COOPERATION BETWEEN SMEs AND HIGHER EDUCATION INSTITUTIONS - EFFECTIVE TOOL FOR ENTREPRENEURIAL EDUCATION

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ABSTRACT. All over the world, large corporations are forced to resize their structures, to redesign their strategies in order to face accelerated competition and to survive in a highly unstable environment. In the same time, the rapid changes become important sources of opportunities leading to an increase of start-up companies, strengthening SMSs’ image of main job creator in the economy.

In this dynamic context, entrepreneurial education and training has a major role in achieving desired behavioural outcomes, especially in terms of reinforcing ability to respond to different situations, based on creativity, innovation, autonomy, self-direction and self-expression. As stated in the Final Report regarding promotion of SMEs competitiveness: “at higher education level, the primary purpose of entrepreneurship education should be to develop entrepreneurial capacities and mindsets” (European Commission, 2008, p.7). As pointed out by specialists: “today’s graduate value is in the ability to manage and apply knowledge in action and in an entrepreneurial context, and not only in the ability to acquire and assimilate knowledge” (Collins & all, 2004, p.454).

This paper advocates the role and importance of cooperation between higher education institutions (HEI) and SMSs sector, its potential to stimulate entrepreneurial mindsets among students. It is an empirical contribution that seeks to link entrepreneurial education within HEI with the SMEs sector, to analyze the reciprocal benefits of cooperation between both parties. A comprehensive literature review and a structured evaluation of current knowledge on this topic are carried out. Appropriate forms of cooperation and their effectiveness are also pointed out. Main challenges for the Romanian higher education system and ways to incorporate appropriate forms of cooperation with SMSs are highlighted, in order to transform entrepreneurial education into a major source of graduates that are job creators not job “hunters”, as an indispensable condition to strengthen SMSs sector and Romania’s market based economy.

Keywords: entrepreneurial education, Higher Education Institutions, SMEs, cooperation forms.

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INTRODUCTION. DIMENSIONS OF ENTREPRENEURSHIP EDUCATION

The fundamental role of education in promoting and developing more entrepreneurial attitudes and behaviours is now widely recognised. As clearly stated by the European Commission (European Commission, 2008, p.7) there is an intense need “to stimulate the entrepreneurial mindsets of young people, encourage innovative business start-ups, and foster a culture that is friendlier to entrepreneurship and to the growth of small and medium sized enterprises (SMEs)”.

Higher Education Institutions (HEI) are playing a major role in the process of achieving these challenging targets.

The complex globalization process is generating major economic changes and a highly unstable environment. Large corporations are generally employing less personal and are quickly transforming the notion of “for life” jobs in history. This means that for twenty-first century graduates, “hunting” a job in a big organization becomes more and more difficult.

In the same time, the rapid changes at all levels and in all fields are important sources of opportunities leading to an increase of start-up companies, strengthening small business sector’s image of main job creator in the economy.

In this dynamic context, employers’ expectations are changing too and the demand for graduates displaying entrepreneurial behaviours and attitudes is increasing. As pointed out by specialists: “today’s graduate currency or “value” is in the ability to manage and apply knowledge in action and in an entrepreneurial context, and not only in the ability to acquire and assimilate knowledge” (Collins, Hannon, Smith, 2004).

There is evidence that all over the world, student interest in choosing entrepreneurship as a career option is growing while interest in traditional jobs in big companies is gradually declining (Kolvereid, 1997). Students’ and young graduates’ behaviours and orientations are highly influenced by a number of personal and environmental factors (Luthje, Franke, 2003). Among them entrepreneurship education can be a powerful incentive to follow the entrepreneurial path, according to several empirical research.

A vast literature revealed that an adequate education, work experience, role models impact etc. are essential factors to succeed but unrelated to genetics. However, it is no doubt that entrepreneurship education and training has a major role in achieving desired behavioural outcomes, especially in terms of reinforcing ability to respond to different situations, creativity, innovation, autonomy, self-direction and self-expression.

