

Facilitating entrepreneurial skills by means of learning

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Small and medium sized enterprises play a determinant role in the domestic and international economic processes. The recent projects of the EU stress the importance of economic growth and the creation of better quality employment. In order to increase the inclination towards enterprise establishment the EU finds it important to support SMEs, thus a policy relating to integrated SMEs was developed and approved in 2005. Although an enterprise is influenced by many factors, cultural aspects have to be considered as well. The different levels of education have great responsibility in offering programmes that help the evolution of entrepreneurship competences. In my paper I would like to present the order of institutions established on the basis of the higher education entrepreneurship index by using the data of a national survey. I am trying to establish the educating tools the application of which furthers the improvement of the general characteristics and skills providing basis for the enterprise.

I. INTRODUCTION

In Hungary the proportion of SMEs is 99%. Two-thirds of the employees work in the SME sector, which gives 45% of the GNI. Economic growth, job creation, social welfare and the satisfaction of the individual greatly depends on the success of these enterprises. Several surveys have pointed out the strong correlation between the number of enterprises and economic growth. In particular, providing support to establish an enterprise is a current issue as a result of the financial crisis holding back the global economy for two years. The Lisbon Strategy reworded in 2005 by the European Commission has become a pressing issue: if Europe is to keep her competitiveness it is essential that more companies should be set up, entrepreneurs should be encouraged to invest more, and be more innovative.

II. EU PROJECTS SUPPORTING ENTERPRISES

Educating entrepreneurship began in the European countries well before the Lisbon Strategy. In certain countries it started in the 80s, whereas in Hungary at the beginning of the 90s. The pioneers tried to adapt the American experience of educating entrepreneurship, but

the introduction and acceptance of the brand new curriculum and methodology by the educational institutions took a long time.

The EU programmes regulating enterprises did not deal with educational issues before 2004. The regulation was about the elimination of the legal, financial and taxational obstacles and did not cover the establishment of a positive social climate based on a unified policy. The action plan of the Commission accepted in 2004 aimed at the implementation of this demand, which enabled the introduction of the integrated SME policy in 2005. This programme already included the need for entrepreneurship education.

The accession date of Hungary was very lucky in this respect since we could take over the enterprise promotion practice of the member states. In 2005 the European Parliament and Council highlighted the importance of the promotion of the characteristics and skills providing basis for the enterprise in their recommendations:

'Entrepreneurship refers to an individual's ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives. This supports everyone in day to day life at home and in society, employees in being aware of the context of their work and being able to seize opportunities, and is a foundation for more specific skills and knowledge needed by entrepreneurs establishing social or commercial activity.'¹

Obviously, not everybody becomes an entrepreneur, but with the help of the acquired key competences young people are becoming more creative and conscious, which is necessary for personal self-actualisation, for active citizenship and employability. Since the forms of behaviour and cultural references evolve at a young age, educational systems may greatly contribute to overcoming successfully the challenges enterprises face.

The Education and training work programme 2010 of the EU formed a strategic and unified framework for lifelong learning. The most important statement of the

¹ Recommendation of the European Parliament and of the Council on key competences for lifelong learning. COM(2005)

document: entrepreneurial competence may be acquired with lifelong learning, which is ensured by education provided from elementary level to university courses. The practice applied by the member states for educating entrepreneurship shows a varying picture. In general, entrepreneurship is educated within the scope of subjects taught at secondary schools initiated by the school or the teachers (as an individual subject or linked to professional subjects). Frequently the lessons mean an extracurricular activity (the setting up of student enterprises, competitions).

III. EDUCATING ENTREPRENEURSHIP IN HIGHER EDUCATION

According to the work programme universities and technical educational institutions must incorporate the education of entrepreneurship into their curriculum – divided among several subjects – and participation in these courses have to be made either compulsory or recommended for the students. In the course of scientific and technical studies students and researchers may cash in on their ideas and the developed technologies by mixing entrepreneurial mentality, competence and excellence. Important conclusions made by the document:

- Educating entrepreneurship is less important in Europe than in the United States, the education of this subject is mainly typical of economic and commercial faculties
- The education of entrepreneurship may be selected as an elective subject
- It is important that this subject should be integrated into the study programmes and subjects of the universities
- The case studies and other interactive didactic methods are not exploited
- Business people are not involved in the learning process
- In the course of business studies pursued within the scope of basic training and post-graduate studies bigger emphasis should be placed on the topic of innovation and establishing and running in enterprises
- Business schools and technical faculties should cooperate more closely
- Spin-off enterprises created to exploit the intellectual outcome of research places should be given greater publicity, their creation must be supported, which in turn will contribute to the economic development of the creating institution, but at the same time it also requires the existence of entrepreneurial competences from the participants.

