

SOME COMMENTS ON EDUCATION FOR ENTREPRENEURSHIP

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Abstract: Author stresses the increasing role of education for entrepreneurship within the formal system of education, as well as the importance of individual's socialization. In formal education technical, economical and legal disciplines are more important, while other forms of socialization should develop courage, innovative attitude, risk acceptance and creativity. Several dimensions of entrepreneurships, defined in theory, are discussed: economic, managerial, innovative and ethical. For each dimensions there are specific forms of education. While some authors suggest that ethical dimension turns into specific form of social entrepreneurship, there is a need for further education in this field too.

JEL classification: I20, M10

Key words: dimensions of entrepreneurship, formal education, socialization, social entrepreneurship

1. INTRODUCTION

The issue of whether the entrepreneur needs to have certain knowledge or not, is probably unnecessary, even if the entrepreneur is defined solely based on his risk affinity when it comes to investing their own assets. This one-dimensional understanding of entrepreneurship certainly does not require a high level of technical or social knowledge since the emphasis is on courage and a willingness to take the risk when assessing entrepreneur's features. Entrepreneur is certainly multidimensional person (Vesalainen, 2005) and it should be seen like that along with the need for education. In the society of knowledge, as all the modern societies are, an active member of society certainly needs to constantly acquire and retain knowledge. However, it is difficult to say what knowledge is necessary for the entrepreneur to have. By searching for the answer of that question find many different answers could be found. In the middle of the fifteenth century, Benedict Kotrulj (2009, pp. 440.) opposes the ignoramus who deny or condemn educated trader emphasizing the scope of knowledge the trader has to have in order to achieve business and social success. Except the knowledge of the business the entrepreneur has to know something about accounting, finance, law, and all forms of oral and written communication, including knowledge of foreign language. A successful trader must be able to sell his goods and services, and also to appear in all social classes. Nowadays entrepreneur, with all the above mentioned, has to have elementary computer skills. One of the modern management gurus, Peter Drucker (2007, p. 25.) emphasized the entrepreneur's ability to seek and look for a change. By doing that the entrepreneur is creating innovative contribution in his work. If we take into consideration that the entrepreneur has to know

the essence of his business, and also that he has to be able to take creative risks and explore the opportunities and threats from the environment, along with fact that he must be capable for social communication, including computer skills, it is evident that education of the entrepreneur must be diverse and comprehensive. Education for entrepreneurship experts must embrace technical and technological knowledge, as well as many other knowledge in social sciences, but the education has to also develop social and ethical personality of the entrepreneur. All of this points out the need for long-term and diverse education for modern entrepreneurs. Development of creativity and courage has to be encouraged from the earliest childhood, and the technical knowledge can be build later. Social and ethical components have to be permanently implemented in all forms of education.

2. ENTREPRENEURSHIP DIMENSIONS AND TYPES OF EDUCATIONAL

An entrepreneur has always been considered as universal person, technically well-versed in his core business, with the ability to move in society and understand the legal, financial and accounting components of his business. Of course, not even a renaissance entrepreneur was able to become an ideal *homo universalis*, so it cannot be expected from any of nowadays entrepreneurs, but more knowledge and skills are more often correlated with better business success. Since entrepreneur's success has always been a result of his courage and creativity, natural talent often substituted the lack of formal education, even though, only entrepreneurial talent has never been sufficient. It is interesting to note another social component, important for entrepreneurial success, and that is confidence. Famous Francis Fukuyama (2000, p. 59.) very carefully avoids the value judgments by comparing different cultures, but still recognizes that social values that are based on trust and directed to people outside the family, encourage entrepreneurial success of large corporations, while the more introverted societies favor development of crafts and small and medium enterprises. Simpson, Tuck and Bellamy (2004) analyzed and conducted different studies to point out that entrepreneurial success is the result of knowledge, experience, and those personality traits that contribute to communication, creativity and technical abilities. Experience is acquired by practicing and training, and knowledge by learning. The project report of the European Commission (2002) defines different features of the individual, relevant to entrepreneurship:

- ability to solve the problem, which requires managing the planning, organizing, decision making, which all are typical managerial skills;
- the ability of cooperation in team work, which requires cooperation, acceptance of new roles, networking, which all are typical social skills;
- the ability to motivate and self motivate, which requires self confidence, critical learning and independence, which all are personality characteristics;
- the ability to take initiatives, including proactive action, creativity, willingness to accept risk and the ability to implement new ideas, which all are typical entrepreneurial skills.

