

PROMOTING THE ENTREPRENEURSHIP EDUCATION IN EUROPE

Florin Duma

Lecturer, PhD,

Faculty of European Studies, Babes-Bolyai University,

fduma@euro.ubbcluj.ro

Abstract: *The economic crisis in Europe has not really come to an end yet and it seems that we still have some painful road ahead. How can we deal with this difficult recovery and how can we boost the economic development among the countries in Europe in a sustainable way? One answer is stimulating the entrepreneurship. We believe that the best way to stimulate entrepreneurship is promoting entrepreneurship education in the schools and universities all across Europe.*

Keywords: entrepreneurship, education, business incubators, start-ups, technology transfer

1. Introduction

As stated in the *European Charter for Small and Medium-Sized Enterprises*²⁴ the small enterprises are the backbone of the European economy and they must be considered a main driver for innovation, employment as well as social and local integration in Europe. In fact, in 2012 were about 20.7 million small and medium sized businesses in the EU, accounting for 99.8 % of the total number of enterprises, of which the biggest share (92.2%) were firms with fewer than ten employees²⁵. Especially the last number refers to micro enterprises (where the majority are providing work for two persons, in average), showing the importance of the entrepreneurs in Europe. Unfortunately, being the most sensitive to any changes in economy, the small enterprises were heavily affected by the financial crisis that started in 2008. Therefore, constantly supporting and helping the entrepreneurs it is a must if

²⁴ European Charter for Small and Medium-Sized Enterprises, http://ec.europa.eu/enterprise/policies/sme/files/charter/docs/charter_en.pdf

²⁵ Ecorys, *EU SMEs in 2012: at the crossroads. Annual report on small and medium-sized enterprises in the EU*, Rotterdam, 2012, p. 9

we are looking to create more jobs and to boost the economic development among the countries in Europe in a sustainable way.

In the past years, the European Commission had several initiatives in order to promote the entrepreneurship in Europe. Among these, the most important were: the European Charter for Small and Medium-Sized Enterprises in 2000, followed in 2008 by the Small Business Act – ‘Think small first’ and more recently, in 2013, by the Entrepreneurship Action Plan 2020.

The European Charter for Small and Medium-Sized Enterprises was a document presenting ten brief lines of action in order to meet the small business’s needs.

The Small Business Act – ‘Think small first’ was already a much detailed and consistent document putting in place a comprehensive policy framework and providing the governance mechanisms for the small enterprises. This policy is synthesized in the following principles²⁶:

- Create an environment in which entrepreneurs can thrive and entrepreneurship is rewarded;
- Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance;
- Design rules according to the “Think Small First” principle;
- Make public administrations responsive to SMEs’ needs;
- Adapt public policy tools to SME needs;
- Facilitate SMEs’ access to finance;
- Help SMEs to benefit more from the opportunities offered by the Single Market;
- Promote the upgrading of skills in SMEs and all forms of innovation;
- Enable SMEs to turn environmental challenges into opportunities;
- Encourage and support SMEs to benefit from the growth of markets.

In the next chapter, we will discuss the most recent initiative, the Entrepreneurship Action Plan 2020, which has a very clear mandate: “Reigniting the entrepreneurial spirit in Europe’.

²⁶ EC – “Think small first” A ‘Small Business Act’ for Europe, Brussels, 2008, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52008DC0394:EN:NOT>

2. Reigniting the entrepreneurial spirit in Europe

As we saw previously, the concentration of small enterprises expressed as a percent of total enterprises (accounting for 99.8 %) is quite impressive. However, in absolute terms (20.7 million small and medium sized businesses in the EU), we are quite far away from the potential. The 2007 *Flash Eurobarometer*²⁷ on entrepreneurial mindsets shows that only 45% of Europeans would prefer to be self-employed, compared to 61% in the United States. The potential European entrepreneur is young, male, still in education and with one or both parents having had self-employed experience. The same barometer shows that half of the Europeans have never even thought about starting a business (doubled compared to the US percent).

