

Chapter 7

Entrepreneurship Education for Central, Eastern and Southeastern Europe

by

Shaker Zahra

University of Minnesota, United States

Friederike Welter

*Rhine-Westphalia Institute for Economic Research (RWI),
Germany*

As the former Soviet Bloc countries transform their economies, significant cultural, legal, political and institutional forces continue to constrain entrepreneurship. This chapter examines the role that entrepreneurship education can play in creating momentum for change. It starts by examining entrepreneurship education in turn in the United States, in leading European OECD countries, and in Central and Eastern Europe, noting major differences in how these countries value entrepreneurship and entrepreneurs. The discussion then turns to an assessment of the impact of entrepreneurship education. Finally, lessons are drawn on how to improve entrepreneurship education in Central, east and south east European countries, including through introducing innovative curricula and interactive teaching methods.

Introduction

For those who study and regularly interact with entrepreneurs and observe the birth and growth of their companies, the importance of entrepreneurial education is evident. This education refines and hones what entrepreneurs know and sharpens their creative skills. It inspires them to search more systematically for opportunities, select the appropriate form for their enterprises, and develop effective management teams that lead their companies as they go through various transitions (Fiet, 2001a; Honig, 2004). Entrepreneurship is a mindset that centres on the creative discovery and the pursuit of opportunities, even when resources are scarce. Education provides the intellectual tools and skills that allow “would be” entrepreneurs to visualise and evaluate opportunities (Fiet, 2001b). It also helps them conceive ways to overcome barriers while pursuing these opportunities. Understandably, the value of entrepreneurship education is widely recognised in the United States (Katz, 2003) and some other OECD countries (Welter, 2005). However, this is not always the case in other parts of the world – especially Central, Eastern and Southeastern European countries, where entrepreneurship education is still in its infancy. These are countries where the need for entrepreneurship is greatest but the supply of entrepreneurship teachers and role models is scarce.

This chapter examines the experiences of the United States and leading European OECD countries in promoting entrepreneurial education. In so doing it attempts to distil some lessons that can enrich the experiences of Central, Eastern and Southeastern European countries in fostering a willingness among their people to take the risks associated with new business creation. In these countries, the privatisation of state-owned monopolies has created opportunities for entrepreneurship in well-established companies as well as new ventures (Zahra, Ireland, Guitterz, & Hitt, 2000). Of course, there are major differences among the various countries that constitute the former Soviet bloc countries. History, geography, culture and ideology have shaped the experiences of these different countries as well as their transition to a market-based economy. Those differences have important implications for the interest in and support for entrepreneurship education. There are also differences in how the United States and European OECD countries view entrepreneurship, both as a profession and as an academic discipline. These differences are deep and wide, and have shaped the way entrepreneurship education has developed in these countries. Appreciating them can set the stage for an informed discussion of how Central, Eastern and Southeastern European countries might develop and promote their entrepreneurial educational systems.

The chapter begins with an overview of the current state of entrepreneurship education. It highlights a continental divide between the United States and other OECD countries in how they view the field and profession of entrepreneurship. Next, it analyses different levels of entrepreneurship education, contrasting graduate and undergraduate programmes. It also discusses postgraduate entrepreneurship education in the form of executive development and in-house corporate education. With this background in mind, the discussion turns to entrepreneurship education in selected Central, Eastern and Southeastern European countries, covering the strengths and weaknesses of existing programmes. It concludes by offering suggestions on how to best improve entrepreneurship education through innovative curricula and interactive teaching methods.

The United States vs. other OECD countries: A continental divide?

In the United States, entrepreneurship education is extensive and varied, from high school through to the doctoral training. Universities and specialised trade associations also offer courses and development programmes that foster entrepreneurial risk taking. The US Small Business Administration, through its university-affiliated institutes, also has a range of courses that keep small business owners abreast of developments in their industries and teach them to deal with the problems faced in managing and growing their companies (Solomon, Duffy and Tarabishy, 2002). In-house corporate executive programmes also offer a range of courses on entrepreneurship. This training is premised on the idea that entrepreneurship centres on discovering and exploiting opportunities to create wealth for the individual, firm, community, and society at large. Entrepreneurship training focuses on developing and honing *individual skills* in identifying, evaluating, and exploiting opportunities (Sexton, Bowman-Upton, Wacholtz and McDougall, 1997).

Most entrepreneurship education in the United States takes place at the graduate level. This growing demand has put serious pressures on faculty resources (Fiet, 2001b). Some universities have responded by changing teaching responsibilities, providing training opportunities for some faculty as they make the transition to teaching entrepreneurship (Katz, 2003). Programmes at Babson College, Case Western Reserve University and Syracuse University have sought to retrain interested faculty from other disciplines to teach entrepreneurship. Other universities have hired former government officials, managers and entrepreneurs to teach their entrepreneurship courses. Numerous universities have combined the skills of traditional academics with those of entrepreneurs by providing opportunities to co-teach specialised courses such as technology-based entrepreneurship or new venture financing. Several universities (*e.g.* Indiana University and

the University of Washington) have also expanded their doctoral course offerings to train professors in entrepreneurship. However, as a recent review indicates much of the doctoral training in entrepreneurship in many US universities is done on an *ad hoc* basis (Brush *et al.*, 2003; Kuratko, 2003). The growing demand for faculty and entrepreneurship courses has prompted some universities (University of Louisville) to explore launching (Babson College and Clemson University) and/or actually offering doctoral programmes in entrepreneurship (University of Louisville).