Jones and English (2004) use the experience from Australia, where a national program of entrepreneurial education lasted for a few years, and developed the creative abilities of individuals and trained them to run the business individually. Kurtako (2007) uses a number of experiences in entrepreneurial education and quotes the disciplines that are often included in the various education programs for entrepreneurs, such as: managerial knowledge and skills, financing of entrepreneurial ventures, joint

ventures, corporate entrepreneurship, entrepreneurial strategies, psychological factors of future success, risk and compromises in business, women and minorities in entrepreneurship, the universality of the entrepreneurial culture, economic and social contributions of the common good, ethics in business.

Starting from the previously mentioned concepts in which the entrepreneur fulfills three dimensions: economic, managerial and innovative (Vesalainen, 2005), it is possible to add one more, and that is a social responsibility or ethical dimension (Cingula, Filipović, Primorac, 2009). For each of these entrepreneurship dimensions, it is possible to define specific forms of education which will promote strengthening of each dimension.

2.1. Education for the economic dimension

The economic dimension is linked to profit as the main driver of business activity. In the economy in general, each activity starts with the expected future gain and the biggest entrepreneur's responsibility is that he creates more revenues than expenditures. Efficiency of investments cannot be determined in advance so any investment in a business venture is related to the risk of losing the invested assets, partially or fully. This raises the entrepreneurial task: to differentiate an opportunity from the threat, and to avoid risk and also to achieve the planned impact of their investments. A favorable outcome of business venture is the interest on invested equity or profit, and negative outcome is the business loss or in the worst case - bankruptcy. The challenge of this dimension is in identifying new opportunities and in the rational risk management.

It is not easy to determine how to acquire necessary knowledge in order to achieve a favorable outcome in the development of economic dimension. Entrepreneur has to know the market, especially relations of supply and demand for products or services he offers. He also has to know the financing mechanism if he uses loaned assets, regardless of whether it is permanent or temporary. Entrepreneur has to know the relationship with his suppliers, not just with his customers. He has to understand behavior of workers that he will employ, as well as behavior of people in the local community and state institutions. One might say that entrepreneurs have to be able to communicate with all stakeholders, regardless of the size of his business venture.

Part of the knowledge entrepreneur will gain while attending school, and it is hard to imagine that the business success is achieved by people who have completed their education at, at least, bachelor level, regardless of whether is it technical or economic education. Today it is not a rare case that entrepreneurs continue with formal education at graduate and postgraduate level. This is typical for those who work in the field of informatics and communication, and in other fields related to modern technology or application of specific knowledge. Harmonization of knowledge in technical and social discipline can be achieved during the regular school by correct selection of optional disciplines, but certainly it will be better achieved by short seminars that focus on specific issues, such as project management, interpersonal communication, finance, commercial law, business planning, the use of computers, etc. These seminars will be available after the completion regular schooling, which means that the entrepreneurial dimension is developed in all forms of formal and informal education throughout whole life of entrepreneurial activity. Entrepreneurial talent has to be innate, similar to a gift for artistic expression, so when such talent is recognized, it is better to start as soon as possible to develop and encourage it. In developed societies

there are programs to encourage creativity, aimed at creating future entrepreneurs, and these programs are certainly an excellent complement to the regular education system.

