



Overview of good practices in entrepreneurial education and training in Bosnia and Herzegovina

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Preface

The overview of good practices in entrepreneurial education in Bosnia and Herzegovina presents a completion of the Working package 3 (WG 3) Best-Practice Examples of the Project EU Support for Regional Economic development in Bosnia and Herzegovina Fund IV, implemented by InWent – Internationale Weiterbildung und Entwicklung gGmbH and consortium partners CEFE Association, EDA, and Option Plus. The aim of the overview is to provide a best practice training scheme (best practice examples applied in BiH in entrepreneurial education) which forms the basis for both WG 1 (Analysis and Inventory) and WG 2 (Demand in the Regions) project components.

The desk research method has been used in collection and analyses of information available on entrepreneurial education in Bosnia and Herzegovina (various studies, documents, internet sites, etc.).

Examples of good practices in entrepreneurial education (*titles in italic*) are given for each of areas of entrepreneurial education presented with the document (secondary schools, faculties, advanced training, domestic good practices).

Introduction

For all entrepreneurs, especially those coming from the area of small and medium enterprises, the issue of a lifelong education and training process is crucial, having a direct impact on their results through the final quality of balance of business costs, revenues and risks.

Lifelong learning basics are those provided in formal education (primary, secondary, and tertiary). Other programs use those grounds for training and education providing both new and improved skills through various workshops, courses, seminars, or one-on-one assistance forms.

The complex of educational services is a corner stone of long-term prosperity of national economy. Beside that fact, a simple investing in education is not enough. Education and training of entrepreneurs have to be designed in the way to fulfil market requirements. To be able to stay in line with everyday business challenges, entrepreneurs would use trainings provided by schools, business associations, consultants, etc. Nevertheless, a lack of appropriate training leads to the termination of the business.

A current business environment in Bosnia and Herzegovina was strongly caused with the collapse of the command economy, which, along with the recent war, has fundamentally distorted the fit between the educational system and the needs of labour market in Bosnia and Herzegovina.

Bearing in mind all those preconditions as well as the crucial importance of positioning for global competitiveness of modern economies, the aim of this document is to present a current situation of training activities towards SMEs within the country, highlighting some good practices in the BIH educational sector (secondary schools and faculties), as well as other resources available for advanced training in entrepreneurship-consultancies.

Entrepreneurship in secondary schools

There are some pioneer steps already taken in introducing entrepreneurship in BIH secondary schools.

Entrepreneurship is a compulsory subject in the secondary schools with Croatian curriculum in the Federation of Bosnia and Herzegovina. The subject – Basics of entrepreneurship is introduced in all secondary schools in the Republika Srpska as from the school year 2004/2005. In Brčko District of BIH, entrepreneurship is a compulsory subject in the secondary school of economics.

Beside the efforts of the various levels of BIH government in the area of entrepreneurship education and training in secondary schools, projects supported and provided by international donors have a rather crucial impact on an increased level of entrepreneurial awareness within the country.

In cooperation with various state and entity institutions, EU has launched a bunch of pilot projects throughout the *EU Vocational Education and Training Program* (EU VET – www.euvet.org). The EU-VET program builds on the achievements of Phare 1997 VET Program and Phare 1999 VET Bridging Program. The purpose of the (EU-VET) (2002-2004) was to support the development of a modern, flexible and high quality Vocational Education and Training (VET) system in Bosnia Herzegovina, responsive to the needs of the labour market and well integrated with the primary and the general secondary school system as well as the higher education systems based on lifelong learning principles. Pilot schools have been supported to develop links with local business community and employment bureaus, developing the skills to adjust their curriculum accordingly. In line with those activities, EU VET developed various training of trainer programs, helping vocational school teachers to improve adult training skills. The overall objective of the EU Vocational Education and Training Program II (EU-VET II 2005-2007) is to support economic regeneration of Bosnia and Herzegovina by increasing employment through further development of the VET system, based on lifelong learning principles, taking in the account entrepreneur needs in terms of costs and after-hours availability.

In addition the EC has invested in primary and secondary education reform through the EC-TAER (technical assistance for education reform) programme (2000-2004) and higher education reform through the University Governance and Management Project (2003- 2005) and the Tempus Programme (1997 onwards).

The evaluation of EC financed support to the education sector in BiH described past VET projects as comprehensive and well-planned and executed in regard to curriculum development and teacher training. Experience from previous programmes suggest to put emphasise on commitment of policy-makers; also to further move from individual commitment to institutional commitment and continue cooperation between VET and labour market.

Norwegian government financed entrepreneurship training in a number of secondary schools. However, the government of Norway is now very determined to focus more on economically sustainable efforts and job creation. The Ministry of Foreign Affairs

(MFA)¹, NORAD and Norfund have together supported important initiatives made by multilateral organisations, NGOs and private companies aimed at improving the business climate through institutional building, trade and private investments.