The 2012 *Flash Eurobarometer* regarding European entrepreneurial mindsets points out an even bleaker picture. Only 37% of Europeans would now prefer to be self-employed, compared to 45% in 2007²⁸. The majority of Europeans (58%) would prefer to work as employees. This sharp deterioration of the entrepreneurial mindsets, in just five years, was mostly determined by the financial crisis that started in 2008 and from which Europe is recovering far more difficultly than the United States did.

Moreover when asked ‘how desirable is for you to become self-employed in the next five years?’, almost two-third (65%) of the EU respondents say it is not desirable, with 22% seeing it not very desirable and 43% viewing it as not desirable at all!

In the early 2013, the European Commission came up with a blueprint to address this disappointing trend and entitled it “The Entrepreneurship 2020 Action Plan”. The main objective of this initiative is to create more entrepreneurs in Europe. This document contains a set of initiatives and measures targeted at fostering entrepreneurial culture in Europe, change the perception regarding entrepreneurship and improve the business environment. The Entrepreneurship 2020 Action Plan is focusing on three main areas of intervention²⁹:

²⁷ Flash Eurobarometer – Entrepreneurship Survey of the EU25, United States, Iceland and Norway, The Gallup Organization Hungary, 2007, p.4, available at: http://ec.europa.eu/public_opinion/flash/fl_192_sum_en.pdf

²⁸ Flash Eurobarometer – Entrepreneurship in the EU and beyond, TNS Opinion and Social, 2012, available at: http://ec.europa.eu/public_opinion/flash/fl_354_en.pdf

²⁹ EC (2013) – *Entrepreneurship 2020 Action Plan - Reigniting the entrepreneurial spirit in Europe*, Brussels, at: http://ec.europa.eu/enterprise/policies/sme/entrepreneurship-2020/index_en.htm

1. Entrepreneurial education and training.
2. Creation of an environment where entrepreneurs can flourish and grow.
3. Developing role models and reaching out to specific groups.

For the second area of intervention, the blueprint identify several actions to be taken, which are valid everywhere across Europe: better access to finance; supporting new businesses in crucial phases of their lifecycles; unleashing new opportunities in the digital age; easier business transfers; offering second chances for honest bankrupts and reducing regulatory burden: clearer and simpler rules.

The third area of intervention is focusing on underserved groups whose entrepreneurial potential is not being tapped into to the fullest extent. These groups should be provided with mentoring, training and support platforms (e.g. women, seniors, migrants, unemployed, young people and other potential entrepreneurs).

From this point on, we will focus more on the first area of intervention: entrepreneurial education and training.

3. Entrepreneurship education. Creating a more entrepreneurial culture in Europe

It is already a fact that there are not enough small enterprises in Europe and that, of course, is because of a lack of entrepreneurs. There are not enough entrepreneurs, because of a lack of entrepreneurial culture. We believe that the entrepreneurial culture can be developed through education. The question is, are schools prepared to make more entrepreneurs for Europe?

In the past years, the European Commission stressed the importance of entrepreneurship education in many occasions and organized several events for promoting this. Here are just some examples:

- The Oslo Agenda for Entrepreneurship Education in Europe (2006) – a framework to implement entrepreneurship throughout Europe
- The Budapest Agenda: Enabling Teachers for Entrepreneurship Education (2011) - wide introduction of compulsory entrepreneurship education and developing effective teacher education systems for entrepreneurship.
- First Laboratory for teacher education on Entrepreneurship (Dublin, 2012) - enabling teachers for entrepreneurship education in initial teacher education.

- Second Laboratory on enabling teachers for entrepreneurship education – continuing professional development, (Brdo, Slovenia 2012).

In 2006 the European Commission and Norway came with a framework to implement entrepreneurship throughout Europe and some years after, in Budapest was decided a plan to introduce compulsory entrepreneurship education in schools, while the specific methods and more details were discussed in two ‘laboratories’ in Dublin and Brdo.

One of the conclusions was that entrepreneurship education should be considered a key competence for all young people and entrepreneurship should be taught at all stage of the education process, starting from primary schools and continuing to universities.