Garavan and O'Cinneide (1994) have recognized an important education issue that is particularly emphasized in the economic dimension of education: gaining knowledge is emphasized too much in relation to gaining of skills, too many applications of methods for information transfer and learning facts, and not enough teamwork in solving practical problems. The insufficient evaluation of individual programs showed that these programs are not effective because of that. It is still difficult to determine how education helps the business success of entrepreneurs who have gone through specific programs and the biggest challenge for educational institutions is to establish a satisfactory correlation between the specific content, teaching methods or training and achieve real business success after the educational program.

2.2. Education for the management dimension

Management dimension includes managerial tasks and duties that the entrepreneur has to do on his own, but those do not differ from what the manager of a large corporation has to know. It is setting strategic goals, planning and use of resources, organizing activities and tasks, selecting and motivating employees, and control of all business activities. An entrepreneur has to, under the management dimension, form a network of business associates from the suppliers to key customers and achieve the efficient use of material, immaterial and human resources to reach strategic objectives in a manner that will not endanger an entrepreneurial dimension. Precisely, the biggest challenge of this dimension is to optimize the use of resources and to achieve satisfactory results: sustainable development and profit.

Knowledge needed to conduct tasks included in management dimension is classic managerial knowledge that is taught in secondary vocational and economic schools, and also during undergraduate, graduate and postgraduate studies. Certainly, specific managerial knowledge can be adopted in a number of short programs for the development of different types of *competencies* that the entrepreneur-manager must have.

An interesting research, conducted by Gorman, Hanlon and King (2007), showed that most of the entrepreneurial literature includes specific phases in the organizational life cycle. Formal educational forms dominate the phase of indentifying affinities and before starting business venture and informal educational forms come more often after the entrepreneurial venture starts. This approach is very interesting since it points out how can specific educational forms, by its formal shape and content, be adjusted to a specific phase of entrepreneurial venture. That implicitly emphasizes huge importance of organizational know-how because adjustment of business to specific phase in the organizational life cycle demands certain level of knowledge about organizational specificities which are linked to each phase.

Management dimension, with emphasis on organizational component, almost fully covers know-how connected to managerial activity. That is the reason because this entrepreneurial dimension is closest to assimilate definitions of entrepreneur and manager, and therefore entrepreneurial education for management dimension will almost equate with managerial education. In order to use material resources manager needs technological knowledge, and when technological knowledge is used, manager acts as organizer. In order to animate his associates, manager needs communicational

knowledge, and when it comes to this part of conducting business, entrepreneur is motivator. Accordingly, when realizing the management dimension, entrepreneur as well as manager will mostly need organizational know-how.

It may be interesting to note that entrepreneurial education does not have long history. Despite some indications about the existence of formal programs for entrepreneurial education back in 19th century or courses held in Harvard during 1950s (Kuratko, 2003), first formal MBA program for entrepreneurship started in 1971. at the University of Southern California. Nowadays more than 2.000 universities offers programs in field of managerial and entrepreneurship education in the United States of America. Since organizational component in education, along with simulating creativity, is the most important for successful professional activity in all fields, modern trend suggests that entrepreneurial education should be introduced as a competency development in all formal programs, and not only in economic or business programs. That means that entrepreneurship is considered as very important competency in all professions which emphasize the importance of leaders and innovators.

Michael Useem (2010), Wharton professor of management and director of its Center for Leadership and Change Management, interestingly pointed out equality of entrepreneur and leader: "Let me compliment anybody here who is an entrepreneur because it is one of the most vivid illustrations of what leadership is all about -- taking us from where we are now to where we ought to be. Nelson Mandela took South Africa from what it was to a multi-racial, democratic society. An entrepreneur is, in a sense, doing much the same thing ... with all the elements required to lead -- vision, strategy, execution."

