

## **STIMULATING ENTREPRENEURSHIP IN THE ROMANIAN EDUCATION SYSTEM**

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**ABSTRACT:** *Romania is on its way to find and apply the most effective solutions in order to ensure a sustainable economic growth and stable and well paid employment. It is in fact a requirement often set out at European Union level which resulted in a series of strategies and programs among which one can highlight the support of entrepreneurship. One of the areas of intervention in this direction is represented by the adaptation of education systems to the new challenges by introducing elements of entrepreneurial culture in the curriculum of the European States, including Romania, the concept of “training firm” or initiatives through which students can accumulate work experience before completing University studies. The development of entrepreneurship among younger generations suppresses the fear of becoming unemployed and gives them the opportunity not only to start up their own business, but also to obtain benefits that exceed their wages. At the local/regional/national economy it is similar with a diversification of economic activities, increase employment, income and growing living standards.*

**KEY WORDS:** *educational system, educational objectives, entrepreneurial initiative, economic development.*

**JEL CLASSIFICATION:** A200.

### **1. ENTREPRENEURIAL INITIATIVE AND THE PROFILE OF THE ROMANIAN ENTREPRENEUR**

The current challenges that modern societies are faced with (globalization, recession, unemployment, etc.) have led to a reconsideration of the importance given to entrepreneurship. The entrepreneurial initiative is correlated with economic growth, with the development and diversification of economic activities, employment and, thus, with improving living standards and reducing poverty and social discrimination.

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Entrepreneurs are an alternative to the employee status, but at the same time, through the establishment of new firms they are 'responsible' for providing some other payroll jobs. In Romania, most of the Early-stage businesses (with a length of activity of up to 3.5 years) and Established business ownership (with a length of activity greater than 3.5 years), provide between 0 and 5 jobs, with a slight downward trend registered in the case of companies with a period of activity greater than 3.5 years which have a number of job vacancies greater than 20, as opposed to early stage activities which experience a growing trend regarding job availabilities (Entrepreneurship in Romania. Country Report 2013, p.46).

**Table 1. Jobs offered by early stage or established businesses during the years 2011-2013**

		2011	2012	2013
<b>Early stage businesses</b>	<b>0 job offers</b>	8,9	14,3	13,4
	<b>1-5 job offers</b>	62	69	61,9
	<b>6-19 job offers</b>	19,3	7,8	13
	<b>+20 job offers</b>	9,8	8,9	11,8
<b>Established business ownership</b>	<b>0 job offers</b>	16,7	17,3	13,8
	<b>1-5 job offers</b>	50,1	57,3	59,1
	<b>6-19 job offers</b>	21,8	17,1	19,7
	<b>+20 job offers</b>	11,4	8,3	7,5

GEM 2013 report highlights the way the Romanian educational system is perceived as a provider of knowledge and competence in the field of entrepreneurship.

**Table 2. Entrepreneurial education provided by the educational system (2013)**

	Romania	Hungary	Croatia	Slovakia
In my country, primary and secondary education pay due attention to entrepreneurship and to starting up new businesses	2,08	1,78	1.66	1,81
In my country, primary and secondary education pay due attention to communication and market economy principles	2.31	1.89	1.91	2.11
The education system specialized in management and business administration provides a set of knowledge and information, as well as skills and behaviors necessary to start up a new business or to develop an existing one	3.17	3.17	2.86	2.83

Score: 1 – totally disagree; 5 – totally agree

Thus, on a scale from 1 to 5 where 1 corresponds to “strongly disagree” and 5 means “totally agree”, for the question of how the education system specializing in management and business administration is able to ensure the set of knowledge and

information, as well as skills and behaviors necessary for starting a new business or developing an existing one, Romania has scored 3.17 (the same score as Hungary and higher than Croatia and Slovakia), while in the case of the questions about how primary and secondary education shall take due account of entrepreneurship and of the establishment of new companies, of communication and market economy principles, respectively, Romania registered the lowest scores (2.08 and 2.31, respectively), but nevertheless the most increased values if we relate to other evaluated countries: Hungary, Croatia and Slovakia where entrepreneurial education feedback has lower values.

The motivation to become an entrepreneur is most often linked to a desire for independence and to the opportunity to acquire larger incomes than salaries (74.2% in 2012, according to data provided by the as means of subsistence in the absence of other alternatives or out of fear of becoming unemployed in the future (*Entrepreneurship in Romania. Country Report 2012*, p. 21 & *Entrepreneurship in Romania. Country Report 2013*, p.40).

