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Entrepreneurship Education and Regional Development - Accountability Test for the University and Local Government

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Q&A

1

- What's a problem?
 - Unemployment (exclusion)
 - Regional development imbalances (uneven access to opportunities)
- How to deal with such problems?
 - Developing an enterprising society – individuals, institutions



Q&A

2

- Is there a connection between entrepreneurship education and regional development?
 - Yes, SUBSIDIARITY principle
 - Entrepreneurship education – empowered individuals for pursuing opportunities regardless of resources (Stevenson), capable for competition and cooperation
 - Regional development – empowered local stakeholders networking amongst themselves and partnering with the government in dealing with regional development issues



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Q&A

3

- Who is in charge? All, but...
 - Governments – linkages?
 - Universities – autonomy AND accountability, more entrepreneurial?
 - Local governments – less political, less bureaucratic, more entrepreneurial?



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Global issue, global response?

- Not yet, but there are examples of good practice
 - OECD survey on contribution of higher education to regional development, 2005-2006
 - 14 regions in 12 countries
 - Summing up conference, September 2007, Valencia, Spain

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HE and Regions

1

- Regional needs: uncharted territory for most HEI s
 - HEI s wait on inputs from agencies, business sector ...
- Regionalism within HEI s mission statements, but performance measures?
 - Oxford, Twente... Turku

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University of Oxford

- to enrich the international, national, and regional communities through the fruits of its research and the skills of its graduates
- ... through varied opportunities for life-long learning offered in the Oxford region and more widely

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University of Twente

From the Mission statement:

- Entrepreneurial research university with a focus on technological developments in the knowledge society.
- ...encourage the economic and social development of the UT's environment, particularly the north-eastern Netherlands, Twente and the Euroregion.
- ...manifests itself in strategic public-private networks



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University of Turku

- From the Strategy 2006-2012
 - Activities based on high quality and multidisciplinary create the preconditions for the University's profile internationally, nationally and regionally.
 - In the forefront of the region's innovation system, the University promotes the development of the surrounding society and especially that of **Southwest Finland**.

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University of Turku

- From the Strategy 2006-2012
 - Along with the University community's pressure for change, **commitment to the community** and its development are of primary importance. The important themes of communal values are **openness, trust, commitment, motivation and collaboration.**



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HE and Regions

2

- **Autonomy vs. Accountability**
 - From linear model of transmission of knowledge (classroom) to interactive and experiential (project work and work-based learning which is locationally specific)
 - From Mode 1 (autonomous and distinct academic disciplines) to Mode 2 (transdisciplinary, socially accountable, applicable), Gibbons et al., 1994
 - Learning ... is worth little if there are no opportunities to implement what has been learned. (Morgan, 1997)
- **Initiatives to promote the “third task” of serving community**
 - Not well integrated within teaching and research functions of the HEI s



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HE and Regions

3

- Low absorption capacity on both sides
 - SMEs have difficulties in working with HEIs
 - HEIs have difficulties in working with SMEs
- Potential contribution of HEIs to regional development
 - Strengthening industrial base - new business creation
 - Diversify businesses in new sectors by introduction of new products derived from research
 - Help to attract inward investment to the region by the skill base in local HEIs