2.3. Education for the innovative dimension

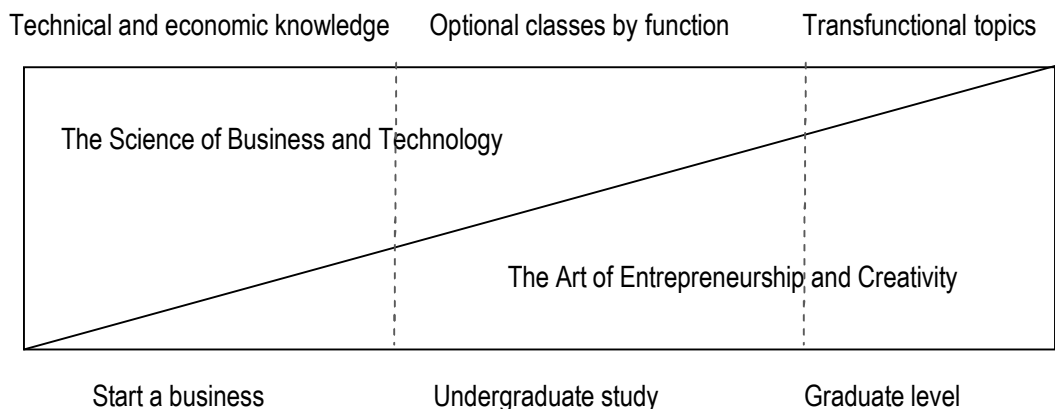
Education for the invention, as the highest degree of innovation, of course, does not exist. No one can go to school in order to become the new Tesla or Bill Gates, even though many people deny any creativity to the letter. Innovation is innate to talented individuals, as well as entrepreneurial talent, but it be can developed from earliest childhood. The role of families in recognizing and developing creativity is huge because a regular system of education often does not have mechanisms for monitoring the specific needs of individual gifted children. However, schools recognize the creativity of gifted students very often, and start to direct them to areas where they can best express themselves. Unfortunately, entrepreneurship as a special way of expressing creativity, is often neither recognized nor a particularly stimulated.

Specific form of expressing innovation in contemporary society is the ability of recognition, storage and search for relevant information. An adequate education in the field of information science can develop this aspect, and research shows that IT training opens up a space for fostering entrepreneurial inclinations (Bogović, Cingula, 2008).

An interesting program framework to encourage entrepreneurship and creativity in early childhood, called *Junior Achievement*, is applied successfully in many countries, but some programs from this framework are developed also for the older age groups: from high school to undergraduate studies. Very interesting research regarding this program was conducted in Netherland by Oosterbeek, Van Praag and Jsselstein (2008), focusing on how the program develops entrepreneurial skills and personality traits. As features of the character (character) they have examined: the need for achievement, autonomy and influence, and social orientation, self-esteem, persistence and tendency to take risks. Along with character features, they have

examined entrepreneurial skills including: cognition of the market importance, creativity and flexibility. Unfortunately, it turned out that the program does not give the desired results, and that students have not sufficiently developed skills or the entrepreneurial character after completion of the program regardless of the very high expectations of all parties involved before starting the program. The research has shown some negative effects, for example, reduction of entrepreneurial motivation among students. The researchers concluded that this result came from fear of the failure when students received information of what is needed for entrepreneurial success (knowledge, skills and character). This research is just one indicator that it is not easy to establish entrepreneurial training programs in the innovative dimension.

Lans et al. (2008) also analyzed the problem of developing entrepreneurial competencies in various forms of education. Since they concluded that it is difficult for individuals to develop all the necessary entrepreneurial skills, their conclusion is that the individual knowledge and skills should be deployed according to individual predispositions and interests among greater number of team members simultaneously. This suggests that for starting new business ventures the group can be more successful than the individual. In any case, the innovative dimension is the core of entrepreneurship, it should be developed since the early youth, but success largely depends on the capabilities and preferences of individuals, even if they decide to team approach. Since it is not easy to determine how entrepreneurship education should be aligned with the need to meet the various dimensions of entrepreneurship, it is interesting to follow footsteps of Shepherd and Douglas (1996), and try to construct a continuum of entrepreneurial education, as in Figure 1.



