

THE RELATIONSHIP BETWEEN EDUCATION AND ENTREPRENEURSHIP IN EU MEMBER STATES

Camelia-Cristina DRAGOMIR¹
Stelian PÂNZARU²

Abstract: *The development of entrepreneurship has important benefits, both economically and socially. Entrepreneurial education produces knowledge and highlights the importance of participating in the real issues of society, contributing thus to the economic and social progress, to a better quality of life. The EU has a duty to encourage the entrepreneurial education and the entrepreneurial initiatives in member States for job creation and competitiveness growth. Focused on this subject, the paper highlights the main connections between education and the development of entrepreneurship, underlining the significant aspects related to Romania and to EU member states. The study is based on the theoretical and applied research that we have done on the role of education in the development of entrepreneurship. The authors' opinions based on their own experience are also presented in the paper.*

Keywords: entrepreneurship, education, entrepreneurial education, EU member states, Romania.

JEL Classification: I25, M21

1. Introduction

The entrepreneurship education represents an important step for economic development and competitiveness. Building economies of success requires the formation of new skills for new jobs. Nowadays, to reach economic progress it is necessary to develop the entrepreneurial education,

¹ Spiru Haret University, Faculty of Management, Brasov, Romania, e-mail: dragomircamelial@yahoo.ro

² Spiru Haret University, Faculty of Management, Brasov, Romania, e-mail: panzarus@gmail.com

focused on the development of the entrepreneurial skills, innovation, developing the creative potential.

In the global competition of the economy, the entrepreneurial education is the main factor that makes the essential differences among countries. "Invention and entrepreneurship are at the heart of national advantage" (Porter, 1990, p. 125). The most economic developed countries are those that pay special attention to education and are more interested in the development of the educational and training programs in entrepreneurship. These states promote and facilitate entrepreneurial education to form and develop the entrepreneurial skills required by a constantly changing society. The education in entrepreneurship can be successfully developed by the involvement of the education system in partnership with business environment and promoting a culture of entrepreneurship. Therefore, school education can contribute to the developing entrepreneurship skills and to the knowledge about business and about the role of entrepreneurs in society. Also, education can contribute to the encouraging entrepreneurial initiative and to the development of the entrepreneurial attitude.

Entrepreneurship is considered a key competence for all and promoting the entrepreneurship is a central objective of the European Union for job creation and competitiveness growth. Therefore, EU has a duty to encourage the entrepreneurial education and the entrepreneurial initiatives in the member States. The European Commission places a strong emphasis on the contribution of entrepreneurial education to growth and jobs and on the promotion of entrepreneurship through education. Recently, the European Commission has included the promotion of entrepreneurship in the EU countries, in 2020 Strategy, which recognizes the entrepreneurship as one of the key elements of smart and sustainable European economy. The Commission calls on the Member States to strengthen the provision of the entrepreneurial skills. The European strategy also states that, "All young people should benefit from at least one practical entrepreneurial experience before leaving compulsory education".

2. The entrepreneurship and education

The development of entrepreneurship has important benefits, both economically and socially. Entrepreneurial education produces knowledge and highlights the importance of participating in the real issues of society, contributing thus to the economic and social progress, to a better quality of

life. The EU has a duty to encourage the entrepreneurial education and the entrepreneurial initiatives in the member States for job creation and competitiveness growth.

The entrepreneurship will enhance poverty alleviation and ultimately engender economic development at both micro and macro levels.

The entrepreneurial definitions associate the entrepreneurship with innovation, risk and the exploitation of opportunities. Entrepreneurship is more than just a mechanical economic factor (Pirich, 2001, pp. 14-15). The entrepreneurship stimulates the innovation and the change. According to Schumpeter (1911), "everyone is an entrepreneur when he actually carries out new combinations". According to Knight F.H. (1967) and Drucker P. (1970) the entrepreneurship is defined as the activity of people willing to risk their careers, activity and funds available to put in practice a new idea. The functional roles of entrepreneurs include coordination, innovation, neutralization uncertainty, supply of capital, decision making, property and resource allocation (Frijsetal, 2002; Jääskeläinen, 2000). Summarizing these roles, Wennekers and Thurik (1999, pp.46-47) define the entrepreneurship as „... the ability and willingness of individuals, on their own or in teams within and outside of existing organizations, to perceive and create a new economic opportunities (new products, new production methods, new schemes of organization and new product-market combinations) and introduce their ideas in the market, despite uncertainty and to other obstacles, by making decisions about location, form and use of resources and institutions.”

