converge. E-Business enables new ways of selling products and services. At the same time, it facilitates business transactions. Innovation becomes prevalent both in e-business applications and in the products and services sold over the internet. A central focus of the Conference will be to address the still existing barriers to e-Business, and to find solutions for better protecting innovative ideas.

Starting point of the conference will be the convergence of different media, such as internet, phone and TV, and the new possibilities brought through this development. Speakers will set the scene presenting the technological innovations they foresee in the converged world. A core theme will be the legal and regulatory issues facing online/mobile content, IPTV, VoIP and other new broadband services.

The second session is dedicated to electronic business transactions. Digitalisation and globalisation have changed the business environment for enterprises around the world. Electronic business processes (e.g. e-invoicing, e-payments) can facilitate B2B and B2C transactions. However, the legal framework is harmonised only to a small extent – many different solutions exist in the - soon - 27 Member States. The session's objective is to discuss how this situation can be tackled by businesses, what standards are needed, and how policy makers in the EU and the Member States can contribute.

The third session will be dedicated to trust and confidence in e-business and electronic transactions. Aspects of consumer protection, liability, fairness, and self-regulation come into play and will be discussed by high-level legal experts.

Intellectual property rights will be in the focus of the fourth session. IPRs are regarded as an important facilitator for technological innovation. The session will discuss IP protection in a globalized digital environment, where new sales channels sometimes mean new threats to consumers and right-holders. It will also present the results of the ICT task force, where industry has gathered to agree on policy recommendations for the Commission to create a more favourable environment for the competitiveness of the ICT sector in Europe.

IT security is another crucial field for e-business and the ICT sector and will be discussed in the last session. Cyber crime, and spamming are causing substantial damages to the economy every day. This session will aim at clarifying – to the extent possible - the area of conflict between cyber crime, the impact of security tools and its effects on data protection and privacy. A high level team of experts will discuss results of recent studies and propose feasible solutions.

Dates & Venue on 27-28 November 2006 at Charlemagne Conference Centre – Room S3
Rue de la Loi 170, B-1040 Brussels, Belgium
ENTRANCE 2 PROJECT HAS BEEN LAUNCHED FOR THE REPUBLIC OF MOLDOVA

THE MOLDOVIAN MINISTRY OF ECONOMY AND TRADE AND THE NORWEGIAN SINTEF SIGNED A MEMORANDUM OF UNDERSTANDING ON TECHNICAL COOPERATION

H.E. Mr. Igor Dodon, Minister of Economy and Trade of the Republic of Moldova, and Mr. Morten Muus Falck, Project Director of SINTEF, sign the Memorandum of Understanding to provide technical assistance in the field of entrepreneurship development for Moldova.

On 27 October 2006, at the Government House in Chisinau an inauguration ceremony took place at the Cabinet of the Minister of Economy and Trade, where H.E. Mr. Igor Dodon, Minister of Economy and Trade, and Mr. Morten Muus Falck, Project Director of SINTEF, the Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology, signed a Memorandum of Understanding on implementation of the Project ENTRANSE 2 Your Business within the framework of the medium-term entrepreneurship development programme approved by the Parliament of Moldova. ENTRANSE is an abbreviation and stands for ENtrepreneurial TRaining ANd SErvices.

Programme Objectives

1. Ensure support of exiting and creation of new business incubators and related initiatives in the regions
   After a successful development of the Pilot Business Incubator, other locations will be considered for future extension of the Programme.

2. Institutional building at all levels for SMEs and support to private-public partnership dialogue
   Strengthen institutional support and advocacy at all levels for SMEs by providing capacity building to the Department for Small and Medium Sized Business Development, supporting the development of representative, independent and competent National Organisation for SMEs and Entrepreneurs and other relevant institutions.

3. Provide support for institutional and capacity building of the National Organization for SMEs
Parallel with signing the Memorandum of Understanding the Phase I of the Project has been launched
with a EURO 200,000 for the period of October 2006 to May 2006. The project lasts four years between
2006 and 2010.

It is important to mention, that the project was partially developed and assisted by ERENET. The
Workshop on Benchmarking of Business Incubations within Selected CEE and CIS provided a significant
input. Operational Director of the Project in Mr. Gunnar Due-Gundersen, Chief of Operations –
ENTRANSE, from SINTEF’s Technology and Society Research Division, International Operations
Department. Dr. Antal Szabó, Scientific Director of ENTRANCE, as former UN Regional Adviser on
Entrepreneurship and SMEs, is a high-level UNECE Specialist on the Republic of Moldova, ninths time
visited Moldova, and he will act as main Strategic Adviser both for the Government of Moldova as well as
SINTEF during the implementation of the project. Mr. Zoltán Sipos, Ph.D. Student of the Corvinus
University of Budapest, also Member of the ERENET, will assist in the development of the business
incubation process in the country.

Project Team (from right to left): Mr. Morten Muus Falck, Mrs. Du Pont Mila, Mr. Gunnar Due-Gundersen,
Mrs. Iulia Iabanji, Head of the SME Department of the Ministry of Economy and Trade and member of
ERENET, Mr. Antal Szabó, and Mr. Zoltán Sipos
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