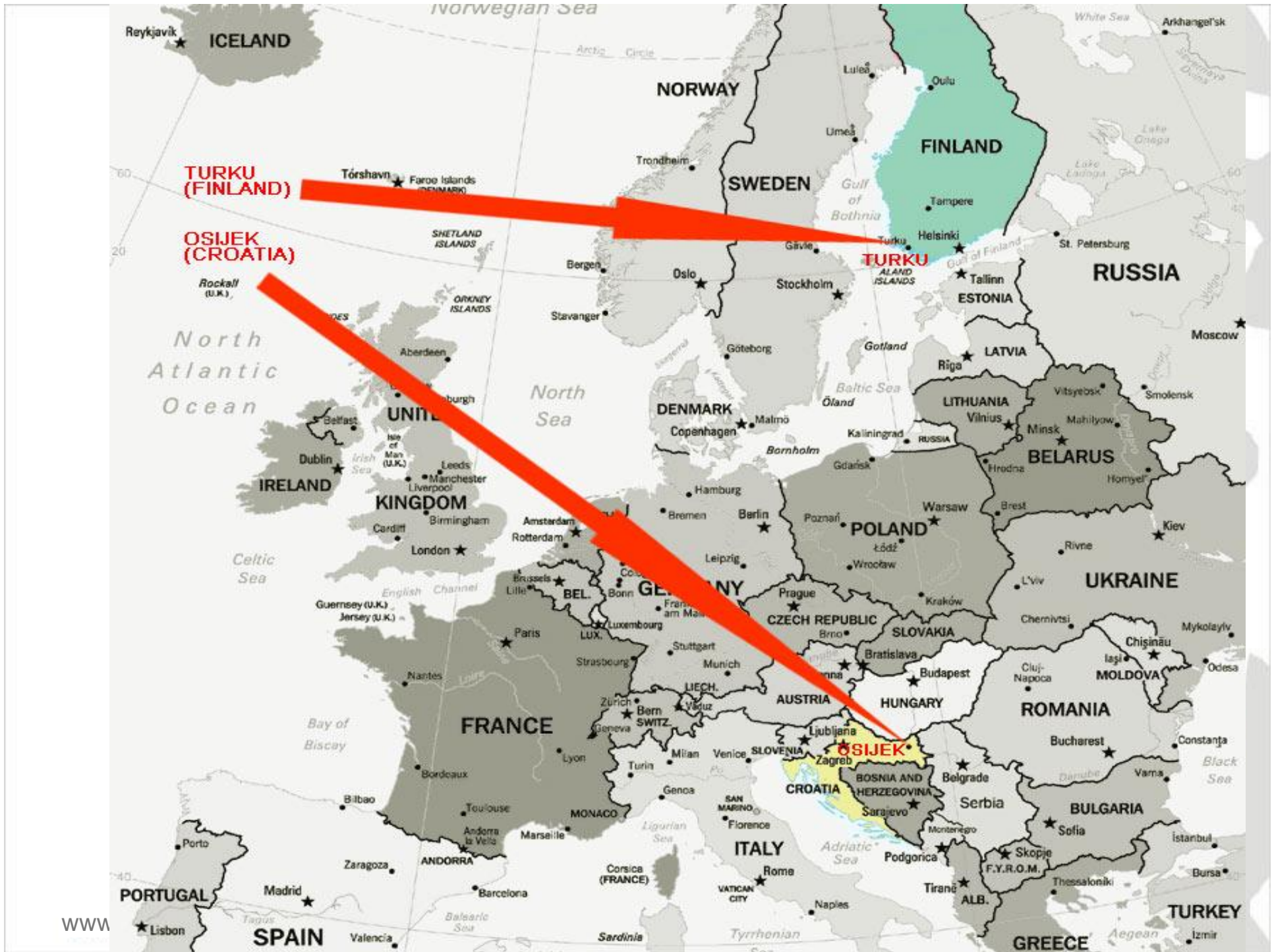
Global issue, local action

Case of Osijek, Croatia:

- How to survive in a globalized world (after the war)?

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Croatia



Vukovar

18 November 1991



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Osijek,
June 10,
2007



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Osijek, February 2007 – Antti Paasio



Mega changes...

- new country, 1991
- new political & economic system, 1991
- war, 1991-1995
- neither war or peace, 1995-1998
- privatization process, 1991-
- EU accession, 2002-

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Screaming facts...