**Table 3. Motivation to become entrepreneur**

Motives	2007	2008	2009	2010	2011	2012	2013
<b>Opportunities</b>	66,7	53,2	55,0	67,3	57,5	74,2	67
<b>Necessity</b>	13,8	34,3	34,0	31,1	41,3	24,2	32
<b>Other motives</b>	19,5	12,5	11,0	1,6	1,2	0,6	1

Unfortunately, studies show that in the first years of activity of a new company, chances of survival are low, one of the factors responsible for the failure being the lack of entrepreneurial culture of those that start up new businesses. In order to successfully start a new business and to ensure its viability over time, it is necessary for the entrepreneur to undertake a number of specific actions, such as:

- to identify business ideas and opportunities
- to be aware of the early stages of entrepreneurship;
- to think up/elaborate a business plan;
- to plan the business appropriately, to monitor and control it;
- to solve problems that arise in the activity carried out;
- to identify the trend/direction of the market (demand and supply) and to understand the ways of adapting the economic activity to changes within the economic environment in which they operate, etc.

An analysis of *the profile of the Romanian entrepreneur* owning early stages businesses depending on *the age of the entrepreneur*, shows that in 2013, the biggest share is represented by young people (11.8% between 18 and 24 years of age and 14.6% aged between 25 and 34); moreover, the percentages recorded over time does not capture important changes (GEM Romania 2007-2013, the Adult Population Survey). If one takes into account *the education level*, then studies can reveal, as it is expected, that the largest share is represented by entrepreneurs who have completed

post-secondary and college programs together with those who have completed undergraduate and postgraduate studies, with the remark that in the year 2013, there has been recorded a significant drop in the share of those who have completed university studies from 22,82% in 2012 to 15% in 2013 (*Entrepreneurship in Romania. Country Report 2012*, p. 17 & *Entrepreneurship in Romania. Country Report 2013*, p.42).

**Table 4. The profile of the Romanian entrepreneur who holds early stage companies, depending on the age of the entrepreneur**

	- % -					
	2007	2008	2009	2010	2011	2012
<b>Age 18-24</b>	24,2	22,0	26,4	29,0	28,9	24,4
<b>Age 25-34</b>	30,5	36,1	31,1	31,2	32,1	31,4
<b>Age 35-44</b>	21,2	21,4	22,0	15,2	16,7	19,4
<b>Age 45-54</b>	18,3	15,5	17,5	19,9	15,9	17,0
<b>Age 55-64</b>	5,8	5,0	3,1	4,8	6,5	7,8

**Table 5. The profile of the Romanian entrepreneur who holds early stage companies, depending on the level of the education**

	- % -					
	2007	2008	2009	2010	2011	2012
<b>Post-secondary education (up to the 10<sup>th</sup> grade)</b>	2,7	26,8	3,3	18,3	9,2	36,1
<b>Highschool education</b>	4,2	34,3	50,8	49,3	48,9	34,7
<b>University and postgraduate studies</b>	93,1	38,9	47,9	32,4	41,9	29,2

If in 2011, the percentage of those who had attended high school and university programs was lower than that of those who had completed some form of undergraduate or higher education, the situation experienced a significant change in the year 2012 when the percentages were reversed, amid a significant decrease in the share of people with higher education who had decided to become entrepreneurs (from 41,9% in 2011 to 29,2% in 2012). Except for this last year, the link between the high percentage of those who have completed undergraduate or higher education and the motivation to become entrepreneur is justified by the fact that they have acquired over the school training years a more or less solid set of knowledge, skills and attitudes (creativity, innovation, risk taking) in the economic field which helps them understand a given context and assess opportunities that lead to entrepreneurial initiative and to starting an economic activity.

## **2. ENCOURAGING ENTREPRENEURSHIP THROUGH THE EDUCATIONAL SYSTEM**

The importance of entrepreneurship and the effects generated by it on local, regional, national and European level, lies at the level of the European Union in an *Action Plan for Entrepreneurship Development* in which one of the areas of

intervention is the *Entrepreneurial education and training for young people*, comprising a set of activities such as ([www.ec.europa.eu](http://www.ec.europa.eu)):

- creating a European platform, "hub" for entrepreneurial learning where one can share the best practices and can develop common policy models and systems of implementation and evaluation;
- entrepreneurial skills and behaviour should be embedded in the national/regional curricula on all levels: primary, secondary, vocational, higher education and non-formal education, training and integration of basic knowledge and learning in all disciplines and curricula;
- all young people should have entrepreneurial experience before they graduate high-school (even as a formal part of the curriculum or as an extracurricular activity to be covered by the school or by a non-formal educational entity);
- developing a guidance framework for encouraging and supporting the development of entrepreneurial education institutions (vocational and higher);
- extending entrepreneurial education supported by EU programs for entrepreneurial education (via EU);
- developing entrepreneurial training in accordance with national occupational plans.

In the European Union, entrepreneurship is included in national programs for vocational education in the majority of member countries; however it is not tied to specific subjects of study or professions.

Even Romania has made significant steps in this direction by introducing elements of entrepreneurial culture in the curriculum, entrepreneurial education being explicitly recognized as a cross-curricular goal.

