

THE ROLE OF TRAINING COMPANIES IN ENTREPRENEURIAL EDUCATION

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Abstract:

Considering the need of entrepreneurial education, teaching methods and the contents of specialized disciplines have changed to some extent. One of the tools used by this type of education is the training company which is not just a modern method of interdisciplinary integration and application of knowledge but also a simulation and development of economic activities within a real company. It is an efficient means of education, appreciated by pupils and students and has three levels of difficulty as presented in the paper. After presenting the concepts, trends, characteristics and phases of development and organization at national level, we can carry forth a short statistical analysis required as support in demonstrating the positive impact on the learning environment. All the analyzed indicators, i.e. the number of firms, the number of schools where these training companies have been set up, the number of cities and towns in which they operate, etc. quantitatively support the effect of carrying out such practical activities.

Key Words: training companies, entrepreneurial education, entrepreneurial skills

Jel Classifications: D-21, L-26

1.Introduction

In the 17th century the entrepreneur was “a person who starts up a business” while the Universal Dictionnaire du Comert, published in 1723 in Paris defines the entrepreneur as “someone who operates a certain business: “production entrepreneur” – manufacturer, “masonry entrepreneur” – mason.

Observing the relationship between individual, work and capital, one can notice a significant change of concept in the late eighteenth century in Europe when James Watt concluded a partnership with Matthew Boulton with regards to operating a steam engine while in North America the American Revolution began. In the same perspective, Joseph Schumpeter describes entrepreneurs as innovators who lead the "creative - innovative" process of capitalism and shows that "the role of the entrepreneur is to reform or revolutionize the production model."

There are many historic landmarks of the 20th century entrepreneurship and they bring forth exceptional entrepreneurs who are, in general, successful inventors that have impacted significantly the development of the society: Henry Ford, Thomas Edison or Bill Gates, are only three names that indicate the inventor - entrepreneur correlation.

The evolution of entrepreneurial theories and of the phenomenon itself, as well as examples of successful entrepreneurs who had a significant impact on the development of the society show that encouraging entrepreneurship may represent a solution for creating new jobs, for stimulating competitiveness and to Romania's economic growth whereas entrepreneurial spirit is the foundation for the development of any country. For example, in Romania, Marius Ghenea [1], a successful entrepreneur, suggestively defines the entrepreneur as “someone who has an idea, sees it as an opportunity and then takes action” and considering his vast experience as entrepreneur and trainer he reveals that an entrepreneur is not only a man with ideas but also a person who turns ideas into businesses.

At present, the stunning developments of communications through television and internet have enabled the entrepreneurial phenomenon to be well known at global level by more and more people thus stimulating the desire to set up a business and most importantly the development of the innovative phenomenon. All these enabled people from various professional categories, regardless of their age, with or without financial resources and entrepreneurial education to have the opportunity to start up a business or to materialize an innovative action by selling an idea.

In this context, the development of the entrepreneurial spirit is a necessity and an important leverage that influences the Romanian economy in the long run, just as it happened in the USA more than 100 years ago, whereas entrepreneurial education must be an important component of the education system.

2. The need for entrepreneurial education

The education process should be started at early ages and an early entrepreneurial education is a must. These personal skills cannot be acquired through a single subject; they must be nurtured starting with the primary school or even sooner and they must be developed at higher levels in secondary schools and universities. Secondary school and

academic subjects should include presentations of the entrepreneurial environment and actual contributions to its development by adopting the best practices from developed economies; this is why the teacher's role is to facilitate the student – knowledge relation, helping them find their own path in life. Entrepreneurial education should not be mistaken for general business and economic studies.

This training only provides them with entrepreneurial knowledge necessary to start up a business and with the necessary skills that turn them into efficient entrepreneurs or employees and moreover, they will be able to manage their own personal resources or family budgets, will be able to set objectives and to reach them, and will learn how to develop continually.

It is a support for any person in their private or public life, it increases awareness among employees with regards to the context of their activity and increases their ability to seize opportunities, and it lays foundations for entrepreneurs who engage in economic or social activities.

As compared to other countries, Romanians show weak entrepreneurial spirit because of the lack of entrepreneurial training and because of a stimulatory entrepreneurial environment.