- unemployment, high and persistent
 - 1991-2006: 16-20 %
- changed structure of employment
 - SME doubled, large enterprises halved
- increasing regional development imbalances
 - 1 to 6, in GDP; in unemployment
- low competitiveness
- low entrepreneurial activity



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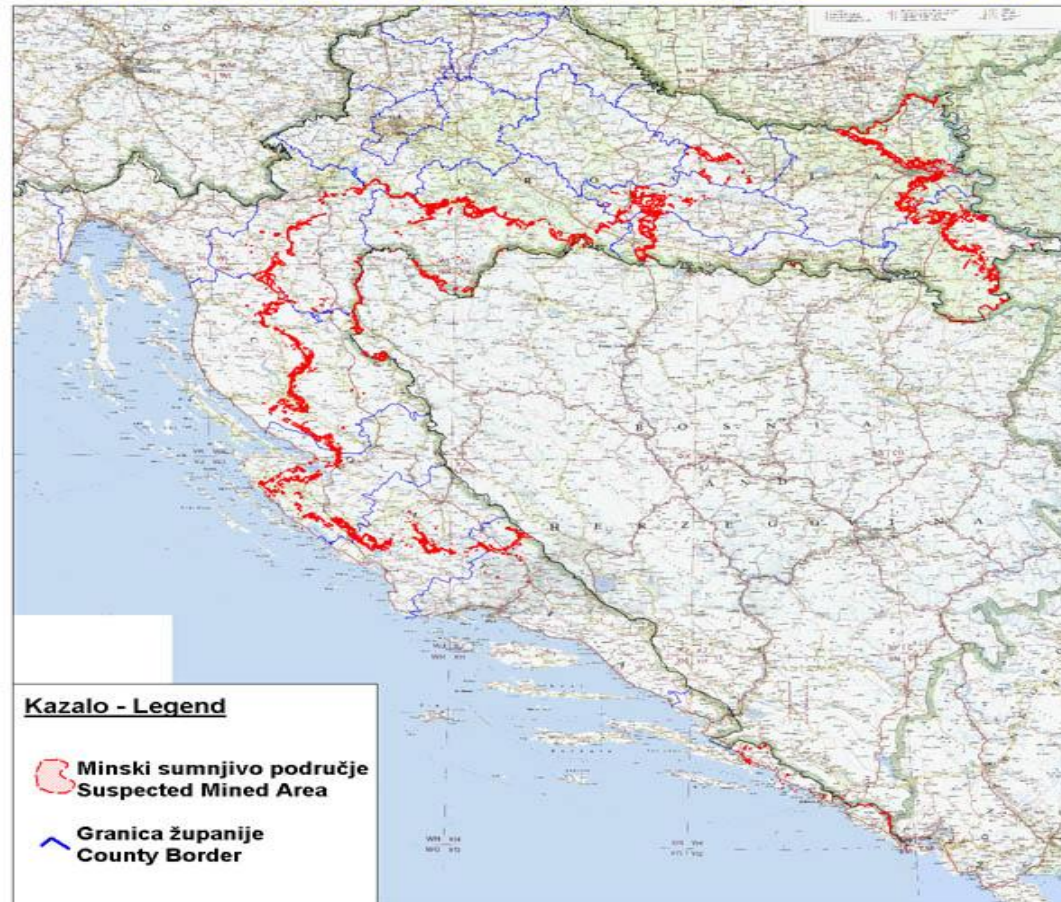
Eastern Croatia

- Rich in natural resources (soil, water, wood, climate)
- Higher unemployment (25% to 65%)
- More necessity based entrepreneurs (motivational index for entrepreneurial activity: TEA Opportunity / TEA Necessity): 0.5 vs. 1.16 in Croatia, 3.2 in Istria
- GDP/pc: 2,500 EUR vs. 8,000 EUR in Istria, or 19,000 EUR in Zagreb
- Young people are leaving
- Plus... .

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Mine suspected areas in Croatia

HRVATSKA - CROATIA
MINSKI SUMNJIVA PODRUČJA - MINE SUSPECTED AREAS



UPOZORENJE:

Ova karta prikazuje područja visokog rizika od mina i neeksplozivnog ratnog materijala.

WARNING:

This map shows the area at greatest risk from possible contamination of mines and unexploded ordnance.

Ožujak 2005. / March 2005.



How to survive in globalized world (after the war)?

