

Entrepreneurship and Education in European Union Countries

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Abstract: *The present paper aims to analyze the evolution of the concept of entrepreneurship over time.*

In order to write this paper, the authors studied the management literature which approached the concept of entrepreneurship, and reports, strategies, policies and action plans of the European Commission regarding the subject of entrepreneurship in the European Union, the involvement of higher education institutions in promoting entrepreneurship etc.

The paper also aims to highlight the role of entrepreneurship in the development of Small and Medium Enterprises in the European Union and in creating new jobs.

The paper also examines the way in which education and training programs, implemented within higher education institutions, could contribute to the development of entrepreneurship in the European Union countries.

Keywords: *entrepreneurship, higher education, EU policies, Europe 2020, management, risk management*

Introduction

The global economic crisis has required a deep analyze and redesign of the economic systems in order to increase their efficiency and sustainability. In this respect, entrepreneurship was considered as a viable solution for improving performances related to employment, economic reform and social cohesion.

Europe 2020 strategy recognizes entrepreneurship and self-employment as one of the key factors of smart, sustainable and inclusive growth. Taking into account this aspect, European Commission created the Entrepreneurship Action Plan which aims to promote entrepreneurial culture in EU countries, to change the public perception of entrepreneurs, to remove existing obstacles and to develop entrepreneurial skills through education and training programs.

1. General Considerations Regarding Entrepreneurship and Entrepreneurial Skills

Even entrepreneurship has been represented since ancient times as the main way of creation and business development, management literature studied relatively late this concept, has provided important this concept is relatively late.

The old sense of the word meant a speculative person investing their own capital in stocks, land and operate machinery or manpower to personal profit.

First theoretical approach of the term belongs to French economist **Richard Cantillon** who presented the concept in the paper called [1] Essay on the Nature of Trade in General. According to Cantillon the entrepreneur is a person who pays a certain price for a product to resell it at an uncertain price, thereby making decisions about obtaining and using the resources while consequently admitting the risk of enterprise.

Also, the word was explained for the first time in the French dictionary "Dictionnaire Universel de Commerce" published in 1723 [1, 51].

As we can see, Cantillon associated the term of entrepreneur with decision making process in an uncertain environment and based on voluntary risk assumption.

In 1803 **Jean-Baptiste Say** presents the entrepreneur as a person who procures the resources and organizes the production in order to obtain a benefit for themselves and also for the owners of the resources. In his opinion, the entrepreneur is an economic agent who puts together all means of production- the land, the labour and the capital which belongs to different persons- in order to produce a product. By selling the product in the market he pays rent of land, wages to labour, interest on capital and what remains is his profit. He shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.

We can conclude that, according to J.B Say the major entrepreneur concern is to obtain a favourable result due a better planning and exploitation of the resources.

Entrepreneurship theories developed and, in 1934 **Joseph Alois Schumpeter** defined entrepreneurs as innovators who use a process of shattering the status quo of the existing products and services, to set up new products, new services. He also stated the fact that the success and goals accomplishment is the most important motivator factor for the entrepreneurs and not only the profit.

Schumpeter also identified several major characteristics which can define the entrepreneur behaviour, such as [2]:

- greatly value self-reliance;
- strive for distinction through excellence;
- are highly optimistic;
- always favour challenges of medium risk.

Modern entrepreneurial definitions associate the entrepreneurship with the success, innovation and opportunities exploitation. **Peter Drucker** in 1964 stated that the entrepreneur searches for change, responds to it and exploits opportunities. Innovation is a specific tool of an entrepreneur hence an effective entrepreneur converts a source into a resource [3, 21].

Based on these definitions, we can conclude that, in our opinion, the entrepreneur represents an active, innovative, adaptable, skilled and creative person working in economic systems based on competition, risk and private initiatives that recognize opportunities and take responsibility for finding resources and starting a business, operation and management in order to get profit, while assuming all risks and responsibilities of their actions.

2. The Importance of Entrepreneurship in Present Day Society

Starting with Lisbon European Council, organized in March 2000, entrepreneurship topic became more and more important and it was appreciated as a viable solution for improving European performances related to employment, economic reform and social cohesion.

Ten years late, Europe 2020 strategy recognizes entrepreneurship and self-employment as one of the key factors of smart, sustainable and inclusive growth.