The picture is different in a number of other OECD countries, where entrepreneurship is not seen simply as a way to make profit or create wealth. In these countries, entrepreneurship is often equated with the successful management of small businesses. Such is the case today in the German-speaking countries and in some of the new EU member states such as Poland or Slovenia. This orientation reflects a long-standing tradition of vocational education centred on increasing small business creation and ownership. As such, entrepreneurship training often emphasises nurturing the “functional” management skills, such as production, marketing and distribution that small business managers need (Welter, 2002). In these countries the training is carried out through professional organisations, specialised consulting companies and university outreach programmes. Other countries have created new entrepreneurship chairs, aiming to expedite and improve entrepreneurial education. Still, in European OECD countries, graduate and undergraduate entrepreneurship education remains limited in scope, partly because it only started in the late 1990s. The first chair for entrepreneurship in Germany, for example, was founded in 1998. Even today, there are fewer entrepreneurship educational activities in some of the Southern European countries such as Italy (Klandt, 2004; Koch, 2003a, 2003b).

Entrepreneurship education often has a more academic flavour in the European OECD countries than it has in the United States. Typically, this training is grounded in traditional disciplines such as economics, psychology, sociology, engineering, math, science and the like, though most undergraduate and postgraduate entrepreneurship education tends to be clustered at the faculties/colleges of economics and business administration (Schmude, 2001; Schmude and Uebelacker, 2002). The majority of entrepreneurship professors are traditional academics, reflecting long-standing recruitment policies and practices of not employing practitioners. Thus, universities have made little use of former entrepreneurs in teaching. This is markedly different from the experiences of some US business schools, where practitioners and former entrepreneurs are well represented in the classroom – as teachers, guest lecturers, or executives in residence who counsel the faculty, students, and the administration about

entrepreneurship curricular issues. Increasingly however, the US model is being copied in OECD countries. More and more entrepreneurs and managers are being recruited to teach entrepreneurship in Europe, where university regulations permit. This trend reflects a growing recognition of the value of practical experience in teaching entrepreneurship; it also signals a serious shortage of qualified faculty who can teach entrepreneurship at undergraduate and graduate levels.

Undergraduate vs. graduate entrepreneurship education

The US experience

The first graduate course in entrepreneurship was offered at Harvard University in 1948 (Katz, 2003). Since then courses have proliferated, covering a wide range of topics: new venture creation, business planning, family business, entrepreneurial finance, technology-based entrepreneurship, international entrepreneurship, social entrepreneurship, corporate entrepreneurship, gender issues in entrepreneurship, franchising, and many others. Some universities have also sought to differentiate themselves by focusing on specific niches where they can build a distinctive advantage (Kuratko, 2003). Regardless, these programmes usually connect traditional business courses with those offered in the sciences (engineering and liberal arts). Indeed, the Kauffman Foundation recently provided grants to several US universities with the explicit goal of nurturing entrepreneurship throughout the universities/colleges, not only within their business schools. This has encouraged the introduction of a broad set of courses that creatively exploit the intellectual capital that exists across universities' research centres, institutes and academic units. Donations from the business community and successful entrepreneurs have contributed to the recent phenomenal growth in graduate courses in the United States.

US universities have also initiated entrepreneurship programmes for their undergraduate students, aiming to instil in them the ability and desire to create their own companies. Some of these programmes are “tracks” within established academic majors; others are academic “minors.” Still other programmes confer certificates on their graduates. Overall, typical United States-based undergraduate entrepreneurship programmes aim to: (a) foster students' creativity and allow them to explore their potential as entrepreneurs; (b) provide the basic concepts and skills to define, evaluate, and pursue promising business opportunities; and (c) develop students' skills as owner-managers. Most undergraduate students receive their degrees in an established functional major (*e.g.* civil engineering, accounting, biology or computer science) and usually use their training in entrepreneurship to explore creating their own firms. Some graduates accept

positions with start-ups or family businesses. Graduates also work for established corporations, gaining an opportunity to apply what they have learned and acquire new skills should they decide to venture on their own and start their own new companies.

The goals espoused by US undergraduate entrepreneurship programmes are achieved using several methods (Barry and Tagg, 1995). These methods include hands-on training in creativity techniques; lectures and case studies in the various aspects of business; training in communication; and providing opportunities for networking with entrepreneurs and venture capitalists to gain confidence in dealing with diverse stakeholders. Some universities also give students a chance to work in teams to develop and refine their business plans; universities usually provide faculty or executive coaching and feedback for these teams. With the help of faculty and entrepreneurs, students typically spend time analysing their teams' decision-making processes and their own decision-making styles, and develop effective strategies for improvement. Other universities introduce their students to the process of entrepreneurship and then require them to develop business plans for ventures of their own choosing. Students usually work with faculty advisors or entrepreneurs on refining their plans. Through role playing and presentations to peers and business people, students also sharpen their presentation skills. Given undergraduate students' limited education and experiences, US universities often rely heavily on guest speakers to inspire and motivate students, share their experiences, and offer feedback on student projects. The business plans that undergraduate students produce are often basic in nature, frequently favouring "lifestyle" new venture ideas.

Universities' graduate programmes focus more on making best use of students' prior education and business experience. Students are immersed quickly in various analytical techniques to give them an opportunity to learn by doing. Case studies are widely used to expose students to diverse types of new ventures, present situations they might encounter in managing a new business, and show them how to best use analytical tools to make important decisions. Some universities use consulting relationships with local entrepreneurial companies. Graduate students can thus hone their skills while serving local companies' needs – and these internships often lead to jobs. Many universities often hold business plan competitions, in which students submit and present their plans for evaluation and critical review; winning proposals receive some funding to bring their venture ideas to life. Other universities complement these awards with seed money to help with the initial start-up costs. Some universities have incubators that host budding ventures, supporting their transition from a conceptual idea to fully fledged entities.

Table 7.1 summarises the key differences over the years in graduate vs. undergraduate entrepreneurship training in the United States. These differences emanate from the nature of students being served, as well as their skills and career ambitions. This leads us to pose the question: Is there a quality distinction between graduate and non-graduate firms? It appears there are several qualitative differences. First, in the United States there is greater attention to graduate-level entrepreneurship, though more schools are focusing on undergraduates at the urging of companies, successful entrepreneurs and donors. Second, the graduate education curriculum in most schools is better developed and integrated into university goals than undergraduate programmes. This is likely to change, however, as more schools become more proficient in undergraduate entrepreneurial education. Third, in terms of outcomes, graduate students often start their businesses in more diverse fields, many of which are knowledge-based (social science and business administration) or more technology-based (natural science or engineering). Undergraduate students tend to emphasise “lifestyle” new venture ideas.