- To develop an enterprising society based on individual and institutional capacity for:
 - Innovativeness
 - Competitiveness
 - Cooperation



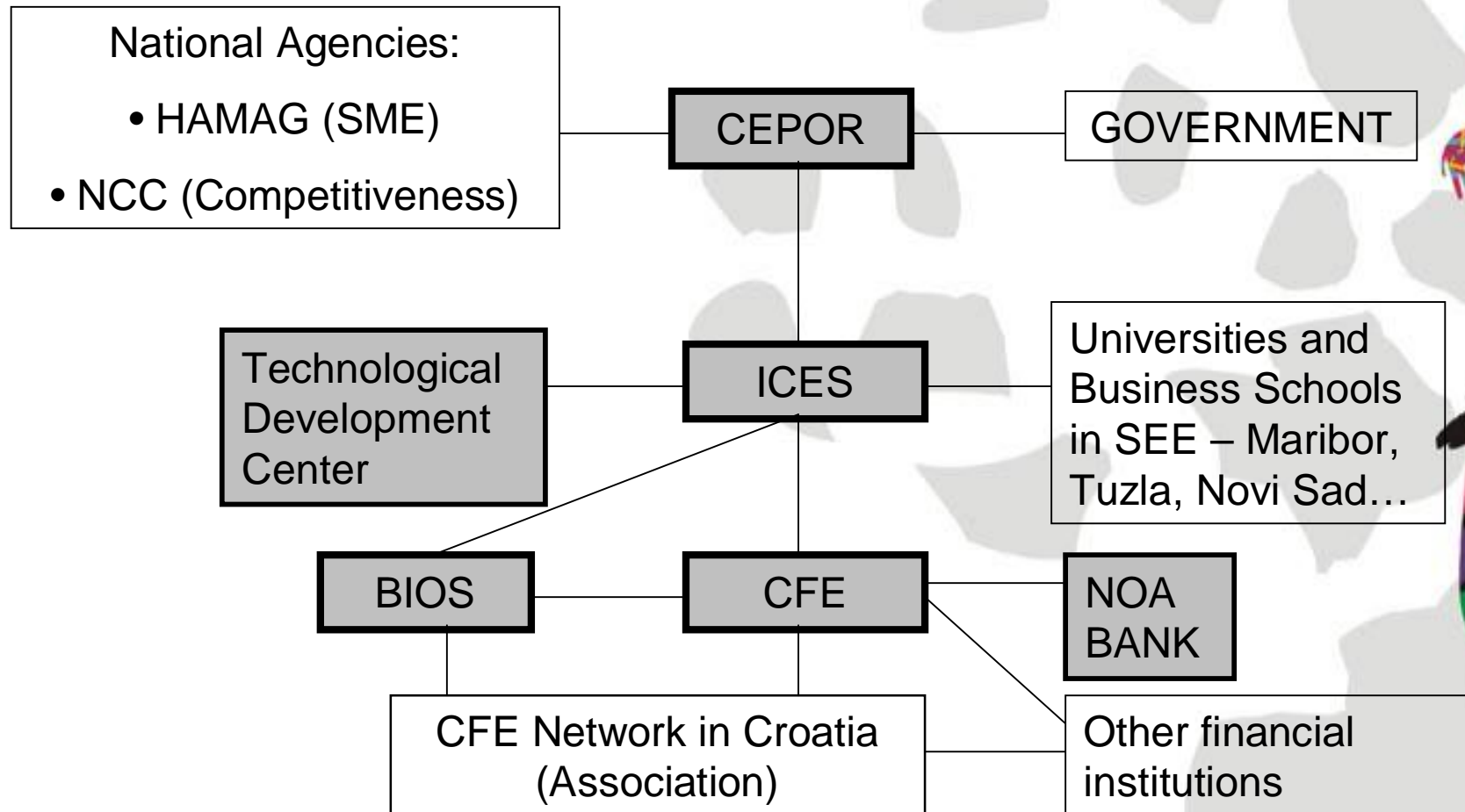
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Our answer