Based on Europe 2020 strategy, European Commission created the Entrepreneurship Action Plan which aims to promote entrepreneurial culture in EU countries, to change the public perception of entrepreneurs, to remove existing obstacles and to develop entrepreneurial skills through education and training programs.

The Entrepreneurship 2020 Action Plan is structured on three main parts [4], [5]:

- Entrepreneurial education and training;
- Creation of an environment where entrepreneurs can flourish and grow;
- Developing role models and reaching out to specific groups whose entrepreneurial potential is not being tapped to its fullest extent or who are not reached by traditional outreach for business support.

The main goals of this Action Plan are [4]:

- to encourage unemployed people to start their own businesses;
- to improve the sustainability and quality of work of self-employed businesses;

- to support social entrepreneurs;
- to support entrepreneurs through its financial and business support services;
- to assisting female entrepreneurs, disadvantaged or disabled people, who are interested in starting their own businesses.

The development of entrepreneurship has important benefits as regarding economic and social perspective. It is widely recognized the fact that entrepreneurship contributes not only to job creation, competitiveness and growth; but also contributes to personal and social objectives achievement.

In order to identify and implement effective actions for developing the entrepreneurship in European Union countries, European Commission's Directorate "Enterprise and Industry" conducted a research on the development of entrepreneurship in EU Member States for over a decade. The main objectives of the study Flash Eurobarometer No 354 "Entrepreneurship in the EU and beyond" were related to the image of entrepreneurs, the importance of the entrepreneurship in economic and social development, which are the most important barriers and which is the role of education and training programs in developing entrepreneurial skills [5].

Regarding the role of entrepreneurship the study stressed the fact that 87% of the EU citizens consider that entrepreneurs are job creators, with 49% totally agreeing and 38% tending to agree. In 26 EU countries, at least eight out of 10 respondents agree that entrepreneurs are job creators. A particularly high proportion of people take this view in Finland (97%), Estonia (95%) and Sweden (94%). Cyprus (77%) is the only member state where less than 80% of respondents agree that entrepreneurs create jobs [5].

Statistic data confirms that fact. SMEs with 20.7 million firms represented in 2012 more than 98% of all enterprises, of which 92.2% are firms with less than ten employees. For 2012 it is estimated that SMEs accounted for 67% of total employment, representing more than 87 million people employed the EUs SMEs. On average, European Union SMEs employed 4.22 people in 2012, 4.23 in 2011 and decreased continuously in the last years from 4.34 employees in 2005 [6, 14].

Another major conclusion of the study regarding the role of the entrepreneurship in society identify the fact that 79% of the European Union citizens agree that entrepreneurs create new products and services that benefit of all the community. In 13 member states, 80% of people agree the fact that the entrepreneurship is the main source of growth and innovation. In Finland, 92% of people agree with this statement, as do 89% in both Ireland and Sweden. Bulgaria, Cyprus, Hungary, Portugal and Slovakia (all 72%) registering the lowest levels of agreement. The results are more mixed among the non-EU countries [5, 43].

Statistic data stress the fact that SMEs contribute to more than half of the total value-added created by businesses in the EU. Moreover, SMEs are the true back-bone of the European economy, being primarily responsible for wealth and economic growth, next to their key role in innovation and R&D. What is even more intriguing is that nine out of ten SMEs are actually micro enterprises with less than 10 employees. Hence, the mainstays of Europe's economy are micro firms, each providing work for two persons, in average [6, 15].

3. The Role of Education in Entrepreneurship Development

There are several factors which influence the decision to start-up a new business: the existence of a suitable opportunity or market; the perception that starting a company might be difficult due financial obstacles; or the need to certain skills and knowledge. In this respect EU launched programs for encouraging entrepreneurial initiatives and to stimulate EU citizens to create new businesses.

Concerning the interest of creating a new business or taking over a business the EU research conducted in EU countries, "Entrepreneurship in the EU and beyond", identified the following aspects:

- 34% of people take into consideration self-employment within five years as a feasible opportunity for them have taken part in an entrepreneurship course, and only 18% of the total respondents refuse this option.

- 44% of respondents who are starting a new business have taken part in an entrepreneurship course; this is compared with 30-32% of people who have previously started or taken over a business, and 20% of people who have no plans to start a business.