Entrepreneurship education has to start in the primary schools because, as we mentioned before, entrepreneurship is above all a mindset. Entrepreneurship education should help children develop a sense of self-reliance. It should challenge them to take initiative, take some risks and think critically and independently. Teachers should take advantage of their natural curiosity. Children are already very imaginative and creative and we just have to encourage them to use their talents and natural skills through different games and business/ entrepreneurial simulation. They mostly have a divergent thinking which generates a great numbers of ideas, often unusual and they make unique and surprising associations or correlations. Later on, as entrepreneurs they should be prepared to recognize the opportunities and then to exploit them.

How can entrepreneurship be taught? Using examples of successful entrepreneurs and best practice cases is probably the most used approach. But, how effective it is? For sure it helps a lot, but entrepreneurship is not so much about ideas, as it is about applying ideas in the real world. Therefore a change in attitude is needed among the young people. On the one hand, aspiring entrepreneurs should be able to recognize viable business opportunities and to have the power to bring them into action, and on the other hand to change the pattern of reasoning from causal to effectual³⁰. To achieve these objectives, the students need real life experience as entrepreneurs. Real life experience is often about failure, but this will also contribute to their formation as entrepreneurs. How can real life experiences be integrated in the education process? We will discuss it in the next chapter about internships, business incubator and spin-offs as possible answers.

³⁰ Hammer, M.H.M. - *How Business Management benefit from Entrepreneurship*, [Proceedings- 10th International Conference on Management, Enterprise and Benchmarking \(MEB 2012\)](#), Óbuda University, Budapest, 2012, p. 4

4. Entrepreneurship at the universities

In universities, but not only, providing students with internship possibilities is a first opportunity for them, as part of their education process, to get in touch with the 'real life' experience of an entrepreneur. During these stages, the students can see and feel the satisfactions, as well as the obstacles that an entrepreneur encounters. These internship stages can vary in length from a couple of weeks to a year and sometimes they are even paid.

It is possible now, thanks to the European Commission Erasmus program, to have also international internships, the so-called Erasmus work placements, open to all the students from across Europe. Through this program the students have the opportunity to go abroad and gain experience in an enterprise or another organization. They will receive an Erasmus grant and possibly additional payment from the company.

Since 2007 when this program was initiated, the number of students who took an Erasmus placement in Europe has been growing constantly, reaching 48.083 students in 2012, with an average duration of the placement of 4.3 month³¹. For those who choose to do their internships in small enterprises, we expect that these experiences can be powerful tools which enhance their business skills through exposure to real life challenges and opportunities specific to the small business paradigm. These experiences will complement very well the formal entrepreneurial training received in a classroom setting. Actually, the Erasmus program goes much further regarding the entrepreneurship experiences. The European Commission created another exchange program named Erasmus for Young Entrepreneurs which is designated to offer the new entrepreneurs or the future ones the possibility to learn from experienced entrepreneurs, during a stage in another country in Europe where the host entrepreneurs are located. These stages are partially funded by the European Union.

A more complex approach of integrating the real life experience of entrepreneurship in the education process in the universities is by helping the students and/or the staff to start their own companies. Not simulations in laboratories, but real businesses.

³¹ Erasmus program in 2011-12: the figures explained, European Commission - MEMO/13/647 08/07/2013, available at: http://europa.eu/rapid/press-release_MEMO-13-647_en.htm

The support from the universities, for exploring business opportunities and creating start-up companies, can include the following³²:

- Assistance with preparing a business plan;
- Free office space and equipment;
- Free access to meeting and administration areas;
- Specialist industry advice from business mentors;
- Grants and financial assistance.

With such university support, students and/or staff can more easily start their own small enterprise. Sometimes such start-ups are very innovative, knowledge intensive and high tech and they exploit research available in the academic space. Small businesses created this way are often referred to as spin-offs or spin-outs.

The spin-outs are new entities formed by the staff from a parent organization (in this case, a university) which is based on some technology or intellectual property which was developed while the staff was employed there³³. The spin-outs are independent of the university, but in some cases the university might have an equity stake in these start-ups.

Regarding the spin-offs, these are part of a business that is separated from a parent company in order to develop freely. The main difference compared to spin-outs is that the spin-offs are owned and control by the university.

Some authors include in this category of spin-offs all the companies started by students and staff from a university or even those in which academic staff is in the advisory board. Other authors³⁴ are more restrictive, defining the spin-offs as companies made to exploit a piece of intellectual property created in a university. In this case, the spin-offs are a subset of all the companies created by students or staff of a university.