- NOA, microcredit institution, 1996, USAID
- Center for Entrepreneurship, 1997, Open Society Institute
 - Franchise Centre, 2003
 - Family Business Forum, 2003
- University based Master's Degree Program in Entrepreneurship, 2000
- Business Incubator, 2002
- Strategic vision for the region 2005-2015
 - Osijek Baranya County: The County where young people want to live
 - Municipality of Osijek: From industrial to intelligent city
- CEPOR, SME Policy Center, Zagreb, 2001
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Result: Connecting the Support Infrastructure



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Trust

- Joint projects on strategic vision for the region
- Students work on local problem-oriented projects
- Network of stakeholders
 - University
 - Centre for Entrepreneurship
 - Business Incubator
 - Technological Centre
 - CEPOR, SME Policy Centre



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Needed actions

- Get rid of myths
 - Entrepreneurship and SMEs are NOT synonyms
 - Born vs. Made entrepreneurs – education matters
- Long journey from dependent to entrepreneurial culture
 - Education, started in 1997 with training programs for business owners, and in 2000 with Master's degree program in entrepreneurship
 - Media? – still celebrating more big business and tycoons
- Trust - network of stakeholders

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Principles

- Creativity
 - Some people take no mental exercise apart from jumping to conclusions
Harold Acton
- Innovativeness
 - It's better to fail in originality, than succeed in imitation **Herman Melville**



Principles

- Action

- Success is going from failure to failure with no loss of enthusiasm **Winston Churchill**

- Courage

- Those who lack courage will always find a philosophy to justify it! **Albert Camus**

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Jobs of the future

- Problem identification
- Problem solving
- Ideas exchange

Robert B. Reich
University of California, Berkely,
The Work of Nations: Preparing Ourselves
for 21st Century Capitalism, 1991

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Entrepreneurship is...

- way of life
 - in which IDEAS on improvement are **emerging**
 - in which OPPORTUNITIES are **assessing**
 - in which a CHANGE / ENTERPRISE is built through **connecting** ideas with opportunities



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Entrepreneurship IS NOT...

- (ONLY) small business
 - Small business can be non-entrepreneurial
- management
 - business function



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Osijek – hub of entrepreneurship education

- Master's degree program started in year 2000
 - As the first and still only one in Croatia
- Result of the best world's practice
 - International Academic Advising Board
- Surveying needs of Croatian entrepreneurs / businesses
 - GEM project
- Adjusted after Bologna Declaration (undergraduate, graduate, specialisation)

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Coming soon...

- Ph.D. Program in Entrepreneurship, from 2008

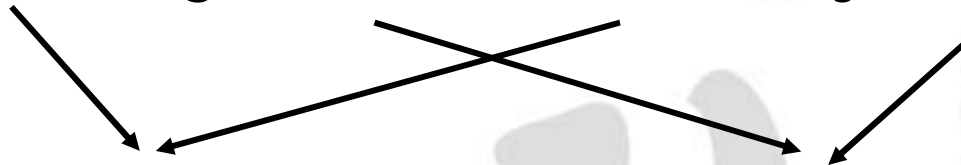
in partnership with
Turku Business School, Finland
Durham Business School, UK
University of Maribor, Slovenia
University of Klagenfurt, Austria

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Program

combined
knowledge & skills theory & practice



Carefully designed program - not shrunk management courses

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Special features 1

- Competitiveness
(Harvard Business School – M. Porter's course)
- Authentic leadership for entrepreneurs
(University of Naropa, Colorado, USA)
- Managing family business
(De Paul University, Chicago, USA)
- Business ethics
(Yale University, USA)
- Maverick seminars



Special features

2

- Student loan program
 - Kathryne and David Moore, New York
 - \$25,000 grant



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New pedagogy

- Interactive teaching, experiential classroom, drama (cases, guest speakers)
- Teach-the-teacher (25 local faculty):
 - Case method training on site – Susan Harmeling, USA, 2001-2002
 - Harvard Business School
 - M. Porter – competitiveness (2003, 2006)
 - H. Stevenson – entrepreneurship (2005, 2007)
 - Syracuse University, St. Louis university, Loyola University, University of Wisconsin, 2006, 2007
 - Experiential classroom



