

ENTREPRENEURSHIP EDUCATION - FACTOR OF HUMAN RESOURCES DEVELOPMENT IN SERBIA

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Abstract: *The paper elaborates the importance as well as current situation in entrepreneurship education as a factor of human resource development in Serbia. Although Serbia generally achieved considerable progress in implementation of the European Charter for Small Enterprises in many areas, it is evident that referent score for entrepreneurship education in Serbia is relatively low comparing other components. National Strategy for the Development of Competitive and Innovative SMEs recognized the role of entrepreneurship education as the necessary precondition for the development of human resources as well as entrepreneurial economy based on knowledge and innovations. It is absolutely clear that the education for entrepreneurship is not only a lecturing activity and that future development requires much more than good curriculum. A step forward has to be made towards transforming the university in order to be the key element not only in creation of knowledge but in the process of spreading and capitalisation of knowledge.*

Keywords: *entrepreneurship education, entrepreneurship, human resources, knowledge*

1. ENTREPRENEURSHIP EDUCATION – CHALLENGES AND CHANCES

In terms of growing dynamics of technological change, their globalization, increasing competition and constant changes in technology, especially in information, before entrepreneurs, as leaders of the new millennium, there are great challenges. The importance of education for entrepreneurship stems from the essence and importance of entrepreneurship as a key development resource, action oriented thinking and behavior and business philosophy that puts innovation in the center of things.

Entrepreneurship is recognized as basic skills in the process of permanent (lifelong) education (LLL- concept of lifelong learning), which is why education for entrepreneurship

is promoted and implemented effectively in the educational system of the EU at all levels of formal (from primary education to university) and informal education. EU expert group defines entrepreneurship education not only as a process of preparing education and training to create a business, but as a process of developing an entrepreneurial mindset, entrepreneurial skills, personal characteristics and qualities that are not directly focused on the creation of a business. [1] Entrepreneurial education has the following goals:

- Raising awareness of potential entrepreneurs about the importance of taking responsibility (leaving philosophy 'get a job', accepting philosophy 'create a job').
- Development and promotion of personal qualities (creativity, innovation, spotting business opportunities and challenges, adaptability, ability to take risks in crisis situations, persistence and perseverance, responsibility).

The importance of entrepreneurship is emphasized in many EU documents, where the most important one is the Charter for Small Enterprises. EU Education Council, in its report on the objectives of the education system, [2] already in 2001 ranked among its priorities intensifying connections of educational institutions and enterprises as well as the strengthening of the entrepreneurial spirit through education and training system. Forum EU 'Training for entrepreneurship' [3], held in 2003 in France, touched the issue of education for entrepreneurship in the formal system of education (from primary school to university) and in the non-formal education system in the companies themselves (internal entrepreneurship, corporate entrepreneurship). At this context, the three main recommendations of the Forum are defined as follows:

1. An entrepreneurial driven education system is necessary;
2. It is necessary to create a comprehensive strategy that includes all levels of formal and non-formal education and all the relevant players in the educational process (teachers, students, businesses);
3. Entrepreneurship must be treated as a basic set of skills that are continuously upgraded in the process of lifelong learning.

2. ENTREPRENEURSHIP EDUCATION - RELEVANT EU AND NATIONAL DOCUMENTS IN SERBIA

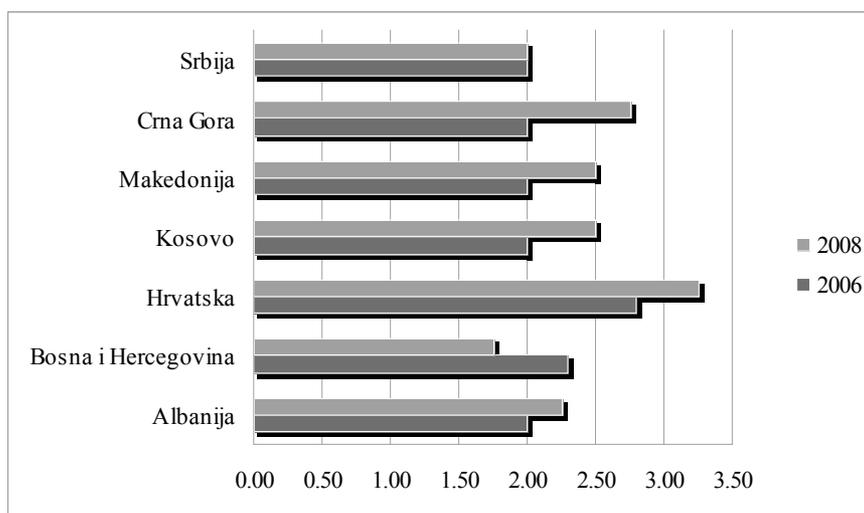
2.1 The European Charter for Small Enterprises