The causes that have brought this about are:

- Insufficient private ownership during communism when the concept of entrepreneur was not properly implemented;
- The lack of the most elementary form of entrepreneurial education during communism and in the years following 1990;
- On many occasions entrepreneurial studies were taught by people without special qualification and without practical knowledge who would present only theoretical concepts which could not be implemented and which did not raise the interest in entrepreneurship; therefore, teaching methods have not been effective and the implication of students has been limited;
- The legislative framework has been continually changing, thus leading to insecurity among people who wanted to set up a business;
- The lack of national strategies with effective instruments that favour the development of entrepreneurship;
- Inherited cultural, religious or mentality aspects which limited the development of some qualities such as self-confidence, efficient communication, the desire to be wealthy or of some entrepreneurial skills;
- Business people do not get involved and some practical elements are missing.

It is obvious that whatever the causes listed above, the most important one for the absence of the entrepreneurial spirit is education. Any developed country will invests in entrepreneurial education since innovation is greatly superior in these countries and a favorable environment for business development influences directly the country's level of development.

Romania must train a new generation of entrepreneurs with specific abilities such as: responsibility, spontaneity, adaptability, perceptiveness, initiative and managerial spirit

3. Training company – a method of entrepreneurial training

The effectiveness of the instruments of entrepreneurial education increases through the use of modern methods of teaching-learning-evaluation which facilitate formal and non-formal entrepreneurial training.

In Romania, entrepreneurship is included in the school curriculum of all high schools and especially in secondary technical and vocational schools: high schools specialized in trade, business and tourism and one of the modern methods of learning is the almost real simulation a company's activity. Thus, the training company has become an efficient educational tool which is appreciated by the pupils and students.

In theory, the training company is defined as an interactive learning method for developing entrepreneurship and it is presented as:

- a modern concept of interdisciplinary integration and application of knowledge;
- an approach to the teaching and learning process which ensures conditions for testing and extending the skills acquired by pupils/students during vocational training.

The purpose of setting up a training company is to create a model of a real company which will guide students along the process of training and developing entrepreneurial competences [7]. This model enables the simulation of activities within a real company.

In accordance with legal regulations [6], the training/simulated company is a didactic concept, with educational objectives and it represents a way of simulating internal activities carried out within a real firm and its relations with other companies and institutions.

According to Austrian Center for Trainings Firms a training company is a place for learning where business activities - order processing, enquiries and sales - are carried out in accordance with the principles relating to the supply and demand on a real market except for the fact that the goods and services are not real [6].

Differences

Training company	Real company
Financial resources are simulated which means there is no money or goods involved.	Resources of any kind are real
Operational risks are simulated	Risks are taken for real
It concludes contracts with other training companies	It concludes contracts with real companies
Shifting positions is a means of learning and is very frequent	Positions are shifted only if need be
Working time is 3-5 hours per week	Working time depends on the needs of the company and of the number of employees.
There is no cash involved	The cash flow is real

Similarities

They comply with commercial practices, with the flow of information, documents and with accounting entries.
Activity is carried out according to the legislation in force for real companies.

These differences and similarities between the real company and the training company show that the training company simulates operations that entrepreneurs in the real environment carry out regularly, from drafting a business plan to production processes, marketing, human resources, accounting or management, which will provide the student with an easy transition from school to active life.

Taking into consideration these similarities and differences, as well as the complexity of the training company, one can identify 3 levels:

- **Level I** where *forerunning preparations* are carried out to set up a “training office”, while the main characteristics refer to the fact that they do not relate to the external environment, the training company is not registered with the Branch of Training Companies/Simulated Enterprises (ROCT), the learning process implies action and operations are initiated by the teacher
- **Level II**, is *characteristic to new companies* which are registered with the Branch of Training Companies/Simulated Enterprises, they have the right to conclude business partnerships with other training companies from Romania and they can open a bank account for further deductions etc.;
- **Level III** can be achieved by training companies which *have been operating for more than two years, which have been taken over by several generations of students*, and firms that have contracts with at least 3 foreign training companies carrying out operations in foreign languages.

Regardless of the level of the training company, the most important aspect is that it allows young people to put into practice the theoretical concepts they have learned in class, and also makes them aware of the responsibilities they need to take for their actions or decisions.