Table 7.1. Differences in goals, opportunities and challenges associated with undergraduate and graduate entrepreneurship programmes

Item	Undergraduate	Graduate (master's level)
Key premises	<ul style="list-style-type: none"> • Students are likely to work for other companies, both new and established. A small percentage of students will actually create their own businesses. • Most businesses created by undergraduates are likely to be related to lifestyles or hobbies. 	<ul style="list-style-type: none"> • Students have some prior business experience. • Students are more likely than undergraduates to own and manage a professional practice. • If they work for a well-established company, graduates are more likely to engage in corporate venturing activities – formally or informally.
Objectives	<ul style="list-style-type: none"> • Developing awareness of the importance of entrepreneurship. • Helping students to recognise their potential as entrepreneurs by understanding their strengths and weaknesses. • Providing a framework for defining and evaluating business opportunities. 	<ul style="list-style-type: none"> • Preparing students for a second career by honing the skills already learned in prior education and business. • Developing the skills needed to transform ideas into business. • Improving skills necessary to lead a new venture and assemble an effective

Item	Undergraduate	Graduate (master's level)
	<ul style="list-style-type: none"> • Developing basic business skills and competencies, especially planning. • Understanding the various challenges associated with the different stages of a company's evolution. • Improving students' networking skills. 	management team.
Preferred teaching methods	<ul style="list-style-type: none"> • Undergraduate courses tend to be more applied, emphasising a variety of teaching approaches that include: <ul style="list-style-type: none"> ▪ Case studies. ▪ Business plan preparations. ▪ Role playing. ▪ Guest speakers in class. ▪ Company visits. ▪ Visits to trade shows and science parks. ▪ Simulation. 	<ul style="list-style-type: none"> • Developing new cases. • Readings (that build theory). • Business plan competition. • Internships. • Consulting arrangements organised through the university. • Growing use of Internet technology to facilitate learning and sharing of experiences.
Opportunities	<ul style="list-style-type: none"> • Interdisciplinary collaboration. • Fundraising; entrepreneurs appear to identify most with undergraduate students whom they consider the future of their industries and nations. 	<ul style="list-style-type: none"> • Specialization (e.g. tech entrepreneurship). • Careers as entrepreneurs and in established companies. • Opportunities for executive and in-house management development programmes.
Challenges	<ul style="list-style-type: none"> • Lack of realism because of lack of experience. • Focus on lifestyle or hobby ventures. 	<ul style="list-style-type: none"> • Career tracks (where do graduates go and which skills could be bundled together in unique career paths). • Creating an effective balance between traditional MBA training and experiential learning.

The situation in European OECD countries

As indicated earlier, there are major differences between the experiences and focus of entrepreneurship educational programmes in the United States and other OECD countries. In the European OECD countries, there is a greater focus on the academic side of entrepreneurship without recognising it as a legitimate academic discipline. This academic focus has led some

professional organisations such as chambers of commerce to offer short training courses and seminars for the basics of setting up a business, while universities concentrate on the “core” business. Universities’ academic focus goes hand-in-hand with a strong reliance on teacher-centred pedagogical methods; there is infrequent use of practitioners in teaching except for guest lectures. However, case studies and the use of videos are gaining ground. Contrary to the academic focus of entrepreneurship courses, the success of newly founded entrepreneurship chairs is often measured by the number of businesses founded by university graduates and students, a factor that has promoted practical-oriented courses.

A more accurate picture entails consideration of the different academic traditions and training backgrounds that exist across the European OECD countries. For example, entrepreneurship education in the United Kingdom is based on a strong tradition of small business research and teaching. This might explain the predominance of SME chairs, most of which were established decades ago. In fact, the first entrepreneurship course in the United Kingdom was offered at the Manchester Business School in 1971. Today, nearly 86 out of 200 UK degree-awarding institutions “have got some form of entrepreneurship education in place for students” (Watkins, 2000, p. 54). SME chairs also have been a long-standing tradition in German-speaking OECD countries. For example, the Institute for SMEs at the University of St. Gallen in Switzerland has been training small business owners and teaching small business management to students for more than 50 years. The same is true in Germany, where only recently universities and universities of applied sciences have established entrepreneurship chairs. Most of these chairs have been endowed for a five-year period by the public SMEs and entrepreneurship bank (Kreditanstalt für Wiederaufbau – KfW) or by companies such as SAP, raising the question about their sustainability over a longer period. Entrepreneurship education in smaller European countries such as the Netherlands or Belgium remains limited in scope and outreach. It is primarily in modules in the economics or business administration programmes (Klandt, 2004; Koch, 2003a).

In the European OECD countries, entrepreneurship is often offered as an elective subject and mainly as stand-alone courses and seminars until the “critical mass” forms to integrate the topic into the curriculum (Wilson, 2004). Depending on the respective academic tradition and the academic unit where entrepreneurship education is located, courses are offered at both the undergraduate and graduate levels. Undergraduate courses or modules are few in number and usually focus on giving students an overview of entrepreneurship. At the graduate level, courses emphasise either analysing entrepreneurship from an academic and theoretical perspective or providing

“hands on” experiences such as the specifics of business plans, procedures for creating a new business, and legal and tax information.

Increasingly, classroom instruction is supplemented by extracurricular activities such as business plan competitions, student consulting companies, and internships within new or small firms. There is also some support for venture creation from incubators, depending on the extent to which graduate entrepreneurship education is embedded into local and regional support networks. In those programmes where entrepreneurship education is offered by a few teachers, any extracurricular activities are sporadic and done on an *ad hoc* basis. Exceptions include, for example, the science parks installed in Sweden during the 1990s in 19 universities. These parks aim to foster the high-growth, knowledge-based and technology-oriented spin-offs of university graduates and university employees (Klofsten, 2000).