People are looking to find optimal solutions to adapt the specifics of the current socio-economic environment and the challenges which appeared in the labour market by developing the skills and abilities that they have. The success in entrepreneurship involves a lot of knowledge, tenacity, ambition, responsibility, entrepreneurial skills (Pentiu T., Lis, C., 2013, pp. 81-93). The encouragement to start or take over a business and the entrepreneurial skills development should be important targets for each country and for each educational system. The education system is important for delivering the continuing education programs in order to develop the employees' new skills and knowledge, required by a very dynamic society (Dragomir C., 2013, pp. 78-86). In opinion of Plaschka and Welsch (1990) a higher educational attainment can influence entrepreneurship by making individuals more creative. The relationship between entrepreneurship

education and entrepreneurial intentions is demonstrated by many empirical studies. Kolvereid and Moen (1997), Lee et al. (2005), Sánchez (2011) have shown that entrepreneurship education influences individuals' intentions to start a business. It is found that the probability of being entrepreneur is higher among those who have participated in an entrepreneurship course.

The purpose of entrepreneurship education is to form those competencies necessary for obtaining a job, for developing the entrepreneurial spirit and the business initiatives in an economic environment that is rapidly changing. Entrepreneurial education implies a strong motivation for succeeding, the initiative in front of real issues of society, the accountability in risk taking.

Regarding Romania, the population encourages the values of the entrepreneurship: honesty, hard work, diligence, respect for social rules and decent behavior. However, the educational system in Romania is still focused on the transfer of information and less on developing skills, practical competences, creative thinking style and risk taking, entrepreneurial education-specific features (Abrudan, D., & Năstase, M., 2012, pp.136-148). Promoting the learning about entrepreneurship within schools requires a strong collaboration between educational institutions and businesses in order to make entrepreneurship education efficient. In Romania, the partnership between universities and the business environment is not sufficiently developed. The multinational companies were not interested in cooperating with local universities in research, development and innovation.

3. The influence of education in entrepreneurship development in EU countries

3.1. Purpose and the Methodology of Research

The aim of this study was to analyze the the role of education in entrepreneurship activity, in the comparative context of EU countries.

The research was conducted using a variety of bibliographic sources such as statistics, surveys, reports, professional articles. Information basis for this study consisted in processing and interpreting survey results conducted by TNS Opinion & Social Network, at the request of the European Commission. On the basis of the analysis were drawn the conclusions on the role of education in development of entrepreneurship in

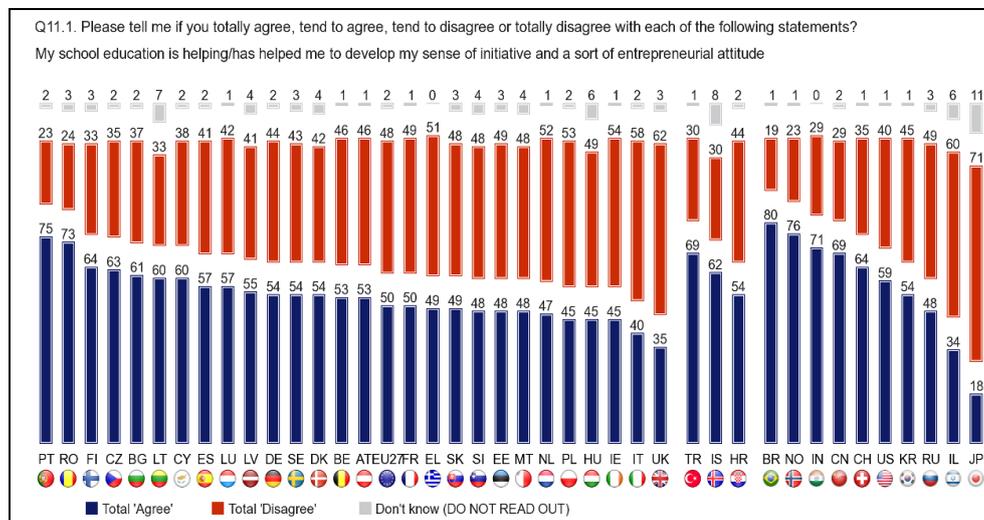
Romania compared with the European Union member states. It was stressed, also, the importance of education in entrepreneurship development, by analyzing the factors that encourage entrepreneurship.