To summarize, we can say that spin-offs are created and developed by people that are in close relations with the university (students/staff) and represent the commercialization of the academic research.

³² EC Regional Policy, Connecting Universities to Regional Growth: A Practical Guide, September 2011, p. 18, available at:

http://ec.europa.eu/regional_policy/sources/docgener/presenta/universities2011/universities2011_en.pdf

³³ Ibidem, p. 16

³⁴ Shane, S. - *Academic Entrepreneurship: University Spinoffs and Wealth Creation*. Cheltenham, Edward Elgar Publishing, 2004, p. 4

Spin-offs, spin-outs or just simple start-up companies usually find good conditions for development in the business incubators. The incubators are an excellent structure for supporting the creation and the development of start-up companies. The main purpose of a business incubator is to provide a supportive environment for an entrepreneur. When his company is financially viable and he has developed the necessary survival skills, it leaves the business incubator and enters the open market³⁵.

In general, any incubator is providing the incubated start-ups with the following facilities³⁶:

1. shared office space, free or rented;
2. a pool of shared support service to reduce to reduce overhead costs;
3. professional business support or coaching;
4. network provision, internal and/or external.

Beside business incubator, around some universities we can find technology, research or science parks which are created to support the development of more mature companies, but not only and usually they do not offer business assistance like the business incubators.

Not only the universities are hosting business incubator, but we can also find across Europe independent private incubators, corporate private incubator or business innovative centers³⁷. Also, other structures, which are more and more popular, are the business accelerators.

The link between universities and business incubators should be the Technology Transfer Office (TTOs) or the Knowledge Transfer Office (KTOs). Those offices identify commercially viable academic research and bring it to start-up or spin-off companies in the incubators, usually in exchange for an equity stake. Such technology transfer offices are very useful in any university because, otherwise, very often the academic research remain only at theoretical level. According to ProTon (The European Knowledge Transfer Association) and based on the 329 KTOs that participated in their survey, 549 spin-offs were created in 2011 in

³⁵ Lyons, T.S., Li, S. - *The state of the Wisconsin incubation industry in 2002: an analysis of the results of the survey of membership*. Report prepared for The Wisconsin Business Incubator Association, 2003, p. 2

³⁶ Bergek A., Norrman C. - *Incubator best practice: A framework*, 2008, Technovation, Volume 28, Issue 1-2, 20-28, 2008, p.21

³⁷ Grimaldi R., Grandi A. - *Business incubators and new venture creation: an assessment of incubating models*, Technovation, Volume 25, Issue 2, 2005, p.111

Europe with the help of the European knowledge transfer offices.³⁸ The same survey shows that the European KTOs are 14 years old on average compared with the U.S. ones which have an average age of 18.5 years. European KTOs create an average of 1.9 spin-offs per KTO, relatively modest compared to the American average of 3.5 per KTO³⁹. Most of the KTOs in Europe are still very young (majority of them created only after the year 2000) and therefore we can say that this phenomenon is in process of development and hopefully will grow much faster in the next years.

5. Conclusions

Education in general and entrepreneurship education in particular, should not be considered a public expenditure, but an investment. In fact this investment has one of the highest returns for a country, but because of the long cycle, very often is considered just a public expenditure. Entrepreneurship education is vital for the creation of new companies, because this develop on the young people the necessary skills and attitudes for an entrepreneur. According to different surveys⁴⁰, between 15 to 20% of students who participated in a mini-company program in secondary school will start later on in life their own company⁴¹.