Open Society Fund (www.soros.org.ba) has sponsored a pilot entrepreneurship training program in secondary schools introducing new entrepreneurial thinking and business awareness into the next generation of employees.

Example of establishing of student enterprises

Student Enterprises Program was developed and would be implemented jointly by Open Society Fund Bosnia and Herzegovina (OSF B&H) and Norwegian organization Business Innovation Programs (BIP), with the intention to develop a sense of entrepreneurship among high-school aged youth, and to provide real business activities for developing knowledge, skills and experience that may be valuable in their life and career planning. This Program is a three year program targeting students from finishing classes from the two secondary schools in the following five cities in Bosnia and Herzegovina: Banja Luka, Dobo, Mostar, Sarajevo and Tuzla. During the pilot phase of the Program (2003 – 2004) in each of the target cities two secondary schools were selected and one classroom per school was furnished and equipped (computers, printers, furniture, internet).

Program participants are students, teachers, entrepreneurs and local community. The program is designed for the students and their teachers to go through the entire life cycle of an enterprise (development of business idea, preparation of business plan, registration and organization of enterprise, fund raising, bookkeeping, and liquidation) and to learn how to deal with problems, obstacles and successes they will be faced with.

The Student Enterprises shall not be competitive market oriented entities whose primary goal is profit. On contrary, these enterprises will be students companies perceived by the environment as a school project with educational purpose. The students must feel they own the company, they are realizing their idea, and then they get motivated.

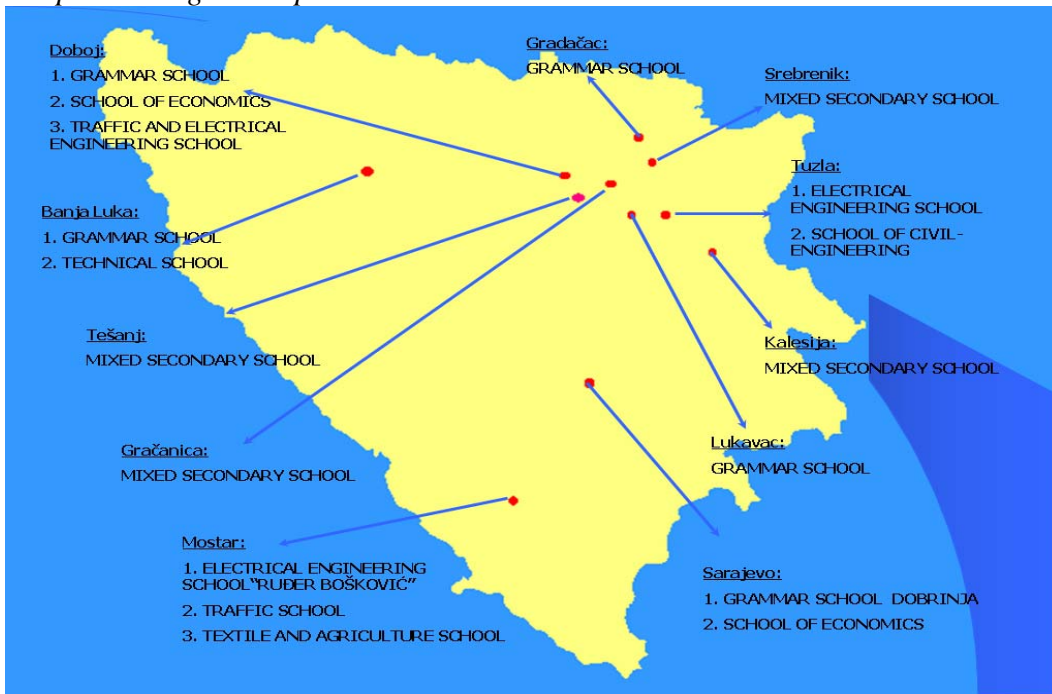
During the year school fairs were envisaged, while by the end of each school year program plans to organize a central Bosnia and Herzegovina Student Fair. All participating student enterprises would be invited to take part at this Fair. The Fair would be an opportunity for the students to present their enterprises, see other presentations and compete with other student enterprises. The commission composed of entrepreneurs would be in charge of evaluating and giving the rewards. The best student enterprises from this Fair represents BiH on international students fair.

The program envisages that each enterprise will function one school year. By the end of the school year each student enterprise would be liquidated which would cover the production of final report, finishing the bookkeeping, distribution of profit if any and closing the account. For the best student enterprises that express their intention to continue work once the program has been terminated OSF BiH and BIP would consider possible support.