The methodology used is that of Eurobarometer polls. The poll was conducted on the interview based. The questions were formulated as not to induce subjective responses.

3.2. Data analysis and interpretation

3.2.1. The influence of school education in development of the spirit of the entrepreneur

The recorded data provides interesting information about school education and its effect in development of a sense of initiative and a sort of entrepreneurial attitude. Half of the EU respondents (50%) agree that their school education helped them to develop a sense of initiative and a sort of entrepreneurial attitude: 22% totally agreeing and 28% tending to agree. Just under half (48%) disagree that their education helped them in this regard: 21% tend to disagree and 27% totally disagree.



Source: Analytical Report, Flash Eurobarometer no.354

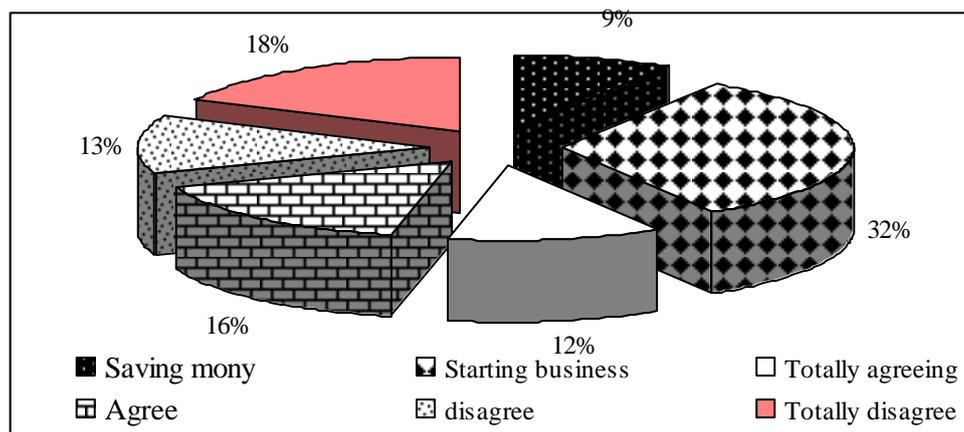
These medium proportions vary from country to country. In 17 EU countries more than a half of respondents agree that their education helped

them to develop any kind of entrepreneurial attitude. Agreement on this point is highest in Portugal (75%), **Romania (73%)**, and Finland (64%). The lowest figures were registered in the UK (35%) and Italy (40%).

In Romania 73% of respondents agree that their school education helped them to develop a sense of initiative and a sort of entrepreneurial attitude. Most of the Romanians see the entrepreneurship as one of the solutions that can provide economic and social independence. The high percentage obtained, confirms the Romanians' preferences for the entrepreneurial education.

3.2.2. The role of school education in understanding the role of entrepreneurs in society

47% of the EU respondents agree that their school education helped them to better understand the role of entrepreneurs in society: 20 % totally agreeing and 27% tending to agree. However, 51%, disagree that their school helped them to understand the role of entrepreneurs in society: 21% tending to disagree and 30% totally disagreeing. Agreement on this question is generally higher in four Member States: Portugal (75%), **Romania (69%)**, Finland (63%) and Spain (60%). At other opposition pole, in three Member States less than 40% of respondents agree that their schooling helped them to understand the role of entrepreneurs the: UK (28%), Italy (36%) and Estonia (39%).