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Learning process

- Case method
- Individual and team projects
- Practitioners
- DISTANCE LEARNING
- www.psp.efos.hr



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Practical experience through network:

Center for Entrepreneurship, Osijek:
counseling, training

www.poduzetnistvo.org



Center for franchising

www.fransiza.hr



BI OS – business incubator

www.inkubator.hr



Technological development center

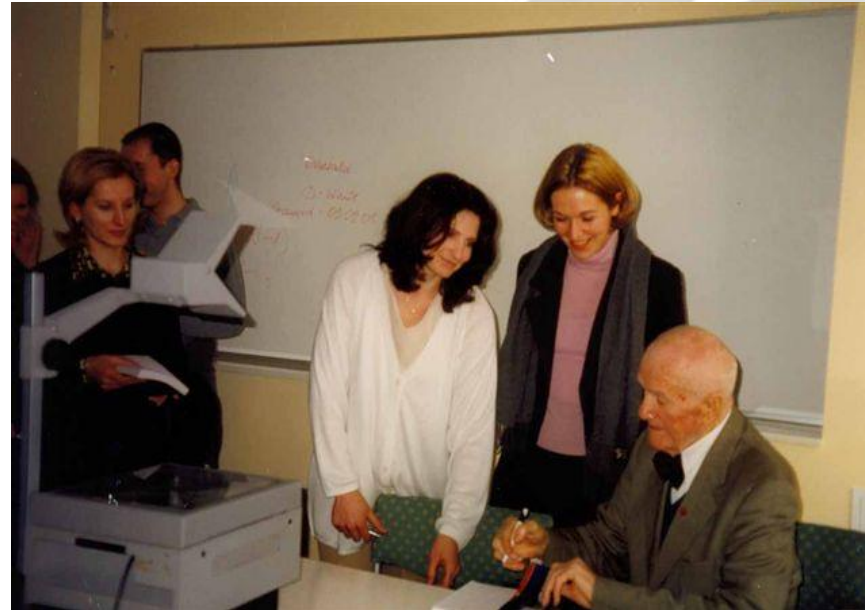
www.tera.hr

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Professors

45 professors
Osijek, Zagreb,
Slovenia,
USA, UK,
Finland, Norway,
Australia

Entrepreneurs –
guest speakers



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Our students

11 cohorts (from year 2000!)

- 308 students

8 cohorts in Osijek, 2 in Poreč



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Students' profile

Geography:

eastern Croatia	75%
north Croatia	9
western Croatia	12

Abroad (Macedonia, Bosnia and Herzegovina)	4
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Students' profile

Experience:

working

90%

average working years

7

Former education:

economic

70 %

non-economic

30%

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Students' profile

- Small business 49%
- Middle sized business 21%
- Big business 30%

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Students and professors...

- ...**partners** in developing the center of excellence in learning and researching entrepreneurship in Croatia
- ...**partners** in application of entrepreneurship knowledge in building leadership capacity for leading POSITIVE changes in Croatia



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International Advisory Board

Howard Stevenson, Harvard Business School, USA

Allan Gibb, Durham University, UK

Robert Brockhaus, St.Louis University, USA

Raphael Cohen, University of Geneva, Switzerland

Joan Gillman, University of Wisconsin, USA

Adolph Hanich, Swinburne University, Australia

Deirdre Hunt, Cork College University, Ireland

Jerome Katz, St.Louis University, USA

Antti Paasio, Turku Business School, Finland

Saravan Venkatamaran, Darden Business School, USA

Harold Welsch, DePaul University, USA

in partnership with Croatian Business Board

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Work in progress - our vision

International Center for Entrepreneurial Studies ICES

Center of
excellence
in learning & researching
entrepreneurship
in South East Europe



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International Center for Entrepreneurial Studies

- Synergy of 15 years in local economic development
- UNESCO Chair in Entrepreneurship
- Center of excellence in learning entrepreneurship in South East Europe
 - Undergraduate, master's, specialization, doctoral
 - Executive program
 - Distance learning
- Research center
 - GEM project



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Focuses

- *“entrepreneurship across campus”*
- entrepreneurship education is seen as an EQUALIZER and MOBILIZER agent

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Features:

Development School

Intellectual School

What you think vs. What you know

School for the Future

think globaly, act localy

School of Life

learning through doing, experiments

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It began with...