SMEs from most of the countries in Europe have not yet reverted to their pre-crisis level of value added and employment. Only three countries, out of the 27 members of the EU, exceeded their pre-crisis level in 2011: Austria, Germany and Malta⁴². One main explanation why SMEs in Austria and Germany performed better, both in terms of value added and employment, consist in the fact that these two countries have a high proportion of them operating in the high-tech manufacturing and knowledge intensive services. It is well known

³⁸ Piccaluga A., Baldere C., Daniele C. – The ProTon Europe Ninth annual Survey Report (fiscal year 2011), ProTon Europe, December 2012, p. 15

<http://www.protoneurope.org/download/Proton%202011%20report.pdf>

³⁹ Ibidem p. 9

⁴⁰ EC – *Entrepreneurship 2020 Action Plan - Reigniting the entrepreneurial spirit in Europe*, Brussels, 2013, p.5

⁴¹ Jenner C. – *Business and Education: Powerful Social Innovation Partners*, Stanford Social Innovation Review, 2012

⁴² Ecorys, *EU SMEs in 2012: at the crossroads. Annual report on small and medium-sized enterprises in the EU*, Rotterdam, 2012, p. 63

that the high-tech and the knowledge-intensive sectors are considered drivers of competitiveness at the EU level⁴³.

Considering this state of facts, more support is needed all across Europe for the development of such high-tech or knowledge intensive SMEs. This support can be for establishing more incubators around the Universities, which will lead to the creation of more spin-off or spin-outs that will use the academic research. Best practice cases of cooperation between universities, knowledge transfer offices and business incubators, should be replicated all around Europe.

Bottom line is that we believe that all these factors together (entrepreneurship education, spin-offs, spin-outs, business incubators, academic research and the technology transfer offices) can help, on the medium term, the European Union to achieve its objective, outlined in the Europe 2020 strategy of smart growth, of developing an economy based on knowledge and innovation.

References:

1. Arundel A. et al. (2013) – *Knowledge Transfer Study 2010-2012*, Directorate General for Research and Innovation, Luxembourg, available at:
http://ec.europa.eu/research/innovation-union/pdf/knowledge_transfer_2010-2012_report.pdf
1. Bergek A., Norrman C. (2008) - *Incubator best practice: A framework*, 2008, Technovation, Volume 28, Issue 1-2, 20-28, available at:
<http://www.sciencedirect.com/science/article/pii/S0166497207001046>
2. Casanovas G., Bruno A. (2013) - *Scaling social ventures. An exploratory study of social incubators and accelerators*, Journal of Management for Global Sustainability 2, p. 173–197
3. Ecorys (2012) - *EU SMEs in 2012: at the crossroads. Annual report on small and medium-sized enterprises in the EU*, Rotterdam, available at:
http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/supporting-documents/2012/annual-report_en.pdf

⁴³ Racolta-Paina, Nicoleta Dorina; Burc -Voicu, N. I., *The Competitiveness of SMEs in the EU Member States. Challenges and Lessons Ahead for Romania*, Studia Europaea, Categ CNCSIS B+, Anul LVIII, 3, p. 51, 2013
<http://www.studia.ubbcluj.ro/serii/europaea>

4. EC (2013) – *Entrepreneurship 2020 Action Plan - Reigniting the entrepreneurial spirit in Europe*, Brussels, available at:
http://ec.europa.eu/enterprise/policies/sme/entrepreneurship-2020/index_en.htm
5. EC (2011) – *Entrepreneurship education. Enabling teachers as a critical success factor*, Final report, Bruxelles, available at:
http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/files/education/teacher_education_for_entrepreneurship_final_report_en.pdf
6. EC (2008) – “Think small first” A ‘Small Business Act’ for Europe, Brussels
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52008DC0394:EN>
7. EC (2000) – *European Charter for Small and Medium-Sized Enterprises, June 2000*
http://ec.europa.eu/enterprise/policies/sme/files/charter/docs/charter_en.pdf
8. EC Regional Policy (2011) - *Connecting Universities to Regional Growth: A Practical Guide*, September 2011,
http://ec.europa.eu/regional_policy/sources/docgener/presenta/universities2011/universities2011_en.pdf
9. Colombo M., Delmastro M. (2002) - *How effective are technology incubators? Evidence from Italy*, Research Policy, Vol. 31, p. 1103–1122
10. Duma F., (2012), *Developments and Constraints for the Romanian Small and Medium-Sized Enterprises*, in Proceedings- 10th International Conference on Management, Enterprise and Benchmarking (MEB 2012), Budapest, p. 131-142, http://kgk.uni-obuda.hu/sites/default/files/09_Duma%20Florin.pdf
11. Flash Eurobarometer (2007) – *Entrepreneurship Survey of the EU25*, United States, Iceland and Norway, The Gallup Organization Hungary, available at:
http://ec.europa.eu/public_opinion/flash/fl_192_en.pdf
12. Flash Eurobarometer (2012)– *Entrepreneurship in the EU and beyond*, TNS Opinion and Social, available at:
http://ec.europa.eu/public_opinion/flash/fl_354_en.pdf
13. Gibb A., Haskins G. (2013) – *The University of the Future. An Entrepreneurial Stakeholder Learning Organization?*, Handbook of Research in Entrepreneurial Education, Volume 4, Entrepreneurial University Handbook, Published by Edward Elgar