A pleasant surprise for Romania is the result of the investigation related to the role of school education in understand the role of entrepreneurs in society. 69% of Romanian respondents have the opinion that the education is an important factor in understand the role of entrepreneurs in society. The percentage is impressive. It is a proof of major interest for the the development of entrepreneurial schools.

3.2.3. The influence of school education in the development of the entrepreneurial skills in business

The success in business involves entrepreneurial skills development. According to data published in the Eurobarometer report, 41% of the EU respondents agree that their school education gave them the skills and know-how to enable them to run a business, while 58% disagree with this. Respondents' assessments differ greatly from one country to another. Only in seven countries, a majority of respondents agree that their school education gave them the skills and know-how to enable them to run a business. The first three positions are: Portugal, 70% of respondents agreed with this, **61% in Romania** and 58% in Lithuania. This percentage places Romania among the European countries with the most respondents who agree that their school education gave them the skills and know-how to enable them to run a business. The lowest level of agreement is in the UK (27%), Estonia (31%), Germany (34%) and Italy (34%).

Table no. 1- Answers of participation in entrepreneurship course (%)

Countrie/ respondents	Yes	No	Do not respond
Portugal	70	29	1
Romania	61	36	3
Netherlands	36	64	0
Sweden	33	67	0
Latvia	33	66	1
Luxemburg	32	68	0
Austria	31	68	1
Poland	30	69	1
Hungary	29	71	0

Country/ respondents	Yes	No	Do not respond
Slovakia	29	70	1
Belgium	28	71	1
Spain	25	73	2
Cyprus	25	74	1
Denmark	25	75	0
Bulgaria	25	74	1
Lithuania	25	74	1
Ireland	25	75	0
Czech	25	75	0
Portugal	24	75	1
Germany	24	75	1
France	23	77	0
Romania	23	76	1
Estonia	22	77	1
Greece	17	83	0
Italy	16	84	0
Malta	15	84	1
United Kingdom	15	84	1

Source: Analytical Report, Flash Eurobarometer no. 354

3.2.1. Participation in entrepreneurship course

According to data published in Eurobarometer report, asked whether they have ever taken part in any course or activity, just under a quarter (23%) of the EU respondents say that they have taken part in such a course, with three quarters (76%) saying that they have never taken an entrepreneurship course. However, country results range from the 39% of people in Finland, 36% in Netherlands and Slovenia to the 16% in Italy, 17% in Greece, 15% in Malta and the UK. (table no.1).

Regarding Romania, the percentage of those who have ever taken part in any entrepreneurship course is 23%, while 76% saying that they have never taken an entrepreneurship course.

Socio-Demographic data registered to the E.U shows that: men (26%) are somewhat more likely than women (21%) to have taken part in an entrepreneurship course.

4. Conclusions

The European Union encourages the development of entrepreneurship, promoting the creative and entrepreneurial behavior in all its Member States. Recently, the European Commission has included the promotion of entrepreneurship in the EU countries, in 2020 Strategy, which recognizes the entrepreneurship and self-employment as one of the key elements of smart and sustainable European economy.

The analysis from the previous paragraphs allows us to formulate certain conclusions regarding the role of education in development of entrepreneurship in the EU member states. This research suggests that there are differences between the EU countries about the entrepreneurial education. The countries from West Europe are more interested in the development of the educational and training programs that are able to develop the competencies required by a active business environment. These states allocate more human and financial resources for developing entrepreneurial education than the Eastern Europe countries. On the other hand, there are a few countries that have a score consistently low on all entrepreneurship education indicators.

The research reveals that there is significant relationship between education and entrepreneurial spirit development. The education has increased the interest to become an entrepreneur. Based on the aspects highlighted above, it turns that the most respondents agree that their education helped them to better understand the role of entrepreneurs in society. Also, this research suggest that the interest for the status of entrepreneur is stimulated by education.

