

# The Application of Modern Methods in Educating Entrepreneurship

Handa Lászlóné  
University of Óbuda  
Alba Regia University Centre  
8000 Székesfehérvár, Budai u. 45.  
Hungary  
[handa.laszlone@arek.uni-obuda.hu](mailto:handa.laszlone@arek.uni-obuda.hu)

**The purpose of the co-operation agreement signed between Fejér Enterprise Agency and the University of Óbuda, Alba Regia University Centre is to make the Internet based enterprise promotion system used by the Foundation suitable for teaching purposes. As a higher education institution we consider it important that the engineers of the future also obtain entrepreneurial knowledge and skills besides their technical qualifications. The Foundation regards our students as the entrepreneurs of the future who will stand a better chance at setting up their own business and having business success with the application of this system. In order to achieve this mutual goal we have introduced an interactive teaching method at the faculty of technical managers based on Internet technologies, which I wish to present in this paper.**

## I. INTRODUCTION

In Hungary – as well as in other member states of the European Union – the small- and medium-sized enterprises (SMEs) play an important role in the national economic trends. In Hungary their proportion is 99% and it is not significantly lower in the Union (93%) either. 2/3 of the employees work for SMEs, this sector provides 45% of the GNI and 1/5 of the export, and implements 37% of the investments. The economic growth, the job creation, the realisation of the social welfare as well as the individual contentment depends on the success of these enterprises. Several researches have already shown how close the correlation is between the number of the enterprises and the economic growth. For the sustainable growth it is needed to create more and more enterprises which create jobs while decreasing the unemployment and the pressure on the social security system. The need to support the start-up enterprises is

even greater as the current financial crisis has been holding back the world economy for four years.

The Lisbon Strategy reformulated by the European Commission in 2005 [1] is now becoming urgent: for the lasting growth more and better jobs are needed. This can only be achieved by promoting a more entrepreneurial culture and creating a supportive environment for SMEs. Although the number of the enterprises is influenced by several factors, I am going to highlight the importance of promoting the entrepreneurial culture in my study. I aim to stress the responsibility and possibilities of the educational system, because the entrepreneurial competences can already be developed in school.

I am going to present the proposals for educating entrepreneurial knowledge in the programme of the European Commission, and describe the internet-based on-line enterprise promotion programme developed by the Fejér Enterprise Agency, which programme's version suitable for education has been introduced in the engineer's programme of the University of Óbuda, Alba Regia University Centre in 2009.

## II. BACKGROUND

In 2009 the University of Óbuda, Alba Regia University Centre and the Fejér Enterprise Agency (FEA) from Székesfehérvár (Hungary) signed a cooperation agreement with the objective to create an educational programme on entrepreneurial knowledge based on the FEA's enterprise promotion practice which

allows using it as a school-based educational method. [2]

*A. The Role Of The Fea In The Promotion Of The Sme Sector*

The setting up of the Local Enterprise Agencies operating as a non-profit organisation was due to the political changes in Hungary in 1989, which created the market regulation and allowed the mass creation of the individual and joint enterprises. This process was supported by developed countries within the framework of the PHARE Programme and in 1990 the Hungarian Foundation for Enterprise Promotion (HFEP) and its local bodies were set up. The National Microcredit Programme aiming to mitigate the small enterprises' lack of capital was launched in 1992 from the financial resources separated from the budget of the PHARE Programme. The Programme's coordinator is the HFEP but 20 independent Local Enterprise Agencies operate the crediting activity. They are still important actors of the crediting activity but now the government and more importantly the banks have also joined the microfinance programme with the help of the government. It is important to note that it is not the banking sector which should be involved into the microcredit programme with the government's help but the funds of the foundations created for that specific purpose should be increased.

In addition to the National Microcredit Programme, the Local Enterprise Agencies operate local programmes as well. The first such programme was launched by FEA in the Fejér County. The sources of the funds were provided by various donors (enterprises, local government) and the decentralized resources taken back from the HFEP [3].

The Fejér Enterprise Agency founded in 1991 emphasizes the importance of client-friendly procedures and the quality of the services. Its activity has become exemplary in Hungary in the past years. The debtor rating system developed by FEA is used in the Hungarian Microfinance Network, and

FEA was the first to implement the on-line loan application. It has developed a modern internet-based enterprise promotion system [4], which, in one hand, provides accounting and credit application management services to financial organizations, and on the other hand, gives management possibilities for enterprises (accountants, counsellors).

The FEA's programme won an international award within the framework of the Microfinance – Good Practices "EUROPE AWARD" 2009. The microcrediting practice of FEA was shortlisted among the five European organisations applying the best practice by the Scientific Committee in the field of Innovations and Sustainability [5].

As an accredited adult training institution, FEA has started a 20 hours training course for the secondary and higher education institutions' teachers that allows them to obtain the internet-based complex enterprise promotion programme for free. This specialized training makes it possible for the users to become familiar with the microcredit application process, to learn the technology of the internet and to renew the way to teach their own subjects. Teachers of economics, finance and entrepreneurship participating at the courses judged unanimously positive the courses' usefulness as they received an educational method based on the entrepreneurial practice which can be directly integrated into their work.