IV. ENTREPRENEURIAL ACTIVITY OF UNIVERSITY AND COLLEGE STUDENTS

Since a part of the enterprises are established by young people – university and college students – it was practical to examine what kind of students and under what circumstances set up their own enterprise. Hungary joined an international survey assessing the entrepreneurial skills of higher education students in 2006. The essence of the GUESSS² project is the study of the factors of enterprise establishment by the students, the evaluation of the role the educational institutions play, as well as the analysis of the individual career objectives and entrepreneurial skills of the students. The student entrepreneurship index category was created accordingly, with which the individual professional goals, the entrepreneurial inclination and activity, as well as the established enterprises are assessed.

TABLE 1
Student entrepreneurship index

Country	2006	2008
Switzerland	3.45	2.80
Germany	3.39	2.90
Luxemburg	na	3.00
Belgium	3.60	3.00
Greece	na	3.20
Finland	3.71	3.20
France	na	3.30
Austria	3.53	3.30
Hungary	3.52	3.50
Singapore	3.95	3.70
Ireland	4.09	3.80
New Zealand	3.66	3.90
South Africa	na	4.50
Estonia	na	4.70
Mexico	na	4.70
Indonesia	na	5.20
International average	3.55	3.30

The student entrepreneurship index is formed from the answers given to the two questions below:

- Have you ever considered setting up your own enterprise?
- What steps have you taken in order to start your own enterprise?

The index calculated from the value of the encoded answers fall between 1 and 10, where the lowest value signifies that the student will never set up his own enterprise, whereas the highest value implies those students who already run their own enterprise, or have gained entrepreneurial experience somewhere. In 2008 Hungary reached 9th place among the 17 countries that were examined, while on the list containing enterprise establishment Hungary occupies the 5th place, significantly exceeding the international average. It seems interesting that the activity of the students of developed countries falls behind that of the less developed countries (Table 1).

² Global University Entrepreneurial Spirit Students Survey

The national researchers joining the international survey further developed this method. They assumed that the entrepreneurial inclination of the students may be greatly influenced by the standard of the entrepreneurial courses and services offered by higher education institutions. The synergic impact of the university environment must also be considered. The low value implies that the higher education institutions do not provide the support necessary for the entrepreneurial activity of the students.

TABLE 2
National higher education entrepreneurship index 2008

	Institution	HEI		Institution	HEI
1	IBS	3.98	13	SZIE	2.78
2	MÜTF	3.60	14	ME	2.72
3	ÁVF	3.45	15	KE	2.71
4	BCE	3.15	16	BME	2.70
5	BMF	3.13	17	PTE	2.65
6	BGF	3.06	18	EJF	2.64
7	GDF	2.96	19	SZE	2.62
8	KRF	2.91	20	DE	2.61
9	NYME	2.87	21	SZTE	2.57
10	KJF	2.85	22	ELTE	2.47
11	PE	2.81	23	SE-ETK	2.44
12	DF	2.79	24	HFF	2.17
Average 2.86					

While the value calculated on the basis of the student entrepreneurship index is the same as the index given in the GUESS international report, we receive a lower value if we make the assessment with the higher education entrepreneurship index (HEI) shown in Table 2. According to the survey, the reason for this is that Hungarian higher education institutions cannot ensure an efficient entrepreneurial environment and there are few services to support the establishment of enterprises by the students. Therefore I find it important to take over the recommendations of the European Union as well as the positive practices implemented in the member states.

V. PROPOSALS TO INCREASE THE EFFICIENCY OF ENTREPRENEURIAL COURSES ORGANIZED BY HIGHER EDUCATION INSTITUTIONS

The following proposals regarding specific measures are based on the recommendations of the EU and the taking over of good practices already implemented at any educational level. The purpose of my proposals is to take every possible step in our own institutions to bring students closer to the entrepreneurial world. In addition to obtaining practical entrepreneurial knowledge, university and college years should ensure the creation of important skills such as creativity, independence, innovative thinking and social responsibility for the technical intellectuals.