- EU funded survey, 1990-1992 (regional development and entrepreneurship)
 - Mushrooming of educational programs in entrepreneurship in the USA
- War consequences
 - devastation of human, social and physical capital – mistrust, unemployment, poverty
- Personal responsibility
 - what *I* / *WE* can do?



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Objectives & strategic answers

- Three goals:
 - to help integrate war-affected areas (Eastern Croatia) into the national economy
 - to support belated economic transition to market structures
 - to stimulate self-employment and growth oriented businesses
- Focus: mostly non-financial support services and development of entrepreneurs through a set of strategic programs/institutions



Our journey ...

- From money to knowledge
 - Money is not enough
- From knowledge to more jobs
 - Knowledge is a key for solving problems
- From jobs to more money
 - Integrated approach is needed (cooperation, networks...)

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Did we have an impact?

- YES:
 - SME development and entrepreneurship on the national agenda
 - a set of key support institutions operational with important contributions on all levels
 - a new generation of entrepreneurs emerging
 - new businesses started and existing firms expanded
- but, results difficult to measure as benefits will accrue over time



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Experience – Osijek's case

Top 5 achievements

1. Big picture is important
2. Local energy is the most important ingredient of entrepreneurial capacity
3. Teams are attracting money
4. Partnership pays off
5. Emerging synergy of the network of institutions / programs



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Challenges – Osijek's case

Top 5 (past & future) challenges

1. To provide entrepreneurship education for young people on mass scale
2. To beat university rigidity
3. To develop strategic alliances among stakeholders
4. To look for crossborder cooperation
5. How to reconcile patience and eagerness to move ahead?

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Lessons learned

- Lesson 1:
 - Rigidity of the university is neutral to the size and/or age of the university
 - Smaller and younger university is not a guarantee for flexibility, proactiveness, entrepreneurial leadership
 - Big and old university is not a guarantee for using economy of scale opportunity or the wisdom of its accumulated experience



Lessons learned

- Lesson 2:
 - Changes can be introduced at the university from any of its corners, iff
 - Strong basis of ideas
 - Strong basis of experience
 - Research activities, from 1989; GEM project from 2002
 - Master's degree program in entrepreneurship, from 2000
 - Training programs for entrepreneurs, through Center for Entrepreneurship in Osijek, from 1997
 - Strong resource basis
 - Local faculty, well trained
 - International faculty
 - Financial support
 - Strong leadership basis

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Accountability test

- Learning region: is “value adding” process possible?
- Yes, but willingness and knowledge is needed:
- For the University:
 - To link the teaching, research and community service roles by internal mechanisms
 - To introduce reality tests
 - Employability of students
 - Ability to participate in solving local development problems
- For the Local Government:
 - To engage the university with all facets of the development process (skills enhancement, technological development and innovation, development of enterprising culture)



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Can we...

- To implement Schumpeter's CREATIVE DESTRUCTION for opening new ways of organizing knowledge and pedagogy on the campus
- Use Stevenson's approach that entrepreneurship is PURSUING OPPORTUNITIES regardless of current resource limitations
- Look at entrepreneurship as a true MOBILIZER and EQUALIZER of opportunities in a society (Timmons)
- Define the university mission as to equip young people with knowledge and skills for jobs of 21st century: PROBLEM IDENTIFIERS, PROBLEM SOLVERS, IDEAS BROKERS

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Do we have choices?

- Leaders – opportunity based universities
- entrepreneurial universities
- Followers – necessity based universities
– pushed to make change
- Losers – ignoring opportunities and necessities

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