Entrepreneurship education is, as defined by the Centre for Entrepreneurial Leadership Clearinghouse on Entrepreneurship Education (refer to www.celcee.edu), the process of providing individuals with the concepts and skills to recognize opportunities that other have overlooked, and to have the insight, self-esteem and knowledge to act where others have hesitated. Students exposed to Entrepreneurship education develop an attitude of self-reliance and have a higher likelihood of entrepreneurial action in the future.
Traditionally, Entrepreneurship education was designed to teach students how to start a venture, create a business plan etc. However, according to a relative recent approach it has been recognised that technical knowledge “is essential but not sufficient to make a successful entrepreneur” (Rae, 1997). In fact, *Entrepreneurship education should target all three main characteristics of entrepreneurs and innovators*, considered to be: *knowledge, skills and attitudes*. In the present, each is being addressed differently during the educational process. While knowledge benefits from the highest attention during formal education, skills formation is less approached and attitudes are most of the time ignored, despite their determinant role in enhancing entrepreneurial behaviour. For being successful an entrepreneur must also exhibit different attributes, skills and behaviours, as those related to communication, creativity and problem-solving, all essential as well as business knowledge (Cheung C. K., 2008). Therefore, if Entrepreneurship education is focused on students’ personal attributes development, then it can highly impact their professional careers, whether or not they intend to become entrepreneurs.

Entrepreneurship education exhibit a wide variety of teaching approaches: workshops, simulations, business-plans design; learning through competition and case–studies; mentoring; project learning method; experiential learning (to set up own business). According to Tan, S., Frank Ng, C. K. (2006) an effective pedagogical approach in entrepreneurship education can be problem-based learning (PBL). Their findings support the idea that PBL can contribute to enhancing students’ appreciation and capacity for entrepreneurship. The movement to the practice oriented methods, which are proving to be more effective, is increasing. Students who can see the practical side of the subjects they learn will have more incentive to study. In its Final Report, European Commission (2008) is pointing out the need for Europe’s HEIs, (around 4,000 with over 19 million students and 1.5 million staff) to implement more appropriate and effective teaching methods aiming at developing entrepreneurial thinking. In that sense, involving real entrepreneurs, working with alumni are among recommended practices. In order to incorporate them HEIs can support the building of complex contacts and networks with SMEs. Such cooperation between SMEs and HEIs can become an effective tool for students’ entrepreneurial education, as this paper is trying to outline.

Structured in five parts, this paper advocates the role and importance of cooperation between higher education institutions (HEI) and SMEs sector, its potential to stimulate entrepreneurial mindsets among students, entrepreneurial education and the challenges for romanian HEIs, good practices in the case of The Bucharest Academy of Economic Studies and conclusions. It is an empirical contribution that seeks to link entrepreneurial education within HEI with the SMEs sector, to analyze the reciprocal benefits of cooperation between both parties. A comprehensive literature

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review and a structured evaluation of current knowledge on this topic are carried out. Appropriate forms of cooperation and their effectiveness are also pointed out. Main challenges for the Romanian higher education system and ways to incorporate appropriate forms of cooperation with SMSs are highlighted, in order to transform entrepreneurial education into a major source of graduates that are job creators not job “hunters”, as an indispensable condition to strengthen SMSs sector and Romania’s market based economy.

**SMEs AND HEIs: POTENTIAL FORMS OF COOPERATION**

The main purpose of the entrepreneurship education in HEIs should be the creation of an appropriate framework for the development and exploitation of business ideas among students, with different backgrounds, by the interaction between the business environment and the educational system. More and more research findings are revealing and outlining the benefits of HEIs’ collaboration with SMEs and local community groups (Pittaway L., Hannon P., 2008). This collaboration can take many forms and consists of numerous ways of actions, which can bring added value to both the learning process and the SMEs involved. Some major forms of collaboration between the SMEs and HEIs, are pointed out below.