*B. The Role Of The Eu's Programmes In The Education Of Entrepreneurial Knowledge*

As already mentioned in the Introduction, there is a close correlation between the number of the enterprises and the economic growth. If Europe wants to maintain its competitiveness, it needs faster growth, more new businesses as well as innovative investments from the entrepreneurs. In addition to this, the enterprises contribute to the social cohesion of the less developed regions and the employability of the unemployed and the vulnerable. For that to be realized, a

new vision and above all the creation of a more favourable social climate for entrepreneurship is needed, based on an integrated policy. In the last years the European Commission has already accepted several documents about the regulatory, taxation and financial obstacles of the enterprises proposing an integrated action plan for the member states. Among these documents I refer to the programme recognizing the importance of the cultural assistance, as relevant to my topic, because it justifies the legitimacy of the innovative educational method developed by FEA and successfully introduced in our institution.

*C. The Recommendation Of The European Commission To The Council On Fostering Entrepreneurial Mindsets Through Education And Learning*

The package serving the implementation of the Lisbon Strategy is based on the fact that for the sake of the growth and the creation of more employments of better quality, the improvement of the basic characteristics and abilities giving the basis of the entrepreneurship is needed along with a deeper entrepreneurial knowledge in various educational levels.

„ Entrepreneurship refers to an individual’s ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives. This supports everyone in day-to-day life at home and in society, makes employees more aware of the context of their work and better able to seize opportunities, and provides a foundation for entrepreneurs establishing a social or commercial activity.”[6]

It is obvious that not everyone becomes an entrepreneur, but with the help of the key competences obtained the young people become more and more creative and self-conscious and all this is needed for the personal self-realization, the active citizenship as well as the employability. As the behaviour and the cultural references are

formed in an early age, the educational system is able to contribute to successfully overcome the entrepreneurial challenges.

*D. Entrepreneurial Knowledge In The Higher Education*

According to the Education & Training 2010 Work Programme [1] the education of entrepreneurial knowledge should be integrated into the national curriculum of the universities and vocational schools.

The document states the following:

- Entrepreneurial knowledge is less important in Europe than in the United States, it is mostly frequent in the economic and commercial faculties.
- Entrepreneurship can be chosen as an optional course.
- It is essential that this subject be integrated into the universities’ programme.
- The case studies and other interactive teaching methods are not enough exploited.
- There is a lack of bringing entrepreneurs in the educational process.
- Within business studies in undergraduate and graduate level the creation and running of an enterprise and the field of innovation should be better highlighted.
- Business schools and engineering faculties should have a closer cooperation.
- Academic spin-offs should have an increasing role that contributes to the institution’s economic growth and at the same time requires participants to possess business and managerial competencies.

According to the requirements of the European Union, our mission is the following:

- Integrate entrepreneurial studies into the national curriculum
- Encourage cooperation between educational institutions and local communities, enterprises (achieved within the framework of the cooperation with FEA)
- Encourage teacher mobility and bring entrepreneurs into the teaching process (achieved in the case of lecturers, a part of the teachers are entrepreneurs as well)

- Raise awareness to the teachers' training (FEA organises training courses for teachers to promote its training programme)
- Promote student enterprises (student cooperatives exist in Hungary)
- Provide practical support and encourage activities of educational institutions concerning entrepreneurship (innovative educating methods, organising events, competitions, exhibitions, Scientific Students' Association)

### III. THE INTRODUCTION OF AN INTERNET-BASED COMPLEX ENTERPRISE PROMOTION SYSTEM

#### *A. The Presentation Of The Educational Programme*

The educational system developed by FEA's experts and based on an on-line enterprise promotion system in practice is a modern and practical educational tool. The interactive educational method can be used in secondary and higher education and allows the students to acquire financial and entrepreneurial competencies.

What gives the modernity of the method?

The creators of the programme – Tibor Szekfü, managing director of FEA and Nándor Benczúr, senior developer of the programme – introduced the system in 2009 within the framework of a presentation at Science Day.

The programme's greatest benefit is that the students do not need to solve fictive theoretical problems but to make loan applications according to the actual credit facilities and the requirements used in practice. The free service is available at the following website: [www.vallalkozastan.hu](http://www.vallalkozastan.hu).

The basic function of the use of the educational tool is to enrich entrepreneurial knowledge and to simulate the loan application and approval processes. The use of the loan application system corresponds to the real on-line loan application process.

The steps are the following:

- Registration of the applicant;
- filling the basic data, loan purpose, amount, term, own resources, deposit;

- choosing the credit facility suitable for the loan purpose (the actual credit facilities are available in pdf format);

- creating the enterprise's business plan (the programme creates it for two years);

- after processing the data of the balance sheet and profit and loss account, the enterprise assessment system perform the analysis with financial and economic indicators (text and numeric data).