14. Gibb, A. (2002) - *Creating conducive environments for learning and entrepreneurship: living with, dealing with, creating and enjoying uncertainty and complexity*, Published in: Industry and Higher Education June 2002, p. 135 - 147
15. Grimaldi R., Grandi A. (2005) - *Business incubators and new venture creation: an assessment of incubating models*, Techovation, Volume 25, Issue 2
<http://www.sciencedirect.com/science/article/pii/S0166497203000762>
16. Hammer, M.H.M. (2012) - *How Business Management benefit from Entrepreneurship*, Proceedings- 10th International Conference on Management, Enterprise and Benchmarking (MEB 2012), Óbuda University, Budapest, p.4
17. Irimie C., Maru ca L. (2010) – *Think small first – un principiu european pentru sprijinirea mediului de afaceri din România*, Revista Transilvan de tiinte Administrative, 1 (25)/2010
18. Jenner C. (2012) – *Business and Education: Powerfull Social Innovation Partners*, Stanford Social innovation Review, available at:
http://www.ssireview.org/blog/entry/business_and_education_powerful_social_innovation_partners
19. Lyons, T.S., Li, S. (2003) - *The state of the Wisconsin incubation industry in 2002: an analysis of the results of the survey of membership*, Report prepared for The Wisconsin Business Incubator Association
http://danedocs.countyofdane.com/webdocs/PDF/PlanDev/ComprehensivePlan/updates/house_econ/2004/20040112_wbia_report.pdf
20. Mariotti, S., Glackin, C. (2012)– *Antreprenoriat. Infiin area i administrarea unei întreprinderi mici*, Bizkit, Bucuresti
21. Mustar P., Wright M., Clarysse B. (2008) - *University spin-off firms: lessons from ten years of experience in Europe*, Science and Public Policy, March 2008, available at:
<http://spp.oxfordjournals.org/content/35/2/67.full.pdf>
22. Piccaluga A., Baldere C., Daniele C. (2012) – *The ProTon Europe Ninth Annual Survey Report (fiscal year 2011)*, ProTon Europe, available at:
<http://www.protoneurope.org/download/Proton%202011%20report.pdf>
23. Racol a-Paina, N. D., Burc -Voicu, M. I. (2013) - *The Competitiveness of SMEs in the EU Member States. Challenges and Lessons Ahead for Romania*, Studia Europaea, Year LVIII, 3, pp. 37-60, <http://www.studia.ubbcluj.ro/serii/europaea>

24. Racol a-Paina, N. D. (2013) - *Analiza competitivitatii IMM-urilor din Uniunea Europeană (2007-2011) – procesul de formare*, în Liviu âr u (ed.), Interferențe euro-atlantice. 20 de ani de studii europene la Universitatea "Babe-Bolyai", Cluj-Napoca, Editura Fundației pentru Studii Europene, p. 272 – 290
25. Rae, D. (2007) – *Entrepreneurship: From Opportunity to Action*, Palgrave Macmillan, New York
26. Schoof, Ulrich (2006) - *Stimulating Youth Entrepreneurship: Barriers and incentives to enterprise start-ups by young people*, international Labour Organization, Geneva
27. Shane, S. (2004) - *Academic Entrepreneurship: University Spinoffs and Wealth Creation*. Cheltenham, Edward Elgar Publishing
28. UEAPME (2014) - *The EU Craft and SME Barometer 2014/H1, SME Climate Index up to 67.9, but no recovery for SMEs yet*, available at:
http://www.ueapme.com/IMG/pdf/140318_Barometer_2014H1.pdf

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.