Role Models can strongly influence behaviours, especially those of young persons like the students. Their high potential impact can be used as an important variable in entrepreneurial education. **Inviting real entrepreneurs**, as representatives of SMEs, can generate a high impact among students, as already proved by researchers. Academic studies have recently demonstrated that differences in entrepreneurship levels are in-part explained by the different entrepreneurial Role Models’ impact across territories. A recent OECD (2003) complex study regarded the influence of entrepreneurship over local economic development involving 30 countries. The study concludes that informal institutional factors, such as the lack of positive entrepreneurial examples (role models) and limited networks are some of the most important barriers that restrain, especially in the rural areas, entrepreneurship (Lafuente, E., Vaillant, Y., Rialp J., 2007). In the absence of entrepreneurial role models, economic agents, including students are not as propelled to take the different decisions needed to become an entrepreneur. The results of the study specifically highlight the importance of entrepreneurial role-models in an individual’s personal social circle as a positive stimulus explaining uneven entrepreneurial activity levels across different geographical areas. This would tend to imply that entrepreneurship support policy should lay the grounds for a greater social interaction on the part of existing entrepreneurs, promoting networking possibilities with potential entrepreneurs, glorifying the role of the entrepreneur in the community, as well as socially celebrating the entrepreneurial successes of existing entrepreneurs. The local administrations must magnify the visibility of positive entrepreneurial examples within their communities. A student with entrepreneurial ambitions can gain the necessary confidence in his own entrepreneurial skills by being in contact with entrepreneurs who have themselves
Entrepreneurs can be invited to share their experience by offering short presentations to students. Their role models are important “slices” of business reality that, if made visible, can bring into the classroom the breath of life and can instil greater meaning into the lessons of Entrepreneurship. Students need to see role models, because it is easier for them to make the connection between their subject and the business environment. Successful entrepreneurs provide strong role models raising confidence among students that becoming own “boss”, achieving high status and financial wealth are all possible. Their stories can fascinate and enhance enthusiasm, creativity, self-confidence and can stimulate entrepreneurial mindsets of young people.

It can help in building the basis for a shift in attitudes among students by “introducing and promoting the dynamic, innovative and ambitious face of entrepreneurship” (European Commission, 2008, p.12). Invited entrepreneurs can also contribute in raising awareness among students that entrepreneurship can be a career option. It is a proven reality that students coming from families running a business, for example, will tend to follow the same path. They are also bringing in their educational environment valuable prior experiences that can be shared with the others.

An important “pull” of entrepreneurs can be found among the alumni of HEIs. By keeping in touch with own graduates HEIs can build fruitful links with successful persons, active in the SMEs sector, which can offer on one hand, knowledge and on the other hand, funds for the HEIs, as the American experience has proved already. For SMEs representatives these connections can be useful for future recruitment activities. Engaging of entrepreneurial practitioners in designing appropriate curricula content in order to meet desired outcomes should also be an important form of cooperation between HEIs and SMEs, with mutual benefits. The inclusion of business representatives in formulating the curricula can also set the basis for collecting data to design useful case studies for seminars.

SMEs involvement, through entrepreneurs and business leaders can take the form of mentoring and advisory in order to build student incubators and work at different projects. Nevertheless by organizing of student business plan competitions and providing support and funding for putting into practice the winning ideas can also provide a solid platform for close cooperation. HEIs in cooperation with SMEs can support the development of internship programmes, where students enter into direct contact with the business environment. Also, the mobility of teachers and researchers between HEIs and SMEs is encouraged to obtain experience in commercial activities. The teachers should maintain personal links with the business sector to be informed about the entrepreneurial initiatives. For their support it can be created an academic incubator, where they are involved in business projects.

