

Education for Entrepreneurship – Good Practice Example from Croatia

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Abstract

Supporting development of entrepreneurial climate needs to have a basis in educational system. Investment in entrepreneurial competences of students at higher education level represents a backbone of economic development, by steering primarily development of small and medium enterprises (SMEs). The most developed countries have recognised a need for supporting entrepreneurship, developing entrepreneurial climate and forming the frame that supports lifelong learning for entrepreneurship. Good practice example from South East Europe (specifically Croatia) provides overview of specific initiatives undertaken by educational and other relevant institutions in developing entrepreneurial competences at higher education level. Student Business Incubators represent a crucial support for students' start up companies that needs to be nurtured from their establishment in order to help them survive and grow during uncertain years of doing business on the real market. Network of Student Business Incubators is a national initiative from Croatia, forming a partnership between HEIs, where students will be supported in establishing and running their real companies. They will have mentors (professors and entrepreneurs) that will support them in doing real business through all phases – from planning and developing to implementing their business ideas. The significant role of Student Business Incubators is in their ability to increase the survival rates of new businesses. Existence of business incubators is particularly important at the level of higher education, as it represents a place where education, research and economy meet. This entrepreneurial initiatives are important also for building closer relationships between the world of education, research and economy/business.

Keywords: entrepreneurship, education, business, higher education, incubator.

1. INTRODUCTION

Implementation of entrepreneurial education is recognized in European Union (EU), as one of the basis for building more competitive economy based on knowledge. In order to achieve smart growth, Europe has to improve its performance in education, research, innovation and digital society. Higher education institutions (HEI) have important part in implementing this strategy because of its connection with research and innovation and the role in educating young people and therefore preparing them for the real business world. Highly educated human resources, adaptable to the ever changing market needs have to be the main output of HEIs in order to support achievement of EU long term goals. This is especially important in this time of economic downturn, where the highlight is put on steering entrepreneurship and developing entrepreneurial education, as the engine for building employment and creating innovative SMEs. This paper aims to research specific entrepreneurial initiatives that are undertaken in South East Europe (specifically Croatia) and that can serve as a good practice example in developing entrepreneurial competences of economic as well as non-economic students.

2. EDUCATION FOR ENTREPRENEURSHIP IN EUROPE

The importance of education for entrepreneurship has been widely recognized throughout the Europe recent years, especially in this time of crisis, as quality education and training represent key elements for steering entrepreneurial mindset in society. Small and medium entrepreneurs need to be on the forefront of European economy in order to create employment and better future for all European citizens. Every individual needs to have sense of initiative and entrepreneurship, as one of the eight key competences of lifelong learning according to European Commission. Furthermore, future entrepreneurs need to gain right mix of knowledge and skills, and these competences must be developed through their educational process. Support from educational institutions is of utmost importance when it comes to developing students' ideas into real business through student business incubator. Implementation of entrepreneurial education therefore needs to be a part of European development

strategies, therefore numerous measures were undertaken by European Commission in order to implement lifelong learning for entrepreneurship and foster entrepreneurial mind-set. All relevant European strategies for entrepreneurial learning will be explained below.

2.1. European Charter for Small Enterprises

European Charter for Small Enterprises (European Commission, 2000) highlighted the fact that *“small enterprises are the backbone of the European economy”* and that specific action measures need to be undertaken in order to achieve objective from Lisbon strategy for the EU to *“become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, more and better jobs and greater social cohesion”*. The Charter highlights the importance of education and training for entrepreneurship where Europe needs to *“nurture entrepreneurial spirit and new skills from an earlier age”* and make *“specific business-related modules as an essential ingredient of education schemes at secondary level and at colleges and universities”*.

According to the Green Paper: Entrepreneurship in Europe (European Commission, 2003: 12) *“Education and training should contribute to encouraging entrepreneurship, by fostering the right mind-set, awareness of career opportunities as an entrepreneur and skills.”* At the level of higher education, development of so called “soft” entrepreneurial skills among students need to be accompanied by managerial skills, and not only connected to MBA students but also students from technical/technological universities.