The European Charter for Small Enterprises is a document of the European Commission, which in 2003 was adopted by the governments of the Western Balkans. The Western Balkan countries, based on 10 dimensions of the European Charter, have the ability to track the progress and development of SMEs and entrepreneurship. [4] Each of these 10 dimensions is estimated in the range from the first to the fifth level, wherein a policy that goes from the first level shows the lack of initiative, and the fifth level shows the level of realization close to good practice, which is defined in the Charter and OECD process for SMEs [5]. Annual Report *SME Policy Index 2009* [6] shows the level of progress achieved in the implementation of the European Charter for Small Enterprises in the Western Balkans. SME Policy Index is jointly prepared by the European Commission (EC), the European Training Foundation (ETF), the European Bank for Reconstruction and Development (EBRD) and

the Organization for Economic Cooperation and Development (OECD). Basic dimensions [7] on the basis of which the evaluation of policy implementation are related to the following:

1. Education and training for entrepreneurship
2. Cheaper and faster start-up
3. Better legislation and regulatory framework
4. Availability of professional development
5. Improving on-line access to resources
6. Increased benefit of the common market
7. Taxation and financial matters
8. Strengthen the technological capacity of small enterprises
9. Successful e-business models and top-notch support for enterprises
10. Developing more effective representation of the interests of small businesses

In the application of the European Charter for Small Enterprises in 2008 Serbia achieved a rating of 3.3 (on a scale of 1 to 5) and made progress compared to 2007, when the aggregate score was 2.5. Comparing the aforementioned components of the Charter, it can be seen that Serbia has made progress according to a greater number of components. But in the field of education and training for entrepreneurship in 2008, Serbia has achieved the worst results.



Graph 1. Component Education and training for entrepreneurship in the Western Balkans

Source: Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans, SME Policy Index 2009, <http://www.oecd.org/dataoecd/51/61/46583422.pdf>, str. 24, 48; i Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans, SME Policy Index 2007, http://www.oecd.org/document/59/0,3746,en_2649_34893_43092411_1_1_1_1,00.html, str. 55

Graph 1. shows comparative data for the countries of the Western Balkans within the component Education and training for entrepreneurship in 2006 and 2008. In 2006, Serbia, together with Montenegro, Macedonia, Kosovo and Albania, with the rank of 2.00, was

beneath the average for the Western Balkan countries (2.10), while Croatia was the leader in the region, followed by Bosnia and Herzegovina. The situation has not significantly changed in 2008 when compared with countries in the region Serbia with a score of 2.00 was in the group of lowest-ranked countries.

2.2. The strategy of development of competitive and innovative small and medium-sized enterprises for the period from 2008 to 2013

In the context of entrepreneurship education, existing legislation [8] has recognized the importance of introducing entrepreneurship education and the need for further improving the ability of pupils / students to initiate change, take responsibility, show an entrepreneurial approach and a clear commitment to achieving the goals.

Of particular importance for the further development of entrepreneurship education in Serbia is the Strategy of competitive and innovative small and medium-sized enterprises for the period from 2008 to 2013, which was adopted by the Government of Serbia in 2008. This strategy defines as a strategic goal building of an entrepreneurial economy based on knowledge and innovation, with a clear focus on creating a strong, competitive and export-oriented SME sector.

Within the pillar II **Human resources for competitive SME sector** [9], the following measures related to entrepreneurship education were elaborated:

Improving of policies for entrepreneurship education

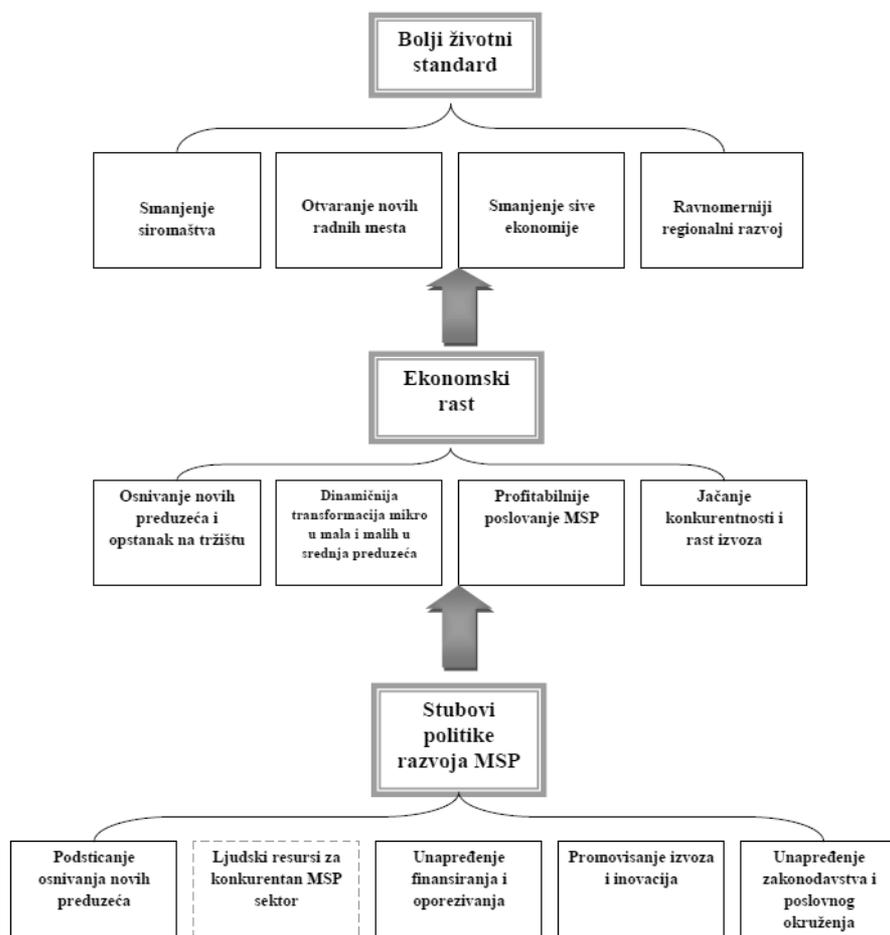
- Adopt and implement a National Strategy for Entrepreneurship Education in cooperation with the business community and other interested parties.
- Establish a working group on entrepreneurship education within the Council for SMEs.
- Conduct awareness campaigns and promote entrepreneurship education at national / regional level and develop a strong entrepreneurial culture.
- Define a system of monitoring and evaluation of activities of entrepreneurship education.
- Promotion of good practices in the field of education.

Integration and continuous improvement of entrepreneurial education at all levels

- Integrate programs of entrepreneurship in the curricula of primary schools, secondary (vocational) schools and colleges.
- Professional development of teachers and trainers in the field of entrepreneurship.
- Reinforce extra-curricular activities in the field of entrepreneurship at all levels of education.
- Direct connection of educational institutions with the industry in order to implement business projects.

Developed legal and financial framework to encourage different forms of entrepreneurship education

- Develop legislation.
- Provide financial resources from public and private sources to encourage the establishment of student enterprises and entrepreneurial projects in educational institutions.
- Develop a system of accreditation of educational programs and a system of issuing certificates of acquired knowledge.



Graph 2. The pillars of development policy of SMEs Source: Strategy for the development of competitive and innovative small and medium enterprises for the period from 2008 to 2013, p.10

3. FORMS OF ENTREPRENEURIAL EDUCATION IN SERBIA - THE CURRENT SITUATION

3.1 Formal entrepreneurship education

The study of entrepreneurship is not integrated into the system of primary and secondary education in Serbia. When we speak about the primary level, in the forefront of the activities is to encourage students to recognize personal qualities (creativity, independence, readiness for competition, entrepreneurial spirit, action-orientation). At this stage it is also possible to develop more independent forms of learning. From educational activities at this

age we should emphasize 'learning through play', presentation of simple case studies, the first contacts with the world of business, visits to local companies and meetings with successful entrepreneurs.

At the *secondary level* there has been progress in terms of integrating entrepreneurial content primarily in secondary vocational schools - through pilot programs CARDS of introducing entrepreneurship as an academic and non-academic subjects. In order to strengthen the awareness of students about the importance of self-employment as a possible career option particularly accented are activities related to the organization of exhibitions, competitions, career guidance, sports competitions, fashion weeks and publishing activities. A significant number of high schools in Serbia took part in the Junior Achievement project to raise the capacity of its entrepreneurial students.