There are only a few doctoral programmes in entrepreneurship in OECD countries. One successful example is the “European Doctoral Programme (EDP) in Entrepreneurship and Small Business Management”. EDP was developed by the European Council of Small Business and Entrepreneurship in 1990, and 165 participants from over 47 countries have attended since its inception (Box 7.1). The EDP is also one of the few organisations apart from universities that have created an alumni organisation, establishing a postgraduate network and drawing on the experiences and support of its graduates. European universities do not have a long tradition of creating alumni organisations; only recently have they begun to make use of this resource in recruiting practitioners to teach in their entrepreneurship programmes.

European universities use a variety of teaching methods in their programmes. Though the use of these methods varies from one country to the next, “traditional” lectures and seminars or group work continue to dominate classroom instruction. Interactive teaching methods such as role playing, case study discussions and simulations are used less frequently in teaching entrepreneurship (Gibb, 1996; Koch, 2003a). However, case-based teaching is gaining ground, especially across business schools and younger programmes. A lack of European-based cases and teaching material continues to hamper the use of case method teaching. Case writing and development is a fine art, and few European countries have devoted the resources necessary to develop entrepreneurship cases. Case teaching is also intensive, requiring great creativity, extensive mastery of the subject matter and flexibility. Training is also lacking for teachers interested in leading case discussions, making it difficult to move away from reliance on lectures.

Box 7.1. The European Doctoral Programme in Entrepreneurship and Small Business Management

The three main objectives of the European Doctoral Programme (EDP) are (1) to offer graduate students the opportunity to study in some detail three interrelated subjects, namely (i) Entrepreneurship and enterprise formation, (ii) Small business management and development, and (iii) SME in economic and regional development; (2) to promote and coach the participants' individual thesis work; (3) to strengthen the development of common research themes throughout the world in the general field of entrepreneurship and small business development. The programme has been initiated by the ECSB based on a concept developed by a committee of the Council, chaired by Professor Dr. Josep M. Veciana of the Universitat Autònoma de Barcelona (UAB). The ECSB has established a network of 15 European universities and business schools that support and contribute to the programme.

EDP was founded under ERASMUS/SOCRATES, which means that (1) it benefits from grants for the reciprocal exchange of students and teachers; and (2) it adopts a common curriculum designed to fill a gap in the study of entrepreneurship in Europe. The programme is also part of the European Doctoral Programmes Association in Management and Business Administration (EDAMBA), a forum for co-operation among doctoral programmes of leading European business schools.

Source: www.edp-site.net

The results of a recent survey on entrepreneurship education in European universities and business schools are revealing (Wilson, 2004). The survey, which was completed by 240 entrepreneurship teachers across Europe, illustrates the progress made to date as well as the problems these universities often encounter in designing their curricula, selecting teaching topics and choosing their teaching methods. Three key findings are evident from this survey.

First, entrepreneurship education is not well integrated into the university curriculum. Instead, frequently, entrepreneurship modules and courses are offered on an *ad hoc* or stand-alone basis. This is markedly different from US universities, where entrepreneurship courses build on other courses in the curriculum. The problem is compounded by the fact that in most European schools, only a few faculty members are engaged in teaching or researching entrepreneurship. Second, there is an almost exclusive focus on the start-up phase of the entrepreneurial process, as reflected in business plan writing. Respondents felt a need to follow the various stages of new venture growth and expansion. They also recognised the importance of fostering and developing the entrepreneurial skills associated with working in well-established companies. Third, course

materials often are generated locally, possibly limiting the scope and depth of topics covered. There is also a strong and pressing need for training in interactive and innovative teaching methods.

Table 7.2 captures the key differences between the United States and other OECD countries in terms of entrepreneurial education. As stated earlier, however, there are important differences among European OECD countries in this regard, and Table 7.2 should be interpreted as simply identifying broad differences.

Table 7.2. Differences in goals, opportunities and challenges associated with undergraduate and graduate entrepreneurship programmes

Dimension	United States	European OECD
Entrepreneurship programmes are best described as	<ul style="list-style-type: none"> • Dominated by the view that entrepreneurship is risk taking in pursuit of opportunities to create wealth. • Paracademic (applied discipline), with a focus on experiential learning. • Having entrepreneurs and former executives involved in teaching and leading the programmes. • An important means of fund raising, providing opportunities for internships and potential jobs. • More diverse in their foci. • Placing increasing emphasis on “differentiation” through discipline specialisation (e.g. biosciences), stage of development (e.g. corporate entrepreneurship), or focus (e.g. international entrepreneurship). • Though the profit motive remains strong, there is growing attention to social issues in entrepreneurship. 	<ul style="list-style-type: none"> • Tending to equate entrepreneurship with creating, managing and growing SMEs. • Academic (scholarly), with strong identification with theory building. • More analytically focused. • Usually housed in traditional academic departments, even though some universities have created entrepreneurship centres. • More focused and narrower in scope • Placing greater emphasis on studying family firms.

Entrepreneurship education in Central, Eastern and Southeastern Europe

Even after more than a decade of transition, entrepreneurs in post-Soviet countries continue to face enormous problems, though the problems differ significantly across countries and stage of economic transition (Smallbone and Welter, 2001). These countries vary markedly in various dimensions. For instance, they differ in the scale of privatisation of their economy. Countries such as Croatia, the Czech Republic, Hungary, the three Baltic States, Poland, the Slovak Republic and Slovenia have undergone massive privatisation. In contrast, the pace of privatisation in Belarus and Turkmenistan has been limited. In addition, former Soviet bloc countries vary in terms of price liberalisation. For instance, Hungary, Poland, Slovenia, Romania and Moldova have enacted aggressive policies to bring about market reforms and liberalise their economies. In Belarus, Turkmenistan and Uzbekistan, liberalisation policies have been more limited.