Source: Author's modification according to Shepherd and Douglas (1996)

Figure no. 1

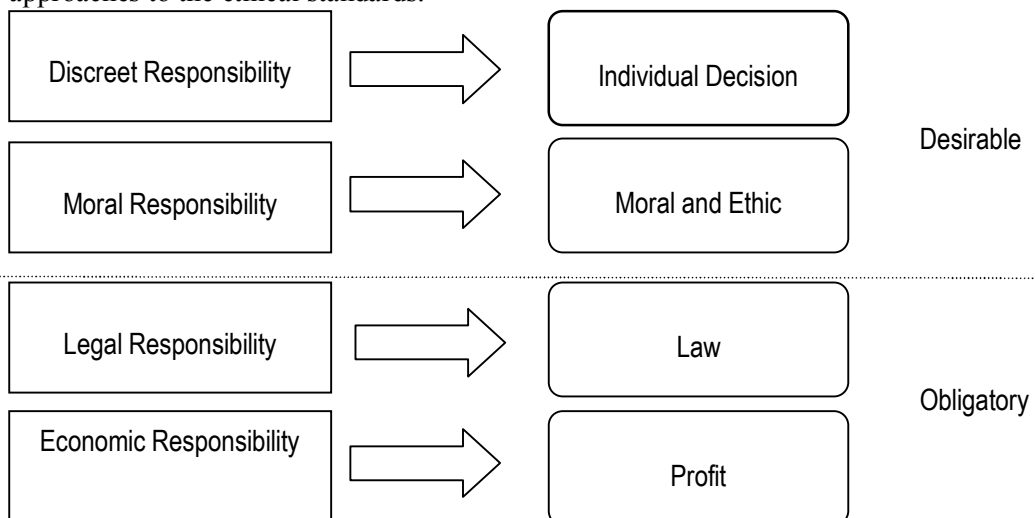
Entrepreneurial Education Continuum

The figure above shows that the beginning of an entrepreneurial business is dominated by technical and economic know-how, and if an entrepreneur tries to seriously improve his formal competencies, it is recommended that he takes educational programs aim to those disciplines that will improve his knowledge of business functions and develop his creative capabilities.

2.4. Education for ethical dimension

The ethical dimension must be incorporated into each of the remaining three dimensions because economic, management and innovative objectives may be achieved only in case they do not create permanent damage to other stakeholders. Minimum of ethical responsibility includes economic, legal and moral responsibility, which means that selection of business and the manner of its execution must be matched with a desire to make a profit, but also with national laws, international standards and moral rules in a society.

Education for this dimension has to begin at the early days, and after the family builds a solid moral foundation it has to be upgraded at all educational levels. It is good that most schools offer classes that deal with morality and ethics, but it is important to present to future entrepreneurs that those are not only theoretical schemes impossible in real life. Morality and ethics represent steady standards in socially responsible behavior of entrepreneurs and large corporations. Government agencies that monitor business and other forms of economic activity have to create a framework for the punishment of deviant and socially unacceptable behavior of entrepreneurs. In the entrepreneurial social environment there have to be strong arguments about how the legality of conducting business requires a minimum of ethics with regard to the illegal conducting of business which is not ethical and such activities have to be punished. This means that ethics is not left to the entrepreneur as a free choice - whether to act ethically or not, but it is steady obligation equally important as well as profit making. If one does not go without the other, then the entrepreneurial venture must be shut down or it should not even be started. Wickham (2006, p. 19) described the four stages or four levels of entrepreneurial responsibility, shown in Figure 2. These four levels of responsibility are designed so that each of them, from the highest to the lowest, includes the previous one, which means that discretionary level contains, implicitly, all other levels of responsibility. This is important to consider when judging how a particular venture approaches to the ethical standards.



Source: Modified according to Wickham (2006, p. 19)

Figure no. 2

Four levels of entrepreneurial responsibility

Economic level of responsibility includes entrepreneur's responsibility for the profit, which means that every entrepreneurial venture should be successful from an economic point of view. The legal level includes respect for state law. These two levels are the minimum that an entrepreneur has to accept and there is not discussion about them: illegal and unsuccessful ventures have no justification and their existence is questionable. Radical strategic turnaround should be required to continue such venture. The moral level of responsibility includes respect for moral and ethical standards that dominate in the social environment, and level of discretion includes the decision of an individual entrepreneur to give up a part of the profit in the interest of other stakeholders. These two levels of responsibility are not required by law but are desirable in the context of social entrepreneurship and social responsibility.