Thus, the specific objectives of setting up a training company include the development of entrepreneurship, the act of facilitating the transition of graduates from school to active life and the development entrepreneurship among adults through continuous vocational training:

4. Training companies in Romania. Development phases and statistics

The importance of developing training companies and simulated enterprises in Romania as a method of entrepreneurial training is revealed by the stages through which they were set up and developed:

- The initiation and the formation of training companies has started in 2001 due to a project carried out by the National Centre for the Development of Technical and Vocational Training (CNDIPT) from Romania, the Ministry of Education and Culture and Kulturkontakt from Austria – the ECO NET project within the Stability Pact for South-East Europe;
- Creating the general framework for the organization and operation of training companies within economic high schools. Thus, the Order of the Ministry of Education and Research no. 3.600/2002 enabled the formation of the Romanian System of Simulated Companies which had as objectives virtual deductions among training companies, the simulation of services provided by state institutions such as the Registry of Commerce, the dissemination of the concept “simulated company” within Romanian schools, the organization and monitoring attendance at national and international workshops;
- As of 2004 the Romanian System of Simulated Companies turns into the Branch of the Simulated Enterprises and Training Companies which supports all activities that simulate the external environment of a real company and coordinates activities according to the procedures of EUROPEN (European Practice Enterprises Network) international organization. Starting with the academic year 2008-2009, ROCT has been affiliated to EUROPEN – European Practice Enterprises Network (an organization which represents the European association of more than 7500 simulated companies from 42 countries);

- The introduction of specific contents of entrepreneurial education and of the concepts of simulated companies within the national curriculum, starting with the academic year 2006/2007 by adopting the Order no.3172 /2006 [3];
- In 2008, according to OMECT 5109/25.08.2008 on the formation of the Romanian Branch of Simulated Enterprises and Training Companies, the ROCT Department was set up within the National Centre for the Development of Technical and Vocational Training.

The statistics in the following table indicate a continuous growth in the number of companies, so that starting with the academic year 2001/2002 until 2014/2015, the number of firms increased 40 times with an annual average number of 90 operational simulated companies.

Table 1. The number of training companies and fields of activity

Fields of activity	2001/2002	2005/2006	2009/2010	2012/2013	2013/2014	2014/2015
Total training companies, out of which:	34	355	970	1160	1305	1376
Commerce	23	177	379	444	494	436
Tourism	7	90	260	313	358	393
Production	-			68	92	153
Local banks	3			-		
Other services	1	88	331	335	344	394

The most attractive field of activity is the commerce with a share of over 31%, while training firms operating in tourism and in other services have a relatively equal share of 28% [8].

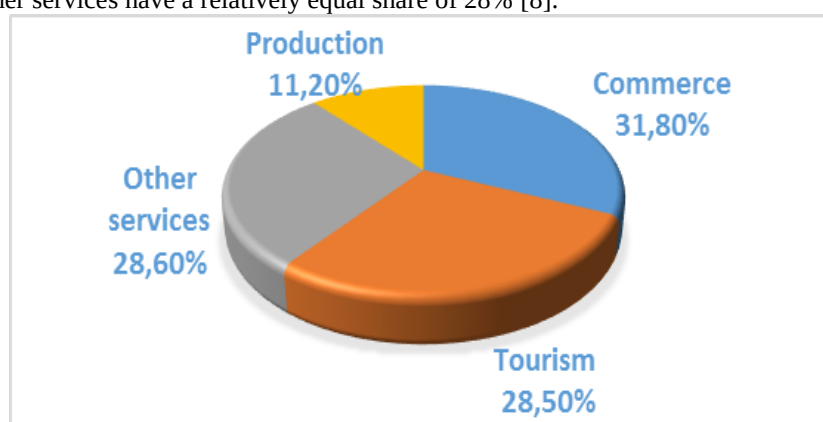


Figure 1 Fields of activity of training companies between 2014 and 2015

Analyzing the situation based on the number of schools involved in setting up simulated companies and on the number of cities in which they have been formed [8], one can notice that:

- There are more training companies in 2014/2015 than in 2009/2010 by 41%
- The number of schools housing training companies increased by 47.71% in 2014/2015 compared to 2009/2010
- The number of cities with training companies increased by 45.23 % in the period subject to analysis.

Table 2. Statistical elements regarding training companies

Fields of activity	2009/2010	2010/2011	2012/2013	2013/2014	2014/2015
Total training companies, out of which:	970	1002	1160	1305	1376
Number of schools	197	201	240	270	291
Training companies/no of schools housing training companies	4,92	4,98	4,83	4,83	4,72
Number of cities with training companies	126	136	150	166	183

5. Conclusions

In conclusion, the training company doesn't have to be perfect and the fact that it brings forth creative and innovative elements which encourage students to develop entrepreneurial skills represents an important step towards adapting education and training systems to the needs of the economy and of our modern society.

In this context, entrepreneurship is one of the key competences needed for the personal development and fulfillment of youngsters and for their social inclusion so that they can easily integrate on the labour market, while the training company as a modern method of learning has proved efficient.

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