Differences in the scope of market reforms, combined with other economic, social and historical differences, limit generalisations across the countries that comprise Central, Eastern and Southeastern Europe and the former Soviet Union. Still, there is evidence that in the former Soviet republics (*e.g.* Russia, Belarus and Ukraine), many enterprises are set up, survive and even grow *despite* the stringent and sometimes dysfunctional government policies. Entrepreneurs in those countries have shown creativity in mobilising resources to pursue their business ideas, as well as great flexibility in adapting to hostile external environments (*e.g.* Peng, 2001; Smallbone and Welter, 2001). Still, the number of new firms founded in these countries remains small. New firms' contribution to job creation, innovation and external income generation is limited. Clearly, in these and similar countries, the desirable types of entrepreneurial activities, and the effective national strategies necessary to stimulate new firm creation, depend on political, ideological (Peng, 2001; Peng and Heath, 1996), and institutional realities (Welter, 2002).

Promoting entrepreneurship education in Central and Eastern Europe is becoming an important topic of discussion and debate (Schramm, 2004). In these countries, there is a growing recognition of the vital importance of rebuilding national economies, adopting new technologies and creating jobs. These countries need to develop their economies not only to meet the growing needs of their citizens, but also to rise to the international standards of competitiveness. Global competition is knowledge-based, centring on the accumulation and utilisation of well-developed and highly trained intellectual capital (Schramm, 2004). Assuming adequate incentives and

effective organisation, knowledge capital is the cornerstone of innovation; it allows countries to modernise their economies and improve the quality of life of their citizens.

There is also a growing realisation that governments in Central and Eastern European countries do not appreciate the importance of systematic, formal entrepreneurship education. One possible reason is these governments' preoccupation with changing the legal frameworks and institutions that thrived under communism, and with aiming to encourage risk taking and new venture creation. Dismantling these institutions is only one of several steps needed to bring about an effective transition to a free market economy that encourages entrepreneurialism. For entrepreneurship education to become a legitimate part of universities' curricula, society at large should also value enterprise and entrepreneurship by respecting individual initiatives, maintaining an appropriate infrastructure, supporting new firm creation, and protecting ownership rights (Hayton, George and Zahra, 2002). When these values are embedded in the national culture, society begins to view entrepreneurship as an important, if not vital, profession. Such an appreciation of entrepreneurship is still lacking in some former Soviet bloc countries, especially where economic and political reforms have not progressed much – as in Belarus, Ukraine, Moldova and most Central Asian republics (Smallbone and Welter, 2001) – or where reforms have been set back through war, as happened in the former Yugoslavian republics in Southeastern Europe.

Entrepreneurs in Central and Eastern European countries, too, bear some responsibility. The uncertain political and economic environment has compelled some entrepreneurs to pay more attention to solving daily business problems, instead of strategically developing their businesses (Welter, 2005) or sharing what they have learned with others. Without training in modern production and marketing skills, and lacking effective role models, these entrepreneurs are “learning by doing” through trial and error. Corruption has also raised the cost of doing business in some of these countries, making it difficult for entrepreneurs to share their wealth with universities or research centres.

The picture is somewhat different in other Central, Eastern and Southeastern European countries where reforms have progressed well (*e.g.* new EU members or those in line for such membership). In these countries, entrepreneurship education is now offered through private foundations, business associations and universities. These educational programmes usually follow existing teaching traditions, with some initial input from either European or US institutions.

In some Southeastern European countries, there is a strong dominance of entrepreneurship education that is linked to management faculties. Entrepreneurship in these programmes, as noted above, is often equated with small business management. This is the case today in Romania, where the Academy of Economic Studies, the largest university (with 40 000 students), offers courses focusing on SME management, business development, and international comparative SMEs.

Estonia is one of the few countries that have introduced entrepreneurship education into its curriculum as early as the 1990s. This effort began when three public universities that provided economic education substituted their older curricula with new, market-based economy curricula. The goal of this change was to advance the knowledge about entrepreneurship and skills needed to create and manage new companies. At the same time, several new private universities and advanced schools were founded, adopting curricula oriented to business administration and entrepreneurship. Presently, there are more than 20 such universities and advanced schools teaching business administration and entrepreneurship. Along with its development in higher and applied education, entrepreneurship has been included in the curricula of vocational and general education schools. In fact, the curricula of all vocational education schools now contain a business administration or entrepreneurship course that provides basic knowledge on starting and managing a business.

Applied education in business administration and entrepreneurship is also provided in Estonia, in 16 advanced schools with 20 different programmes. Bachelor-level education is provided in nine advanced schools and universities (for a total of 14 programmes) and master-level education in five universities. Thirty-six different consulting and training firms and universities also have entrepreneurship-related training courses. The number of different training courses in Estonia is 237. These courses cover a wide range of topics that include: general management and administration (33%), marketing (11%), accounting and taxation (11%), quality management (5%), financial management and law (5% each), and communication training (4%), among others.

In the Baltic States and in large cities in Russia, entrepreneurship education is also offered through international business schools, such as the Stockholm School of Economics with its branches in Riga (Latvia) and St. Petersburg (Russia). Yet, training here relies heavily on international teachers. Though this initially might have expedited the introduction of entrepreneurship education into the curriculum, it could ultimately impede the development of local teaching expertise and materials, especially where no attempt is made to educate and train teachers.

In countries where the pace of economic and political reforms has been slow, most entrepreneurship education still exists outside higher educational institutions; it is usually carried out through business support centres and enterprise development agencies. This raises a question about the financial sustainability of such efforts, because these business agencies have been established with the financial support of various international donors (Bateman, 2000). Such foreign, donor-led initiatives are the major means of educating entrepreneurs in most of Southeastern Europe (OECD, 2003). Often they are supplemented by a strong vocational system – as is the case in Albania, where university-level courses are still lacking (OECD, 2005).