Ethical dimension of entrepreneurship is gaining importance as it starts to form in a relatively independent and specific form of entrepreneurship so it is quite normal that this new type of entrepreneurship has to be provided with special attention in training programs for entrepreneurs. This new paradigm is a social entrepreneurship, and it is reflected in the resolution of social problems arising from the operation of modern enterprise and its relationship to the narrower and wider community. It appears that social entrepreneurs are characterized by specific features that must also be developed in the process of their education. The social entrepreneur is a person with innovative solutions in a business venture who seeks a solution to mitigate social problems expressed within their community. Social entrepreneurs are characterized by ambition and perseverance, and their ideas are based on the principles of ethical and moral responsibilities and provide systematic support for democratic changes in society. Socially conscious entrepreneurs are individuals who voluntarily apply ethical principles in public sector in order to enhance life quality throughout the community. Social entrepreneurship, compared to the traditional form of entrepreneurship, cannot be observed as an idealized image of entrepreneurship without the fundamental market components, but it is also comprised of entrepreneurial and social components, extended with some new substances. Bill Drayton, CEO and founder of Ashoka¹, a global nonprofit organization dedicated to developing and promoting social entrepreneurship, defines the social enterprise concept with these words: "Social entrepreneurs do not want just to give fish or teach how to catch fish, they are not resting until they revolutionize fishing industry". David Bornstein (2004) follows Drucker's footsteps and defines social entrepreneur as a person who changes society and social relations, but notes with regret that such individuals often are neither recognized, nor appreciated in the society.

In order to create an effective social entrepreneurship is necessary to include all institutions at the level of legal, financial and political assistance. The role of these institutions is important in establishing the basic framework of social action. Transforming business processes is important in creating an economic system that will follow the idea of globalization, and thereby take the high position in the group of

¹ Ashoka was an Indian king who ruled India at the time of occurrence of Buddhism (third-century-BC) during his reign he founded an organization called "Secret Society of nine unknown men" which included the best scientists of the time, records of these scientists kept in Tibet, and talk about advanced technology. See more info: Background on Social Entrepreneurship, <http://www.skollfoundation.org/aboutsocialentrepreneurship/index.asp>, downloads: 20.01.2010.

countries or economic system that systematically implements complex activities in the creation of socially responsible business. Such position guarantees a creation of a better conditions and requirements for the narrower and wider social community.

3. CONCLUDING REMARKS

Education of entrepreneurial experts has to be a part of systematic education program, but also a part of the so-called family nurturing, more precisely a part of complex process of socialization of each individual. Technical, economic and legal expertise, coupled with good communication skills, including knowledge of foreign languages and computer skills have to be acquired in the process of regular education to the level of bachelor or master's degree. Natural talents as courage and innovation should be identified as early as possible when it comes to entrepreneurship oriented individuals and special attention should be directed during socialization process, and during the formal educational process. These forms of development of entrepreneurial competencies are most evident in a period of childhood and adolescence. After the completion of formal education, an entrepreneur has to constantly work on his competencies in all dimensions that make a successful entrepreneur.

Shorter seminars focused on special skills or specific practical skills will be used more in later life stage and will certainly be part of lifelong education. In any case, individual efforts to acquire knowledge have to be socially directed, and this particularly applies to education for the development of ethical dimensions or the creation of a special kind of entrepreneurship, which is formed in the context of social responsibility - social entrepreneurship. As the social entrepreneurship involves a high level of entrepreneurial responsibility for moral behavior in the community and a commitment to meet social needs, this type of entrepreneurship and the tendency towards it, must be developed in the educational process. Also, social entrepreneurship should be encouraged through special forms of government support.

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