The cooperation between the SMEs and HEIs turns to be effective when there is a win-win situation for both parties and long-term oriented. Students and teachers have a contribution to SMEs, based on theoretical knowledge, and SMEs successfully established their own businesses.
contribute to HEIs with practical knowledge. SMEs obtain some advantages that consist in expertise and advice from a professor, testing potential students for later recruitment, getting publicity and collecting innovative ideas, suggestions from the students. The main advantage for the SMEs is referring to the linkage with research activities, new developments. The effort of the SMEs, which are dedicated to the educational system should be recognized and properly rewarded by giving them public recognition and awards. The HEIs’ advantages are represented by the contact with the practical approach of the market, the support for capital knowledge and funding.

In order to measure the rate of success of entrepreneurial education, generated by the collaboration between the SMEs and HEIs, the experts (European Commission, 2008, p. 55) suggested some possible indicators such as: number of start-ups created by students who have attended entrepreneurship courses; number of jobs created by the new start-ups; number of new patents issued as an outcome of entrepreneurial courses; level and quality of employment of students who have taken entrepreneurship courses; number of new companies founded by the overall population of university graduates; progress in entrepreneurial attitudes, perceptions and intentions of students taking entrepreneurship courses (before and after the programme, and compared to other target groups of students), the general population of higher education students.

Foreign experiences in building cooperation with a SMEs sector in order to improve the effectiveness of the entrepreneurship education are valuable source of knowledge that can provide viable solutions for Romania’s education system too and its specific features. Steps made in this direction are outlined in the section below.

ENTREPRENEURIAL EDUCATION AND THE CHALLENGES FOR ROMANIAN HEIs

Small business sector, considered the driving engine toward prosperity, had to be practically recreated in Romania after decades of centralized economy. A positive view of the entrepreneurs’ role in our society started to emerge only after mid ’90. An entrepreneurial culture is still developing. Success of small business sector in our economy highly depends on the quality of education and its effectiveness in cultivating among students suitable entrepreneurial skills and spirit. Romania needs entrepreneurs for supporting economic development but is the educational system in general and higher education institutions in particular prepared to teach students in that direction?

At the beginning of the ’90, as a response to the small business sector’s boom, major changes in economic study programmes were made in order to meet the new requirements. To fill in the gap between school and labour market needs all of the disciplines were revised and new ones replaced obsolete disciplines in the curricula, like for example “Management of SMEs”. Teachers had no or limited knowledge about what and how it should be taught. The accumulated experience has to help now in switching toward Entrepreneurship. Small business management course
is almost extinct in business schools all over the world, parts of it (like: innovation, ownership, exploiting opportunities, growth and exit strategies etc.) being covered by the new discipline labelled “entrepreneurship”. The literature outlines important similarities but also differences between small business management and entrepreneurship, considered both unique domain of activity (Solomon, 2006). In Romania too, this change is raising major challenges regarding, on one hand the education process (what to teach and how?), related to objectives, content, and appropriate methods to teach Entrepreneurship and on the other hand, that of teachers (with whom to teach the discipline?). All that should be judged and answered in a significant different context that doesn’t match the one present in developed countries, which generated the needed shift toward entrepreneurship education.

An analysis of the present situation reveals important weaknesses of the entrepreneurship education system in higher education institutions. The main weaknesses, empirically identified, are listed below:

- initial limited knowledge about the discipline’s content; content of the syllabus heavily translated/inspired from American and/or West European countries, in general without adjustments; when the content and methods of entrepreneurial education are not internalised expected outcomes can be compromised;
- content of the curricula with still low relevance for students’ skills and competencies development; students’ entrepreneurship education is basically in more technical areas, like marketing, accounting, budgeting, law, personal etc.; this education dimension is necessary but not sufficient condition to enhance entrepreneurial spirit;
- education based, in general, on traditional pedagogical styles that do not always meet students’ learning needs and have limited effect; teaching process are based mostly on empirical methods;
- faculty members involved in entrepreneurship education are frequently neither schooled in the field, nor interested in Entrepreneurship per se;
- teachers don’t know enough about aim and content of entrepreneurship education, appropriate teaching methods; they have, in general, insufficient knowledge and low experience in promoting and diffusing entrepreneurial spirit among students; as a consequence, present courses have low capacity of enhancing student individual characteristics;
- no relevant feedback from students is collected by means of statistics and evaluations in order to improve curricula and pedagogies;
- persistent gap between existing entrepreneurial education and real Romanian business world requirements, with negative consequences for both sides;
- low or no cooperation with the SMEs sector.
Most of the outlined weaknesses have historical roots too at social, economic and educational levels. Practically, entrepreneurship learning processes grew along with the small business sector formation and with the major shifts in social perception’s on entrepreneurs. Also, Romanian education system is still emphasising mainly on analysis and understanding of large amounts of information coming from rather authoritative sources, critical judgement, assumptions about behaviours in order to develop models, finding the right answers and with evaluation by written assessments. Another reality that should influence entrepreneurship education is that Romanian students are usually coming directly from high schools and most of them are completely lacking work experience.

Courses of action, consistent with European Commission’s (2008) recommendations too, should emphasise:

- To clearly define: objectives in the curricula, content of entrepreneurship course and correlate them with desired outcomes;
- To research and define students’ expectations and adjust accordingly the teaching methods and techniques to meet or surpass them, in order to stimulate preparation for an entrepreneurial career at the point of exit; specific studies should explore student’s entrepreneurial needs in comparison with entrepreneurship education offerings within Romanian higher education institutions;
- Pedagogically, entrepreneurship educators must agree upon the knowledge that must be disseminated and the appropriate evaluation criteria in the classroom in order to be consistent with the entrepreneurial phenomenon; in fact, it is necessary to build a measurement tool of entrepreneurship education at higher education institution level aggregated with whose at other levels (ministry, business environment, sector of activity);
- To set-up training programs for educators in the field of Entrepreneurship, with the purpose to create a common understanding of this new topic.

In Romania, there is formal support for entrepreneurial education, which is considered a priority within governmental strategies. Following the EU recommendations to assimilate entrepreneurship in the curricula at all educational system’s levels, Romania, through the Ministry of Education, Research and Innovation (responsible for education policy implementation) acted in that direction and made important steps in introducing forms of entrepreneurship education. The discipline is assimilated in several higher education institutions, mainly business faculties and the amplitude of that process is growing fast. Some aspects related to The Bucharest Academy of Economic Studies’ experience in the field of entrepreneurial education are presented in the following chapter.
GOOD PRACTICES: THE CASE OF THE BUCHAREST ACADEMY OF ECONOMIC STUDIES

The Bucharest Academy of Economic Studies has introduced Entrepreneurship within the curricula in 2005. It is a compulsory discipline for only two faculties, out of ten (Commerce and Business Administration, where it is labelled as “Entrepreneurial Culture) and optional for the Faculty of Cybernetics. This is reflecting the starting phase the institution is in. Learning objectives mentioned in the syllabus are very ambitious and are aiming: to understand entrepreneurship’s role for economic development; to develop students’ abilities to identify business opportunities and to build a successful business plan; to enhance students’ entrepreneurial spirit; to stimulate students’ creative and innovative thinking. To achieve them modern teaching methods were implemented case-studies; business-plan; active learning; multi-solution approach.

In the institution, cooperation with SMEs is considered a valuable source of entrepreneurial effectiveness’ improvement. Steps in that sense have been made. In 2008 a new vice rector position, in charge with the business environment relationship development, was established. Also, several projects were conducted to raise awareness among students on entrepreneurship as a major career option. One of them, carried out with a group of students, consisted of the design of a “Catalogue of student entrepreneurs in the Faculty of Commerce”, in 2008. Two targets were achieved:

- on one hand, that of providing “living proofs” that starting own business can become reality, even as a student, because there is no age barrier; student-entrepreneurs are powerful examples for their fellow colleagues, who can add another strong argument to the idea that entrepreneurship can be considered as an early career option;

- on the other hand, to offer an evidence that student-entrepreneurs’ rare attributes like courage, self-determination, entrepreneurial attitude are recognized, valued and promoted in the academic environment too.