One of the modules successfully applied in high schools within vocational and technical programs – the Services field - is the entrepreneurial education by introducing the concept of 'training' company.

*The training company* "is an interactive method of learning for the development of entrepreneurship, a modern concept of integrating and applying knowledge in various fields, an approach of the teaching-learning process which ensures conditions for probing and practical deepening of skills acquired by students during vocational training". The training company is a didactic concept based on learning by practice which simulates the internal processes carried out in a real company, but also in the relations it has with other firms or institutions.

The implementation of the concept of "training company" aims to create *the type of dynamic entrepreneur*, able to develop a new production process, to bring a new product or service to market or to discover a new method of distribution (<http://colecais.blogspot.ro>).

*The overall objective of the training company* is to develop entrepreneurship through (<http://colecais.blogspot.ro>):

- familiarization of students with specific activities of a real company;

- simulation of economic operations and processes specific to the real business environment;
- improvement of business vocabulary;
- development of skills and attitudes necessary for a dynamic entrepreneur: creativity, critical thinking, problem solving, decision making, responsibility, teamwork, initiative, perseverance, self-organizing and self-assessment of individual resources, flexibility.

*Specific objectives* of applying this method of learning refer to (<http://colecais.blogspot.ro>):

- developing entrepreneurship of students attending technical and vocational schools;
- facilitating the transition of graduates from vocational and technical schools to active life;
- developing entrepreneurship of adults through continuous professional training programs.

*The expected results* after applying this method are (<http://colecais.blogspot.ro>):

- increase of labour market insertion of graduates;
- reducing the period of accommodation on the job;
- better adaptability to job changes;
- flexibility;
- taking initiative and risks.

The specific activity of the training company is carried out during technological laboratories within technical and vocational programs, the services field. The “headquarters” of the training company is a classroom with adequate furniture, with the necessary learning equipment, thus ensuring economic activities that simulate a real firm’s activity in the real economic world.

“The teacher has a decisive role in the process of setting up the training company. He must have, first of all, skills and management knowledge. His role is different - he must encourage the business, coordinate, plan and control it. All these imply a more difficult, more intensive, but also more interesting job. The tasks of teachers coordinating a training company are to advise and organize learning programs in which students can carry out practical activities independently within a training firm, to verify the knowledge and skills acquired by students by observing their work, to assign work projects for students, to organize their activity within the training company, to motivate and to guide the work of students. The student can develop personally and professionally through direct involvement in the learning process”. (Broșura *Cea mai bună practică. Firma de exercițiu*).

Higher education is considered the most conducive environment for the development of entrepreneurship, while European studies show that companies set up by students or young graduates are the most innovative and the most ambitious in terms of turnover and number of employees.

Universities can play a major and complex role in the formation and dissemination of entrepreneurial culture towards three directions (Fundăția Post-privatizare, 2012):

- providing entrepreneurial education and training for students, graduates and businesses;
- developing innovative technologies, especially within technical and scientific universities and promoting the creation of new subsidiaries in order to allow these technologies to be applied in dynamic entrepreneurial projects which bring added value;
- establishing relations between the academic and the business environment, in the following ways:
  - becoming a center of intellectual attraction for the community;
  - providing connections among innovators, researchers, students, entrepreneurs, businesses and institutions of venture capital;
  - developing practice-oriented course materials such as case studies;
  - attracting funds and creating a critical mass of innovation and entrepreneurship.

Training in the field of entrepreneurship does not resort only to education plans, but also to a series of initiatives through which students can accumulate work experience before completion of University studies (e.g. Erasmus program, Junior Achievement Romania program, START Internship Romania Program, projects of the Agency for the Implementation of Programs and Projects for SMEs, Sectorial Operational Program for Human Resources Development (SOP HRD), Priority Axis III "Increasing the adaptability of workers and enterprises", School for Startups Romania and Business Mentoring Program, etc.).

### **3. CONCLUSIONS**

The importance given to entrepreneurship and entrepreneurs as successful recipes in securing economic development through innovation, job vacancies and social value, makes the entire governmental measures and strategies transcend the legislative framework and public policies, involving primary and secondary education system as well by providing specialized knowledge, skills and competence in the field of economics, by assuming certain behaviors (responsible consumer, informed investor, etc) and personality traits (motivation, will, organization, etc).

Regardless of the field of vocational training, the most effective way to teach entrepreneurship is to involve students in projects and practical activities in which the emphasis is laid on learning through experimentation and thus, real experience is acquired in entrepreneurship.

Unfortunately, although the need to provide entrepreneurial education is recognized and appreciated through its inclusion in the school curricula and through promoting the concept of training company, there are also a number of limitations in the development of entrepreneurial education within the Romanian education system related to poor financing and the lack of proper support of human resource training, of the teaching staff from the point of view of practical experience, of their skills and the ability to use interactive teaching-learning methods focused on experimental learning, whilst acting as a teachers' guide.

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