In the Recommendation of the European Parliament and of the Council (2006) on key competences for lifelong learning, eight key competences needed for every citizen were defined. One of them is *“sense of initiative and entrepreneurship”*, representing the *“ability to turn ideas into action. It involves creativity, innovation and risk-taking, as well as the ability to plan and manage projects in order to achieve objectives.”*

Oslo Agenda for Entrepreneurship Education in Europe (European Commission, 2006a) was the main outcome of the Oslo Conference on "Entrepreneurship Education in

Europe – Fostering Entrepreneurial Mind-sets through Education and Learning", as a "step up progress in promoting entrepreneurial mind-sets in society, systematically and with effective actions". The Agenda contains many proposals for different stakeholders of how to implement entrepreneurial education, applying it to the local level.

A need for promoting incubation and growth of small enterprises is stressed out in the European strategy for smart, sustainable and inclusive growth (European Commission, 2010b), as a continuation of Lisbon strategy. By smart growth EU means improving the performance in:

- education - encouraging people to learn, study and update their skills;
- research/innovation - creating new products/services that generate growth and jobs and help address social challenges;
- digital society - using information and communication technologies.

These European strategies serve as a basis for countries that want to develop their own system of entrepreneurial education and provide them guidelines for implementing specific measures for supporting development of entrepreneurship.

3. DEVELOPMENT OF ENTREPRENEURIAL EDUCATION IN CROATIA

Croatia is a country that is accessing EU in 2013 and therefore must be prepared for European market through developing existing education system and adjusting it to the needs of the labour market. On the other side, due to the importance of entrepreneurship, there is a necessity for building and developing lifelong learning for entrepreneurship at all levels of education. Systematic approach in developing entrepreneurial education in Croatia is ensured through strategic partnerships within the South East Europe. In 2007 the Ministry of Economy, Labour and Entrepreneurship of the Republic of Croatia took an initiative to establish structured co-operation amongst the countries of South Eastern Europe on lifelong entrepreneurial learning - *South East European Centre for Entrepreneurial Learning (SEECEL)*, with the Republic of Croatia as the host country (www.seecel.hr).

SEECEL is focused on addressing four pillars:

- Development of the entrepreneurship key competence (ISCED 2 level);

- Promotion of entrepreneurship at the third level education (ISCED 5/6 level) within non-business disciplines;
- Enterprise-driven training needs analysis;
- Dissemination and promotion of good policy and good practice.

Entrepreneurial competence is not yet fully developed and implemented in the Croatian educational system. In June 2010 Croatian Government adopted a *Strategy for Entrepreneurial Learning 2010 – 2014*, with the main goals to: “sensitize the public about entrepreneurship and develop a positive attitude towards lifelong learning for entrepreneurship; to introduce entrepreneurship as a key competence in all forms, types and levels of formal, non-formal and informal education and learning” (Croatian Government, 2010).

Education for Entrepreneurship (E4E) is a Croatian national coordination with the strategic goal to promote entrepreneurial learning as a key competence in all levels and forms of education, consisting of all the relevant institutions that form a partnership for implementation of entrepreneurial learning in Croatia, such as: Ministry of Entrepreneurship and Crafts; Ministry of Science, Education and Sports; Croatian Chamber of Economy; Croatian Employment Service; University College for Economics, Entrepreneurship and Management Nikola Subic Zrinski; etc. (National Coordination of Education for Entrepreneurship, 2012).

From these initiatives on strategic level in Croatia, it can be seen that relevant measures have already been undertaken in forming a basis for implementation of entrepreneurial education. In the following chapter, good practice examples on implementing entrepreneurial education in Croatia will be presented.

4. GOOD PRACTICE EXAMPLE – NETWORK OF STUDENT BUSINESS INCUBATORS

Importance of implementing entrepreneurial learning is foremost visible in signing of *A Charter for Entrepreneurial Learning: The Keystone for Growth and Jobs* in 2012 by the eight EU pre-accession countries from South East Europe, with the support of the European Commission and European Training Foundation. The objective of the charter is to reinforce development and progress in lifelong entrepreneurial learning policy

improvement, good practice sharing and regional cooperation. It is based on the following principles: lifelong entrepreneurial learning, entrepreneurship as a key competence, EU policy framework, partnership, do-working developments (sharing of good practice) and social and environmental responsibility (Entrepreneurship, 2012).