Regarding the role of education in stimulating entrepreneurship and new business creation the EU research conducted in EU countries and other developed and emergent countries, “Entrepreneurship in the EU and beyond”, identified the following aspects [5]:

- Only 23% of EU respondents say that they have taken part in a course or activity about entrepreneurship and the other 76% have not done this. Country results range from the 39% of people in Finland who have done this to the 15% in both Malta and the UK. In Japan, only 9% have done this. Young and male respondents were more involved in this kind of activities than adult and women, as presented in Figure no. 1.

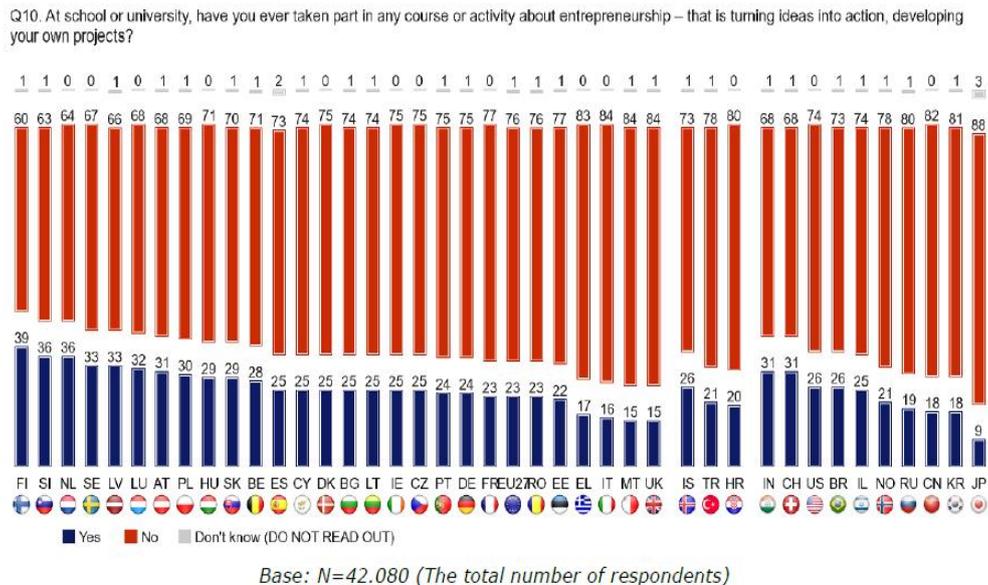


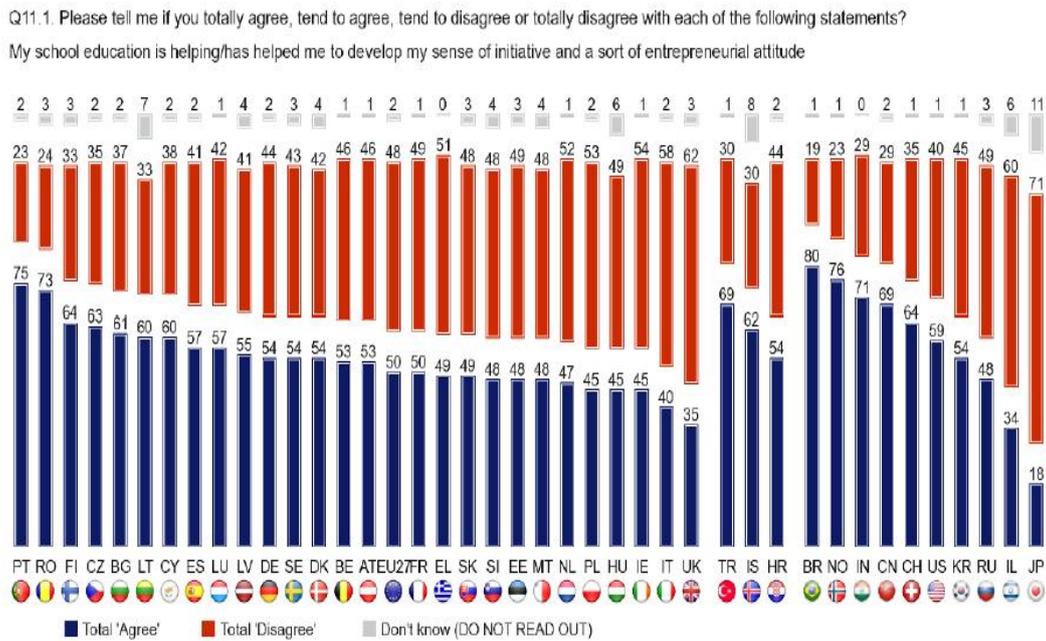
Figure no. 1 Participation to entrepreneurship training programs [5]