The experience of higher education in management and entrepreneurship is very modest and relatively recent. There are very few private and state universities (mostly colleges of economic, business or management orientation) that deal with this issue and provide its students the opportunity to learn something more about entrepreneurship. There are also not many faculties where entrepreneurship has the status of a separate course, and in most colleges certain segments of entrepreneurship are taught within other subjects. Bearing in mind that almost all faculties are in the process of innovation of existing curricula, it should be expected that the issue of entrepreneurship gain much more important place in the programs of higher education institutions in Serbia. It is particularly important to bring this matter closer to the population of engineering students who, by definition, represent innovative core which typically is not sufficiently market-oriented and entrepreneurial. The educational process significantly uses traditional methods and techniques. Despite the fact that significant steps have been made towards repression of merely storing information on the one hand and the development of logical thinking, on the other hand, it can generally be concluded that entrepreneurial education provides enough knowledge and information on key elements of entrepreneurship, but does not contribute to the improvement of skills and entrepreneurial behavior in the real business environment. In reality we have here "education on entrepreneurship" rather than "education for entrepreneurship".

In order for entrepreneurship education program to be implemented in educational institutions it requires an adequate profile of educators (teachers, lecturers, trainers) with quality theoretical but also practical knowledge. Professors, lecturers and trainers should have a modern approach and accumulated experience in management and entrepreneurship. In addition, it is important that educators apply entrepreneurial methods and techniques in the educational process. In this context, a proactive approach to entrepreneurial education includes [10]:

- promoting entrepreneurship as business philosophy and multidisciplinary field that can be used in all spheres of human work and activities;
- creation of conditions for the abandonment of philosophy 'get a job' and accepting philosophy 'create a job';
- accepting the changes as a way of life;
- providing a kind of 'know-how' in solving business problems;
- assisting students in the process of identifying new opportunities in the market that can be used to start a business;
- create a relaxing atmosphere in which all students feel complete freedom to crea-

tively participate and contribute in solving a given problem.

3.2 Informal entrepreneurship education

In the field of informal entrepreneurship education in Serbia in recent years there have been made significant steps towards initiating activities on the training of future entrepreneurs and owners of small and medium-sized enterprises. Although the process of creating a system to support the SME sector and entrepreneurship is still in the initial stage of development, there are a couple things that are directly in the function of strengthening the training and consulting services at the local level. *National Agency for SME Development* carries out the following forms of business education and development of human resources: [11]

- *Training for beginners in business* in order to increase the level of entrepreneurial culture, education and skills of potential entrepreneurs, with the possibility of testing entrepreneurial skills, providing the necessary packets of information on the possibilities of business ideas, providing information on legislation and tax system and professional help in checking the business idea through the development of a business plan.
- *Mentoring program* is being implemented exclusively for companies that have been established with support from the National Employment Service. In the process of mentoring program they analyze the situation of the company, define plan for solving a specific problem as well as the action plan for intervention.
- *Consulting (entrepreneurial service)* refers to the provision of legal and financial advice to potential and existing small and medium enterprises and entrepreneurs in the following areas:
 - options for getting funding and the loan conditions through existing credit lines and grants;
 - assistance in developing business plans;
 - finding new markets both at home and abroad and connect with business partners and institutions;
 - help with the selection of activities they would deal with and the legal form of the business;
 - the possibility of acquisition of fixed assets;
 - legal aspects of the business and the latest changes to the law;
 - the tax liability and tax incentives, etc.

4. HOW TO MAKE ENTREPRENEURSHIP EDUCATION MORE ENTREPRENEURIAL AND MORE EFFICIENT?

Entrepreneurial education as an essential component of the overall development of human resources in a time of turbulent changes in the environment involves a significant step forward in the domain of improving curricula and substantial changes in the functioning of educational institutions. In this context, the internal and external factors that are transforming the role of educational institutions at all levels are of particular importance. Entrepreneurship education should deal with concrete projects that allow the capitalization of knowledge. Educational institutions are expected to be entrepreneurial, teachers and pupils / students should transform themselves into entrepreneurs, where their interaction with the

wider community should follow the entrepreneurial models and patterns.

The process of evolution of university involves a transformation of the creators of knowledge to the key factors in the expansion process, and capitalization of knowledge through a process of strengthening the innovation and the interaction with the external environment. In the extent that these processes are effective it is expected that the University becomes less an institution that is being supported (by other parts of society through donations and budgetary considerations), and more and more an institution that with its actions supports the other parts of society and contribute to their development and prosperity.

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