The existence of a project promoting student-entrepreneurs in the Faculty of Commerce, on a continuous yearly basis, was mentioned during lectures delivering process. Their stories were a valuable source of examples, reinforcing theoretical aspects presented during lectures. Relevant images from the Catalogue have been drawn to increase the impact.

Inviting, successful or only young entrepreneurs, is an experience responding to the need to shift to more interactive learning approaches, where the teacher becomes more a moderator than a lecturer. Invited entrepreneurs’ presence in the classroom is not only important because it imparts knowledge but also because it provides an example which can be followed by students.
Due to this method’s high impact, in the Faculty of Commerce entrepreneurs are invited each year during the course referring to the entrepreneur’s characteristics and typology (at the Entrepreneurship discipline). Based on the “Student Entrepreneurs’ Catalogue of the Faculty of Commerce” (2008), two young women entrepreneurs were invited last year (former students in the faculty). The previous collaboration in setting-up the Catalogue was extremely valuable at least in the sense that it shortened the time needed to find and convince them to participate in the course. The meeting was organised to be an experience to remember for the students. It was a fruitful and special experience for both parties: for students according to the already underlined reasons and also for the two entrepreneurs because, as they stated, they had the chance to share their entrepreneurial experience, which was a source of satisfaction. They both felt that their efforts are praised and recognized. They also expressed the desire to come again as guests and even to cooperate in other forms with their former faculty’s teachers and students. The development of a more coherent methodology to record the impact of entrepreneurship course in general and of the use of invited entrepreneurs in particular, is needed. It should measure, for example: the number of students attending the meeting (is it higher than for the other lectures or not?); meetings’ influence on students’ decision to take the Entrepreneurship course (when this is optional, why they chose it?); perception of students of their own self-confidence, future intentions etc. This could provide the basis for improving the use of this powerful tool in order to turn it into a stimulus for students to engage in entrepreneurial activities.

CONCLUSIONS

One of the main conclusions of this paper’s is that, in the context of corporations’ downsizing trend, higher employers’ expectations parallel with abundance of opportunities, generated by a fast changing environment, raising students’ awareness about self-employment and entrepreneurship as a possible career option is essential. Another conclusion is that entrepreneurship education can become a more effective tool if cooperation between HEIs and SMEs are developed. This can stimulate the entrepreneurial mindsets of young people, encourage innovative business start-ups, growth of small and medium sized businesses and foster a friendlier to entrepreneurship culture. Main forms of cooperation were outlined.

The analysis of the Romanian higher education system led to interesting conclusions regarding its evolution, merits and limits. For the challenges it has to face, major adjustments are needed. Inviting, successful or only young entrepreneurs, is an experience responding to the need to shift to more interactive learning approaches, where the teacher becomes more a moderator than a lecturer. Invited student entrepreneurs’ was a valuable experience not only because they imparted knowledge but also because they provided an example which can enhance entrepreneurial spirit and students’ self-employment intention.
The findings of this paper cannot be generalized due to the empirical methods used and the small sample size. However, replicating the study in all faculties in The Bucharest Academy of Economic Studies or other universities could have major and long lasting advantages. Despite some limits, the study fills a gap in the Romanian entrepreneurial literature regarding entrepreneurial education and the use of Cooperation with SMEs as an effective tool in Entrepreneurship Education. This paper also signals to entrepreneurship researchers and educators that more emphasis could possibly be placed on identifying and developing innovative forms of cooperation with the SMEs sector.

Further, researches are needed in this practically under-researched field in Romania. Studies to track and measure the impact on students’ entrepreneurial development as a result of HEIs cooperation with SMEs would be useful in order to determine its effectiveness. Also, a methodology should be designed in order to capture in a longitudinal way student variation in attitudes and intentions toward entrepreneurship.

REFERENCES