- 50% of EU respondents (50%) agree that their school education helped them to develop a sense of initiative and a sort of entrepreneurial attitude.
- More than 40% also agree that their school education helped them to better understand the role of entrepreneurs in society (47%); and that that their school education gave them the skills and know-how to enable them to run a business (41%).
- Only 28% agree that their school education made them interested in becoming an entrepreneur.
- Country variations are substantial on this question. For example, 65% of respondents in Portugal agree that their school education made them interested in becoming an entrepreneur, but only 17% of those in Germany and the UK think this. The difference is even wider outside the EU, ranging from 74% in Brazil to 15% in Japan.

A research conducted by EU higher education institutions, called Survey of Entrepreneurship in Higher Education in Europe, identified the fact that entrepreneurial education is still immature in the sense that it is often person driven and depends upon the efforts of individuals rather than a collective, strategic effort on the part of the HEI or national government. This has an impact on the number of academics involved in entrepreneurial education, and thereby, of course, on how well entrepreneurship can be spread in an institution [7].

The study also highlighted the fact that developing entrepreneurial training programs and courses needs important human and financial resources for developing courses, organizing extra-curricula programs, creating entrepreneurial centre etc. The study identified that there is insufficient financial and human resources dedicated to develop this kind of activities. All the studied institutions spend less than 50Euros per student for entrepreneurial activities. We have to stress the fact that that seven of the

top ten EU institutions support their entrepreneurial goals with dedicated funding, while only one of the bottom ten institutions does.



Base: N=42.080 (The total number of respondents)

Figure no. 2. Role of school education in stimulating entrepreneurial attitude [5]

The survey also points to differences across the different regions of Europe. More institutions in Western Europe offer entrepreneurial education compared to Eastern Europe. The Eastern Europe institutions created centres for developing entrepreneurship and involve different institutions, companies, professors. On the other hand, Western European institutions allocated more resources for developing entrepreneurial education than the Eastern ones.

European Commission Regional Policy stipulated in September 2011 the fact that for the next years, universities should play in entrepreneurship development. According to this policy, universities can stimulate entrepreneurship in the following directions [8, 45]:

- Promoting the development of entrepreneurial attitudes by teaching students to become more enterprising;
- Providing students with internship opportunities in businesses in the local economy which will teach them business skills;
- Offering support to staff and students in order to start up their own businesses, the so-called spin-outs or spin-offs, by assisting them in writing a business plan, providing them with an adequate location, guiding them in the use of the adequate equipment, specialist advice from business mentors and financial assistance.

Conclusions

Entrepreneurship has been since ancient times the main way of creation and development of business and society in general. Over time, the concept of entrepreneurship has been studied in the management literature, being successively associated with speculative person, planning and efficient management of resources, creativity and risk taking.

During contemporary period entrepreneurship was considered as a viable solution for improving European performances related to employment, economic reform and social cohesion. Europe 2020 strategy recognizes entrepreneurship and self-employment as one of the key factors of smart, sustainable and inclusive growth. Based on Europe 2020 strategy, European Commission created the Entrepreneurship Action Plan which aims to promote entrepreneurial culture in EU countries, to change the public perception of entrepreneurs, to remove existing obstacles and to develop entrepreneurial skills through education and training programs.

A special importance is given to the education and development of entrepreneurship, being regarded as one of the ways to stimulate entrepreneurship in the EU. Studies conducted over time in EU countries showed that higher education institutions in the EU are insufficiently engaged in the creation and development of entrepreneurial education programs.

Based on the literature studied, we consider that increasing the involvement of universities in promoting entrepreneurship requires a closer cooperation between universities, business and professional associations, accompanied by funding these programs specifically for EU funds.

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Supplementary recommended readings

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