The system can also be used for internal communication: students can ask questions to instructors.

Model exercises and compilation of examples made by the instructors can be edited for the exercises.

For the important subjects concerning the world of enterprises there are columns available for students with short, instructive articles published by experts. The columns are the following: legal, fiscal, financial and banking, small enterprise promotion, Hungarian Foundation for Enterprise Promotion, chambers, incubators.

#### *B. The Application Of The Educational Programme*

The innovative educational method was introduced in the fall semester in 2009 within the framework of the course named 'Basic Financial Studies'. The choice of the course was justified by the fact that it was an optional course in that semester for the first and second year students but the task of microcredit application was only compulsory for the second year students (so that we had a control group).

It would have been more useful to introduce the enterprise promotion educational programme into courses for students who had already possessed accounting and financing knowledge (unfortunately it was impossible to set these requirements). The user can especially value the practical use of the accounting concepts, that is the reason why the microcredit educational programme play such an important role in the accounting studies (balance sheet, calculating financial indicators, company rating).

The reason of the choice of the course was also the fact that I have chosen three outstanding students from the group who had shown interest for the topic and they had been given the task already in September to present the programme and FEA's microcrediting activity with the purpose of writing an academic paper on the topic. The result of their work was a successful paper and presentation, and the possibility to participate at the National Conference of Scientific Students' Association. I set up three groups led by the students participating at the National Conference of Scientific Students' Association. The groups of 4-5 members were working on different tasks together, but filling and sending the loan application was an individual task.

The credit approval was accomplished by an instructor (in the future the programme allows the students to rate each other's work and make a decision on the loan disbursement).

Before the loan application is sent via internet, the programme provides a controlling possibility helping to solve the task (it grades the application incorrect in case if the basic data are missing or there are calculation problems).

The teacher's evaluation can be the following: Sufficient/Insufficient. The task is insufficient if the student does not choose the adequate credit facility or the loan application is deficient. Note: the attachments for the loan application are available in pdf format.

#### IV. THE EVALUATION OF THE INTERNET-BASED ENTERPRISE PROMOTION PROGRAMME AS EDUCATIONAL METHOD

After having accepted and evaluated the students' projects I asked the students to evaluate the effectiveness of the educational method and the usefulness of the programme on a one-page paper. I also provided a detailed evaluation for FEA, developer of the programme. The most significant statements are the following:

- We see the modern education of financial and entrepreneurial knowledge as a basic requirement;

- in the higher education it becomes more and more important to acquire entrepreneurial competencies in addition to the traditional education, that is effectively served by this educational method;

- it does not require an entire course but completes efficiently our financial, accounting or entrepreneurial courses;

- the timing of the courses and possessing basic financial and accounting knowledge are important (my students mentioned the lack of financial knowledge which made it difficult to solve the task)

- the students were confident to use the website available on-line and its services (it is an important aspect in the relationship between the citizens and the e-government)

- the students found the time available for the project relatively short (1 week was not enough, it requires at least 2 or 3 weeks)

- the students required a more detailed project announcement containing more data. According to them it is necessary to provide all data for that the loan application could be filled. (Note: We intentionally gave less data about the fictional enterprise than the programme required for the reason that the students could precisely and interpret certain data, e.g. VAT number, CSO number, company registration).

In summary, I have experienced a positive attitude from the students, they understood the purpose of the project, they did send the loan applications which were accepted. They were working hard during one week, several students asked questions from me in person or on-line (the questions were mostly technical), they helped each other, so I truly believe that this method contributed greatly to develop the entrepreneurial competencies of the second year students.

Using the positive experiences we launched – for the third time – a separate course called: Family enterprises. With this optional course we aim to illustrate the activity of the micro- and small enterprises in an interactive way. The topics are mostly

based on microfinance so that our students could get to know the actual microcredit facilities, chose the one that fits best to the project, do the loan application with the help of the on-line programme and send it on-line to the teachers (at present 60 project types can be chosen).

## V. CONCLUSION

In my study I was aiming to raise awareness to the importance of educating entrepreneurship which is significant regarding the present and the future of the Hungarian SME sector. According to the European Union's recommendation and also our interest, it is important to integrate entrepreneurial knowledge and competencies into the educational programmes in different levels but most of all in higher education. For that new technologies and innovative educational methods are needed. In the present case, I presented an educational programme confirmed in practice but used for the first time in education, which was developed by our external partner under the name of internet-based enterprise promotion system. Our institution using the possibility (the programme's version for educational purposes was available for free) has successfully tested the educational programme and plans to use it in different courses in the future, for the following reasons:

- The SME sector is needed for the economic growth and the job creation;
- Creating a favourable social climate for entrepreneurship needs regulation (in different levels: government, EU);
- Entrepreneurial competencies are needed to be acquired in the educational system;
- The entrepreneurial competences can be learned with lifelong learning;
- It is not enough to provide knowledge in education but a practical training is also needed;

- Fostering entrepreneurial mindsets is guaranteed by innovative educational methods.

## REFERENCES

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