Before elaborating the role of Student Business Incubators (furthermore SBI) in entrepreneurial learning it is necessary to define what is a Business Incubator.

European Commission (2010a) defines Business Incubator as a *“place where the incubation activities are carried out, and where the would-be entrepreneurs and the existing SMEs find a suitable place, in terms of facilities and expertise, to address their needs and develop their business ideas, and transform them into sustainable realities”*.

According to the definition of National Business Incubation Association (2009) *“Business Incubators nurture the development of entrepreneurial companies, helping them survive and grow during the start-up period, when they are most vulnerable.*

These programs provide their client companies with business support services and resources tailored to young firms. The most common goals of incubation programs are creating jobs in a community, enhancing a community’s entrepreneurial climate, retaining businesses in a community, building or accelerating growth in a local industry, and diversifying local economies”.

Student Business Incubators are established by universities, representing a link between academic and business world and having a supportive environment through professors acting as mentors of student companies. This concept is especially important for students that are at the end of their study, preparing them for the real business world and making self-employment as one of the valuable options. The main goal of the SBI is to provide support for students' start-up companies through their first critical steps in doing business when they are most vulnerable. But not only providing this needed support, but also to encourage students to think entrepreneurial and become financially independent. Additional value of the SBI is that students learn how to manage a company in a safe environment which allows them to prepare themselves for the real market.

Student Business Incubators represent a good tool for entrepreneurial education by:

- Encouraging students in entrepreneurial way of thinking, being creative, innovative, responsible, risk-taking, able to plan and manage projects, etc.;
- Financial, technical and advisory support to students in establishment of their own sustainable businesses;
- Preparation of students for the real business world through development of business plans for their companies;
- Participating in workshops, seminars and round tables held by successful entrepreneurs;
- Cooperation development and networking of educational institutions with real business world.

There are three stages of incubation process: pre-incubation, incubation and post-incubation (Figure 1). The most important stage for Student Business Incubators is the first stage that is providing support to the students in developing their business idea, model and plan.

Incubation stage provides support from the start-up to the expansion phase and post-incubation implies activities in maturity phase of incubated company. University established incubators are usually pre-incubators (European Commission, 2010a).

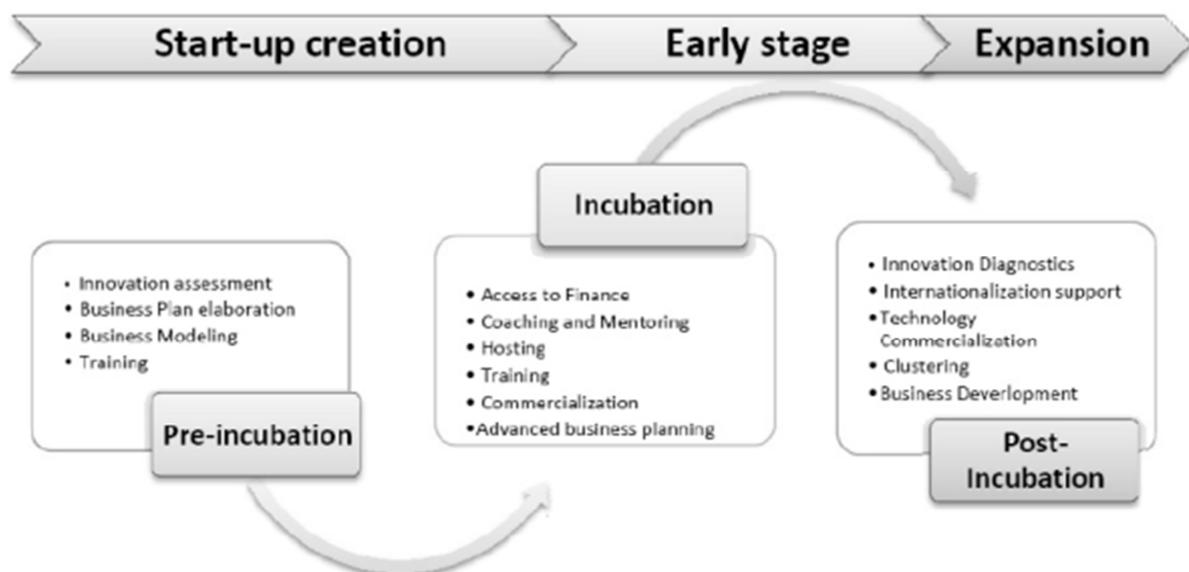


Figure 1: Stages of incubation process (European Commission, 2010a: 8)