Some international donors have also initiated specific projects to train and educate potential entrepreneurs, mostly focused on general management issues. Here, the experience of the Ukraine is revealing. Two of the earliest efforts were the International Management Institutes in Kiev and Lviv, which have been launched by the International Management Institute in Switzerland. By 1999, around 60 certified private educational institutions were established, most with some donor funding (Isakova and Smallbone, 1999). This phenomenal growth in private institutions stems from local entrepreneurs (who often were previous university lecturers) recognising the opportunity to provide entrepreneurship and management education to meet the growing demands of the private sector and recently privatised companies. Moldova presents another interesting case in point regarding the development and evolution of entrepreneurship education (Box 7.2).

Box 7.2. Entrepreneurship education in Moldova

Several universities and colleges in Moldova offer short courses in business education. These mainly focus on how to start a small business, but they are not offered regularly as obligatory part of the curricula. The same applies to schools and lyceums. In 2000, a course titled “Applied Economics” was introduced into the national education programme as an elective course for lyceums, starting in the 10th class for 34 school hours. In practice, the course is seldom offered because of a lack of qualified entrepreneurship lecturers, and there is little demand from pupils. The same problems apply to universities.

International donors often support extracurricular entrepreneurship training activities. One example is a business plan competition for young people, which was initiated by the National Association of Young Managers of Moldova in collaboration with Canadian Business Incubators and the Academy of Economic Studies of Moldova in 2003 (www.antim.org). Officially, the Moldova government recognises the need to introduce and encourage entrepreneurship education – *e.g.* in the Law on Employment, the Strategy for the Youth and the State Programme on Small Business Support 2002-05. However, entrepreneurship training is still scarce, and available courses are expensive and lack a practical approach

Source: Information from Elena Aculai, Institute of Economy, Finance and Statistics of the Academy of Sciences of Moldova (IEFS).

Still, most private educational institutions as set up in the Ukraine and other Eastern European countries focus on training managers who work for large multinational companies (Isakova and Smallbone, 1999). This focus leaves a major void in existing educational programmes, which are not equipped to motivate students and graduates to pursue entrepreneurship in an environment that does not reward new venture creation. Ironically, this is where entrepreneurship education can make a major difference – in promoting a willingness to explore various opportunities for creating and growing companies. Entrepreneurship education can enhance an individual’s self-efficacy (Shepherd, 2004) and encourage them to create new businesses, promoting “necessity entrepreneurship” that breaks the vicious cycle of underdevelopment. Barriers to such entrepreneurship are deeply embedded in national cultures, institutions and legal frameworks; these stifle a person’s willingness to create new firms and instead reinforce dependence on government-sponsored business programmes. Therefore, a concerted effort by the private sectors, combined with a strong and sustained government commitment to changing existing educational systems, could encourage entrepreneurial risk taking.

There is also the need for a stronger focus on developing and promoting entrepreneurship topics and integrating them into existing university curricula. To gain legitimacy within universities’ decision-making processes, entrepreneurship education should become part and parcel of the universities’ intellectual life. Such legitimacy has two dimensions: research and teaching. Undertaking original and rigorous entrepreneurship research can help advocates of entrepreneurship become legitimate within academia. Improving teaching requires innovative curriculum development and delivery. A particularly interesting initiative aimed at developing new teaching materials, though not focused exclusively on entrepreneurship, is the “Regional Academic Partnership Scheme” (www.reapnet.ru). This is a bilateral initiative funded by the United Kingdom government and involves several Central and Eastern European countries. For example, the School of Business and Management of Technology at Belarus State University has developed, jointly with the Kingston Business School in the United Kingdom, modules for management education, including personal development.

Table 7.3 summarises some of the key opportunities and challenges for entrepreneurship education in Central, Eastern and Southeastern Europe. While the literature is replete with discussions of the challenges awaiting “would be” entrepreneurs, there are major opportunities for individual and corporate entrepreneurs to create new businesses, ensure their success, and

see them grow. Therefore, Table 7.3 also outlines several entrepreneurial educational needs and corresponding skills.

Table 7.3. Opportunities and challenges to entrepreneurship education in Central, Eastern and Southeastern Europe

Implications for higher education institutions

Dimensions	Issue	Implications
Opportunities	<ul style="list-style-type: none"> • Young population: need for new venture creation (opportunity vs. need). • Need for catch-up technologically. • Economic progress: raising standard of living. • Excellent math and engineering background. • Flow of foreign investments. 	<ul style="list-style-type: none"> • Start early, with foundation skills in creativity techniques. Courses in opportunity recognition and evaluation are also important. • Leverage contacts with business companies by bringing in guest speakers to share experiences. • In addition to new ventures in consumer goods, technology-based ventures would be an excellent focus.
Challenges	<ul style="list-style-type: none"> • Heritage of state ownership: <ul style="list-style-type: none"> ▪ Privatisation creates opportunities. • Incentives are lacking. • Capital/funding. • Lack of teachers: <ul style="list-style-type: none"> ▪ Retooling existing faculty. • Entrepreneurial culture is lacking: <ul style="list-style-type: none"> ▪ Role models. • Academic institutions are theoretical / abstract. • How to get started. • Linking science / engineering with business programmes. 	<ul style="list-style-type: none"> • Education should target well-established companies and new ventures alike. • Key role of entrepreneurial education is to create momentum for change; development starts in small steps, as others follow and momentum grows. • Engage local entrepreneurs as role models and source of feedback and learning. • Create joint programmes between science / engineering and entrepreneurship. Joint appointments and faculty rotations might be important ways to achieve this.

Assessing the impact of entrepreneurship training in higher education

Stimulating and nurturing entrepreneurship at the national level demands attention to three key policy decisions: (1) Which groups can be influenced by entrepreneurship education in higher education institutions? (2) Are higher education institutions the right organisations to offer

entrepreneurship education? and (3) What is the likely economic and social impact of entrepreneurship education? These three questions are discussed below.

Which groups can be influenced?