Regarding Romania, the data presented in this study show the interest of Romanians in the development of education in entrepreneurship. Romanians opinions are much more positive about the the effects that education had in the development of a sense of entrepreneurial initiative. Romania's population encourages values that support business development and promoting innovative projects from the education. However, in Romania the entrepreneurial education is still immature in the sense that Romania reduced the percentage of funding for the education, research and development.

Entrepreneurial education needs important human and financial resources for developing courses and educational programs that offer a practical introduction for running a business and entrepreneurial skills

development. For this reason, in Romania it is necessary to make important changes about the rethinking process of the investment growth in education. Also, the educational system needs to permanently adapt to the demands of the labour market and to develop the competencies required by a very dynamic business environment. In recent years, there has been a growing focus on learning about entrepreneurship in schools and promoting an entrepreneurship culture. Also, the number of courses about entrepreneurship within school has increased. Now a special importance is given to promoting the development of entrepreneurial attitudes by the young people and offering them support in order to start up their own businesses.

References:

- Abrudan, D., Năstase, M.,(2012). *Realities and challenges concerning entrepreneurship education in Romania*. Review of General Management, vol.16, issue 2, Expert Publishing House. Bucharest, pp. 136-148
- Drucker, P., (1970). Entrepreneurship in Business Enterprise. *Journal of Business Policy*, 1, pp.59-86.
- Dragomir, C., (2013). *Role of lifelong learning in development of the organizations based on knowledge*, Review of General Management, vol.17, issue 1, Expert Publishing House. Bucharest, pp. 78-86
- Entrepreneurship 2020 Action Plan-Reigniting the entrepreneurial spirit in Europe on
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0795:FIN:EN:PDF>
- Flash Eurobarometer 354, Entrepreneurship in the EU and Beyond, 2012 June-August, Retrieved June 22, 2013, from http://ec.europa.eu/public_opinion/flash/fl_354_en.pdf.
http://www.edu2025.ro/UserFiles/File/LivrabileR1/diagnostic_panel3.pdf
- Knight, K. (1967). A descriptive model of the intra-firm innovation process. *Journal of Business of the University of Chicago*, 40, 158-169.
- Kolvereid, L., and Moen, O., (1997). "Entrepreneurship among business graduates: Does a major in entrepreneurship make a difference?" *Journal of European Industrial Training*, 21(4), 154–160.

- Friijsetal, C., Paulsson, T., & Karlsson C., (2002). *Entrepreneurship and Economic Growth: A Critical Review of Empirical and Theoretical Research*. Östersund, Sweden: Institutet för tillväxtpolitiska studier.
- Jääskeläinen, M., (2000). *Entrepreneurship and Economic Growth*. Helsinki: Institute of Strategy and International Business.
- Lee, S.M., Chang, D., and Lim, S.B., (2005). “Impact of entrepreneurship education: A comparative study of the U.S. and Korea”. *International Entrepreneurship and Management Journal*, 1, 27–43.
- Plaschka, P.R., and Welsch, H.P. (1990), “Emerging structures in entrepreneurship education: Curricular designs and strategies”. *Entrepreneurship Theory and Practice*, 14(3), 55–71.
- Pentiuc T., Lis, C., (2013). *Analysis of entrepreneurship in romania comparative with the EU Countries – 27*, in: “Problems of Management in the 21st Century”, Vol.8, pp. 81-93
- Pirich, A.,(2001). An interface between entrepreneurship and innovation: New Zealand SMEs perspective. Paper prepared for the 2001 DRUID Conference, Aalborg, Denmark.
- Porter, M.E., (1990). *The Competitive Advantage of Nations*. New York: Free Press.
- Schumpeter, J. A., (1911). *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle*. 1934 translation. Cambridge, MA: Harvard University Press.
- Wennekers, S., & Thurik, R., (1999). Linking entrepreneurship and economic growth. *Small Business Economics*, 13 (4), 46-47.