

≈ SUMMARY ≈

ENTREPRENEURSHIP EDUCATION AND TRAINING: A PANACEA FOR THE
EUROPEAN ECONOMIC MALAISE IN THE THIRD MILLENNIUM

John Sae

International Business, Italian and Japanese Studies Unit

Faculty of Business and Enterprise, Swinburne University of Technology

Principal Topic

Entrepreneurship is to a large extent attributed to small (employing fewer than 20 employees) and medium sized enterprises (employing more than 20 but fewer than 200 employees) (ABS, 2000). Small and medium-sized enterprises (SMEs) are the backbone of the economic development in all countries around the world (Storey, 1994; Sae, 1995; 1997; Sae & Mouzytchenko, 1999). Their role as one of the major drivers of economic growth through innovation and job creation has been empirically corroborated by a number of major studies (Acs, 1992; Cooper, 1964; Storey, 1994; Thurik and Wennekers, 2001; GEM-Australia, 2001).

Meanwhile, modern Industrial societies around the world are increasingly shaped by the rise of the knowledge-intensive sectors of the economy with traditional capital-intensive industries gradually losing their prominence. In the knowledge economy where innovation and creativity are the major competitive strengths (Florida, 2002) SMEs are well positioned to enter the markets with knowledge-based products due to their advantage of flexibility; better ability to leverage innovation and creativity, as compared to large established businesses (Cooper, 1964; Ireland et al, 2001). Small innovative companies also have substantial growth potential provided that they can lock in the market and sustain their capacity to produce a stream of new technologies (Birkinshaw, 2000; Alvarez and Barney, 2001; Muzychenko, 2005).

Having regard for the pivotal role being played by entrepreneurship in terms of the development of national economies around the world. In 2000, the European Council, at its Lisbon meeting, set the objective of transforming the EU into “the most competitive and dynamic knowledge-based economy in the world” by 2010. To achieve these goals, entrepreneurship and innovation are essential – they are the engines of growth and job creation. Many programs and initiatives to promote entrepreneurship have been launched in the past several years.

At the same time, the educational process is seen as critical by the European Commission. Education plays an essential role in shaping attitudes, skills and culture – from the primary level up. The earlier and more widespread the exposure to entrepreneurship and innovation, the more likely it is that students will consider becoming entrepreneurs in the future. European universities must play a key role in promoting entrepreneurship and innovation, helping students learn not just how to start, but also how to grow, enterprises. Entrepreneurship is about growth, creativity and innovation. Innovative entrepreneurs come in all shapes and forms. They start companies, they spin out companies from universities or corporations, they restructure companies in need of refocusing, they innovate within larger organizations. Usually they share a primary objective – growth (Twaalfhoven, and Wilson, 2004).

As part of further initiatives on entrepreneurship, the European Commission in 2004 published a paper entitled *Action Plan: The European agenda for Entrepreneurship*. The paper outlined what the Commission refers to as “Europe’s Entrepreneurial Challenge”, which is that the European Union (EU) is dedicated to furthering entrepreneurship as part of its strategy to renew its economy and lay the foundation for future economic health and competitive strength.

Despite this declared commitment, the EU has not been able to fully exploit its entrepreneurial potential. For example, the gap between European and US GDP per capita is no narrower, and the gap in productivity between the two powers is in deed increasing. The Commission concludes that this must be due to the EU not fully realising its entrepreneurial potential.

Methodology

In order to realise entrepreneurial potential, the Commission proclaimed that it would act in five key ways to advance the entrepreneurship agenda in the EU: work to fuel entrepreneurial mindsets; encourage more people to become entrepreneurs; prepare entrepreneurs for growth and competition; improve the flow of finance to SMEs; and create a more SME-friendly regulatory and administrative environment.

It is in relation to the first component of the strategy, fuelling entrepreneurial mindsets, that the Commission sees Entrepreneurship Education as playing a crucial role. The Commission states that Entrepreneurship Education has the ability to cultivate entrepreneurial attitudes and skills, and that it provides the ideal setting in which to showcase entrepreneurs as role models who make valuable contributions to society.

Implications

The EU recommends to its member states that Entrepreneurship Education should be made fully available to students from all faculties, and that different ways and types of entrepreneurship should be developed, including, part-time, craft, technology commercialisation.

The EU has further recommended to its *member states that they should integrate entrepreneurship education into all school’s curricula and provide schools with proper support to allow them to put in place effective and high-quality education schemes. National and regional authorities can arrange awareness campaigns, offer training material, organise training modules for teachers and, together with business organisations, involve entrepreneurs in teaching programmes. (Commission of the European Communities, 2004).*

This research study (in progress) examines business education in Europe in an attempt to establish whether contemporary business education truly equips students with entrepreneurial spirit needed to create and sustain modern SME enterprises.

CONTACT: Professor John Sae, International Business, Italian and Japanese Studies Unit, Faculty of Business and Enterprise, Swinburne University of Technology, P O Box 218 Hawthorn, Victoria 3122 Australia. Email: jsae@swin.edu.au