It is tempting to propose that all students attending colleges or universities would benefit from learning about entrepreneurship. Yet, these students are likely to differ greatly in their attitudes, aptitudes and career aspirations. Also, as already noted, teaching resources and qualified faculty who can train these students are in short supply. Therefore, it is important to consider the goals of entrepreneurship programmes. If the purpose is to excite and motivate students to explore their entrepreneurial potential and develop an awareness of entrepreneurship, then these programmes could be offered throughout the campus. That broad coverage could promote an appreciation of the role of entrepreneurship in economic development and wealth creation. Over time, this could change prevalent attitudes about the risks and rewards of creating and managing one's own business and ensuring its success and eventual growth.

Higher institutions could create programmes that provide assistance in starting a business. They could target those individuals who are already motivated to have careers as entrepreneurs and have ideas for businesses. The programmes can help these individuals think about the opportunity they wish to exploit, testing the potential market, developing the business model, creating the business plan, crafting the competitive strategy the firm will follow, delineating the firm's competitive advantage and its various sources, seeking and gaining funding, and building an appropriate and professional top management team.

Analysis of the population data of several of the former Soviet bloc countries reveals three viable target groups: science and engineering students; students from other disciplines on campus; and career professionals. These groups have different goals and different expectations from institutions of higher learning.

- *Science and Engineering* – Entrepreneurship programmes should venture beyond traditional business and economic schools on campus and target other disciplines. In particular, science and engineering students (undergraduates and graduates) would make an ideal target. With the growing emphasis on knowledge as the foundation of global competitiveness, it would be natural to focus on these graduates, stimulate their interest in entrepreneurship and support them as they explore business opportunities. With unemployment so high in some former Soviet bloc countries, training and education in the mechanics of

new venture creation could stimulate “necessity entrepreneurship”, defined as those efforts aimed at creating firms to overcome barriers to employment or access to opportunities. By targeting science and engineering students, institutions of higher education can unleash the creative energies of their graduates and build momentum for change.

- *Supportive Services and Industries* – Focusing on engineering and sciences in turn requires that higher institutions of education consider entrepreneurial activities that might exist in “supporting services and industries”. Technological development requires the existence of a modern infrastructure that includes effective telecommunication, administrative and secretarial help, and supply-chain value-creating activities such as logistics, transportation, and warehousing. Start-ups might also need the services of temporary employees and business and financial consultants, as well as the guidance of legal experts. New ventures might need access to modern technologies imported from advanced Western countries, or the expertise of export companies and agencies. Universities and colleges could (and should) also target various students who might be interested in creating these varied activities. To achieve the goals just discussed, universities and colleges could target their existing students or offer short courses to train the interested general public. Types of programmes are needed. The first would focus on developing basic entrepreneurial skills; the second would focus more on the specifics of the issues involved with different activities, such as how to import or export.
- *Career professionals* – A third important group in planning entrepreneurship education is career professionals, those individuals who are already in the labour force and would like to change careers or simply create their own companies. This is an important but frequently neglected market, probably because some believe the skills these professionals have are outdated. That might be true, but many of them have a great appreciation for the dynamics of the markets and have connections to established institutions and power centres. Focused short courses could help this group to master key skills and better understand the vital role of entrepreneurship in their countries’ changing economies. Trapped in the process of economic and political transition, some might find this training useful as they explore other career options in supporting industries, creating their own companies, or simply looking for jobs in newly created ventures.

Are higher education institutions the right organisations?

Institutions of higher learning are also undergoing massive transformation in their missions, foci and teaching methods. This transformation provides a golden opportunity to shape younger institutions to embody entrepreneurship as a source of their distinctive competence. Even in the United States and leading Western European economies, the integration of entrepreneurship education into existing university curricula has proved problematic. Many still view entrepreneurship as a subfield of strategy and continue to debate its value added as a separate field (Zahra, 2005). Entrepreneurship research is in its infancy and often lacks theoretical grounding and methodological rigor. It is no coincidence that most early efforts to institutionalise entrepreneurship in the United States have taken place in younger institutions and specialised academic programmes. This has changed over the past decade, with many leading research institutions creating major research centres in entrepreneurship.

There is no wish to export the US or Western European experience to former Soviet bloc countries. Rather, there is a need for a more comprehensive plan where both higher educational institutions and other groups work to fill different needs and niches. There is a need for organisations that teach the basics of business, economics and management. This could be best accomplished in universities and other institutions of higher learning. Those institutions can play a key role in instilling a desire for entrepreneurship in their students. They can be alliance partners, who work with others to offer specialised programmes to ease the transition of professionals into productive entrepreneurial careers. They could also work with local agencies or foreign universities to sponsor entrepreneurship programmes.

Other specialised organisations could also target younger populations. Institutions of higher learning could collaborate with chambers of commerce and civic organisations to reach high school and even younger students and introduce them to the joys and challenges of being entrepreneurs. Graduate and even undergraduate students could volunteer to work with younger students, hoping to stimulate interest in entrepreneurial careers.

As the discussion indicates, institutions of higher learning could be a key node in a network of agencies and organisations working to encourage and nurture entrepreneurship education. Given the high stakes involved in economic and political transitions and the shortage of qualified faculty members in the institutions of higher education in former Soviet bloc countries, it is imperative to engage other partners – domestic and foreign – in bringing about change through entrepreneurial education and training.

What is the likely economic and social impact of entrepreneurship education?

Assessing the impact of entrepreneurial education is a challenging task because it often takes years to see its effects. In addition, even the most effective entrepreneurial training does not automatically translate into new business creation. Political, sociological and personality variables significantly influence the transition from classroom learning to actual entrepreneurial behaviour. In addition, some of the results of entrepreneurial education are direct (*e.g.* creating companies) whereas others are indirect (*e.g.* changing attitudes and developing awareness of the activities associated with creating and growing a business). As a result, multiple approaches are necessary to capture the direct and indirect contributions of entrepreneurial education.