- In higher education entrepreneurial education must be built into the curriculum of the various subjects. Currently, students may become acquainted with the entrepreneurial world within the scope of Business Economics.

- The cooperation between the educational institutions, local communities and enterprises must be encouraged. We have live cooperation agreements mainly with companies, due to the provision of internship places and thesis topics. Students have the opportunity to become acquainted with the professional activity of the company, but the improvement of entrepreneurial skills does not always take place. I consider the cooperation agreement made with the Regional Foundation for Enterprise Promotion of the Town of Székesfehérvár (FEA) in 2009 important, the mission of which is to support and promote micro and small enterprises of the region.³

- Teacher mobility and the involvement of the players of business life into education must be encouraged. A part of our teachers who give lessons come from this entrepreneurial circle, at the same time a part of the full-time teachers are entrepreneurs.

- The training of teachers must be given greater importance. FEA within the scope of its Internet-based enterprise promotion training programme organizes trainings for the teachers specialized in financial and entrepreneurial knowledge of secondary schools and higher education institutions.

- Enterprises established by students at the schools should be supported. In Hungary school cooperatives as an organizational form could be used for this purpose.

- Curriculum development. There is no textbook containing the current regulations relating to small enterprises (electronic curriculum).

- The application of innovative teaching methods. This purpose is served by the interactive teaching method first used by me in the autumn of 2009 within the scope of a subject called Introduction to Finances. This method was developed by Monitor Kft with the professional support of FEA and received international recognition.⁴ The essence of the method is that students can prepare and submit a loan application independently with the help of the microfinance programme accessible on the Internet. The biggest advantage of the method is that students prepare their loan applications on the basis of the currently available loan product types for entrepreneurial needs existing in practice. The method is tried and tested that is why I use it in the financial courses.

- Practical support and encouragement for the activity of educational institutions relating to enterprises (arranging Scholarly Circle projects, conferences and contests). In 2009 three students selected the introduction of the microfinance system developed by Monitor Kft with the professional support of FEA as their Scholarly Circle project, and successfully presented it at the conference organized in the autumn.

³ Cooperation Agreement signed between FEA and BMF ROIK on 1 April 2009

⁴ www.european-microfinance.org/best_practices_award_en.php

- Seeking tenders invited by the European Union. The European Social Fund is one of the sources which support local initiatives helping people to become self-employed. We can submit our application to this source together with our cooperating partner (FEA) with the involvement of our intellectual assets (with the development of electronic curriculums).
 - Within the scope of a monitoring activity we conduct a survey to learn about our graduate students who have established their own enterprise. For the successful entrepreneurs we provide an opportunity to introduce their enterprise during a workshop to be held at our institution.
 - We conduct the higher education entrepreneurship index survey described in my paper. This provides an opportunity to compare and analyse the figures of the University of Óbuda (in Table 2: BMF).
 - It is practical to examine the organizational scopes of the research and development activity taking place within the institution. This is what spin-off enterprises were invented for, which ensures the exploitation of the intellectual results of the research places, as well as the financial recognition of the participating teachers. It is also an important scene for the creation of entrepreneurial competences.
 - The setting up of departments and enterprise research groups. Such organizations already operate at bigger universities and colleges separately (e.g. at the Corvinus University since 1989). ERENET⁵ was set up, the purpose of which is to coordinate entrepreneurship education and research. I also joined this organization this year.
- This organization made a recommendation to the new government regarding the transformation of the national SME policy in the spring.

VI. SUMMARY

In my paper I made an attempt to look at the role entrepreneurship education plays in the present and the future of the national SME sector. It is not only recommended by the EU, but it is also in our interest to integrate the opportunity to acquire entrepreneurial knowledge and key competences into the curriculum at the various levels of education, but in particular into the curriculum of higher education institutions. In my case I have tried to contribute to the suitable preparation of the new generation of entrepreneurs with my proposals and the innovative methods applied in the teaching of my subject.

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⁵ Entrepreneurship Research and Education Network of Central European Universities