As indicated in SEECEL strategic plan *“Entrepreneurial university needs to be the frontrunner of sustainable growth and development”* (Heder et al., 2012: 24). According to Cizmadija (2011: 136) Croatian good practice example in managing SBI is University College of Economics, Entrepreneurship and Management Nikola Subic Zrinski (UCEEM-NSZ), a higher education institution that enables their students in managing small and medium enterprises through practical implementation of entrepreneurial knowledge and skills. In line with the syllabus of UCEEM-NSZ for the subject *“Integral management of the company”* and following the European and world directives for fostering entrepreneurship, the SBI is initiated as the central advisory body to provide organisational and advising help for students in managing their company. This is a unique form of supporting students in their entrepreneurial activities in Croatia, providing them an opportunity for facing the real market and placing their business ideas. This innovative Incubator goes through all stages of incubation process. Incubation and post-incubation phase in this SBI means establishing real student companies and providing them support after leaving the Incubator. During first year of their study, students are introduced with theory in management of an SME. At the 2nd year of their study students of UCEEM-NSZ establish a real SME with financial support from their University for initial capital. They are managing their student company while they are studying which gives them the opportunity to link theoretical knowledge with practice in a real business world. After they finish their studies they have the opportunity to be self-employed and to continue to manage and work in their student company with the support from UCEEM-NSZ (advisory, legal, accounting support etc.). Students have the support of the Business Incubator two years after finishing their study without financial charges. Currently there are four tenants in the SBI of UCEEM-NSZ that are established in 2008, 2009, 2010 and 2012. UCEEM-NSZ is the only HEI in this part of Europe that gives their students the opportunity not only to learn how to manage a real company but allows them to keep the company and to work on the real market with the support of the UCEEM-NSZ Business Incubator.

Another good practice example of initiative for entrepreneurial education in Croatia is establishment of Network of Student Business Incubator. This Network represents the initiative of a public-private consortium between Croatian Agency for SMEs and Education Group Zrinski, gathering all higher education institutions that want to implement entrepreneurial education at their institution through Business Incubators. Firstly, support to new student companies will be enabled through the virtual network of incubators and mentorship system by professors and entrepreneurs. Thereby it will create better relations between experts and business sector and increase the innovative approach to business in national economy. Not only that Business Incubators are aimed at creating jobs, revitalising communities and commercialising new technologies, they will be formed to enhance economic development in general since they are creating new generations of young entrepreneurs by providing services to support development of the business in the first vulnerable years. That can be specially highlighted when it comes to SBIs since students are having the opportunity to learn in practice how to transform their entrepreneurial idea into reality.

5. CONCLUSION

Education for entrepreneurship needs to be implemented at all levels of education, especially at higher education level where education, research and economy meet. Incubation support for newborn real student companies is considered to be a good instrument for building employment and ensuring higher survival rates of the companies in the long term period. At the level of higher education, support from educational institutions is of utmost importance when it comes to developing students' ideas into real business actions. Student Business Incubators represent the new direction in entrepreneurship education because they accelerate the development of innovative business start-ups and through creating jobs, help to support economic development. SBIs are essential in developing students' entrepreneurial competences, making a link between academic world and real business, as well as overcoming the gap between the end of educational process and employment. By providing crucial support for vulnerable student start-up companies in

their first years in doing business, universities are becoming the engines of innovation and self-employment. SBIs represent a significant factor in increasing survival rates of new businesses. Incubators for student companies are a good basis for development of SMEs sector, known as a backbone of employment and economic development.

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