Institutions of higher education should also track enrolment numbers in their various courses. This serves as a baseline to document changes over time, signalling shifts in student and participant interests. The mix of students enrolled in these programmes is another area to examine, because it could serve as an indicator of the locus of future business creation activities.

An important measure of successful entrepreneurial activities is the number of companies created by graduates and the fields in which these firms are started. Of course, care should be exercised in using this criterion to safeguard against premature conclusions; it might take years to see ideas and the learning gained from entrepreneurial education become business enterprises. It is also important to gather data on the numbers and types of the jobs created by these companies, their revenue and profitability. More long-term indicators of success would include the sophistication of the products and technologies generated by companies whose founders graduated from various entrepreneurship programmes; the types of customers and markets they serve at home and overseas; and their track records in gaining funding.

From a societal perspective, the efficacy of entrepreneurship training and education could also be measured by the number of jobs created, the representation of women and men in employment created by new firms, the tax revenues created, new goods and services offered, the wealth created, direct financial contributions to local communities by business owners, indirect contributions by these owners to their society (*e.g.* service as role models; providing internships to youth; serving as guest teachers in universities), and the general change in national attitudes about self-employment and new firm creation. The growth of a viable and vibrant middle class would also serve as an important signal of the success of entrepreneurial education. Finally, development economists traditionally

have argued that there is only a limited supply of entrepreneurs in each country – a proposition that has ignited fierce discussion and debate (Smallbone and Welter, 2001). True, personality factors have their important role in entrepreneurship. However, as stated throughout this chapter, context matters even more; entrepreneurship is socially embedded and therefore influenced not only by individual personality variables but also by a society's overall institutional context. Therefore, a major indicator of successful entrepreneurial education is reduced fears associated with the risks normally surrounding entrepreneurship.

Lessons learned

What are the general problems in entrepreneurship education across Central, Eastern and Southeastern European countries? What are the key lessons these countries can learn from the experiences of the United States and European OECD countries as they seek to increase the potential impact of entrepreneurship education? The analyses here suggest four recommendations.

First, a major problem in Central and Eastern European as well as other transitional countries is the lack of qualified teachers. Educational programmes that train future entrepreneurs in the various stages of new venture creation are almost nonexistent. Further, though new management chairs have replaced the Marxism-Leninism chairs in some public education institutions, the same teachers and professors are often retained after switching to topics like general business management. Some of these professors do not fully appreciate the value of entrepreneurship and do not have first-hand experience in the mechanics of new firm creation and growth. There is also little systematic research on the unique obstacles that entrepreneurs face in these countries, making teaching entrepreneurship a complicated and challenging task. Training facilities that familiarise professors with recent research findings or teaching methods are also widely lacking. Further, in some countries, entrepreneurship education activities are frequently concentrated in and around the urban centres, depriving other regions from access to recent developments in the theory and practice of entrepreneurship. As long as governments do not recognise the need for systematic entrepreneurship education of younger as well as senior faculty members and students, the lack of qualified professors will continue to be a serious handicap for economic development and technological progress. Fortunately, some international donors have given attention to these issues and have begun to train local entrepreneurs and faculty. These international efforts to enhance entrepreneurial education and training remain limited and sporadic.

Second, entrepreneurial skills are learned in a variety of ways and methods. Some are best learned by doing and observing others. Of course, lecture-based education has its place in the curriculum, but the training of future entrepreneurs should also include interactive and action-oriented methods. Governments have an important role in this process, as public education systems in Central and Eastern Europe remain very rigid and inert. They rely on traditional and teacher-centred teaching methods, though curricula leave little or no room for introducing new topics and methods. Governments and educational institutions should recognise that entrepreneurship is not something a person is born with, but a set of skills that can be taught and learned.

The OECD might have an important role to play in promoting entrepreneurship education. An obvious area is faculty and professor exchanges. One option is to team up experienced entrepreneurship professors from the United States and other countries with local talent. Another option is to arrange for leading scholars and teachers to offer intensive courses on entrepreneurship research and teaching. The OECD can also develop an active network of educators in Central and Eastern Europe and connect them with leading experts in the United States and European OECD countries. The OECD could moreover help with training local professors and students and supplying necessary educational material.

Third, entrepreneurship education should not be limited to higher education institutions. Programmes targeting high school (or even younger) students could also help to change prevailing attitudes about the nature and value added of entrepreneurship. Other programmes could target business owners or employees (and professionals) in existing enterprises, especially where business support infrastructure is still lacking. These programmes could augment peoples' learning needs and introduce new concepts and practice to improve their operations. The programmes might also stimulate interest in entrepreneurship as a profession, thus increasing the potential supply of entrepreneurs.

Fourth, though the basic principles of establishing a new business are the same worldwide, entrepreneurship is deeply embedded in national cultures and draws upon the previous experiences of individuals and their societies. As stated earlier, entrepreneurs learn from the various role models they encounter in their lives and careers. Teaching materials should reflect the variety of starting points that entrepreneurs use to build their organisations. Entrepreneurial training should seek to overcome the psychological barriers that have evolved in national cultures over generations. These new educational materials and techniques should focus on improving potential entrepreneurs' self-efficacy by giving them the

foundation to realistically assess and evaluate the risks associated with new venture creation.

Conclusion

When the authors began writing this article, they were overwhelmed with the repeated references in the literature to the challenges and barriers that limit entrepreneurship in Central, Eastern and Southeastern Europe. Even some of their long-term collaborators from those countries also questioned the wisdom of tackling this topic. Many have already given up in great disappointment at the slow pace of economic and ideological transitions; they have been disappointed with and frustrated by the lack of progress. Yet, as the authors reflected on what they saw and know about the rich heritage of these young democracies, their young and educated populations, and their stated national and individual aspirations, they could not abandon their work. Their own research tells (indeed, reminds) us that the winds of change are strong and there is no going back. Economic progress resides in individual initiatives that, when honed through entrepreneurial training and education, transform national dreams of progress into visible and sustained development that enhances a society's quality of life and its global competitiveness.

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