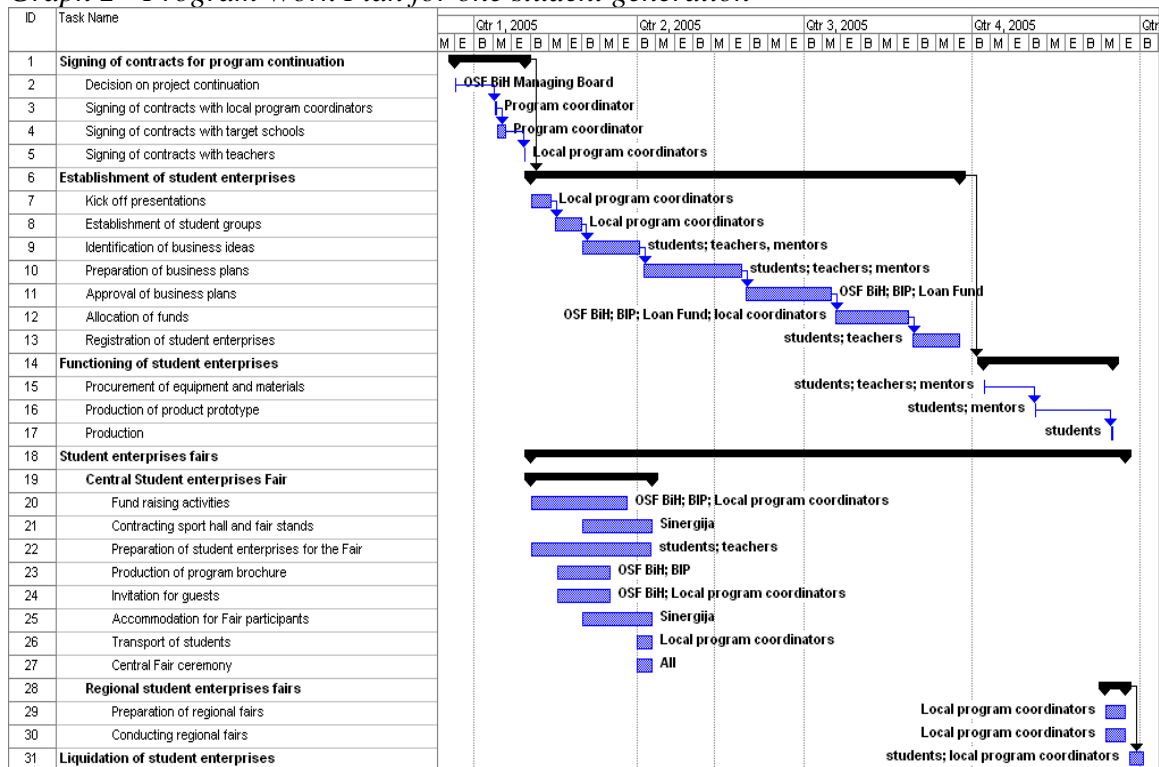
¹ MFA is one of the main founders of the International Finance Cooperation (IFC) initiative, Private Enterprise Partnership Southeast Europe (PEP SEE) (formerly South East Enterprise Development (SEED))

Program plans within the program time frame of three years to build local networks of schools involved in the program. These local networks (e.g. Sarajevo Student Enterprises Program, Banja Luka Student Enterprises Program, etc) will create a national association, which will then establish links with other national or international student enterprise networks such as Young Enterprises, Junior Achievement International, etc.

Graph 1 - Program implementation area



Graph 2 - Program Work Plan for one student generation



Here is the summary of up-to-date program achievements:

- 13 business classrooms and two computer centers (Mostar and Banja Luka) furnished and equipped with computers;
- manuals for students and teachers prepared and distributed
- three seminars for 26 teachers held
- 327 student enterprises established
- more than 1.200 students directly participated in the program
- around 100 private entrepreneurs assisted the program through mentorship
- Eighteen regional student enterprise fairs held
- Three Central BiH Student Enterprise Fairs held
- BiH student enterprises participated in four international Fairs held in Norway, Croatia and Serbia

Achievements of the program are well recognised within BiH. However, worth a mention that important synergetic effects could be achieved through the linkage of other related programs with the student enterprise program (SEP) (follow up activities, SEP participants involved in different programs, etc.).

There is, also, a bulk of various programs aimed to improve operation of local employment bureaus, assisting them to develop active labour policies in line with their activities in the field of social assistance (World Bank – Social adjustments and Technical adjustment credits), GTZ, SIDA, DFID, EU QIF, etc.).

Modern management education at BiH faculties

A major challenge to all entrepreneurs is growing competition in the global economy. Surveys made by PEP SEE (form. SEED) and Organisation for Economic Co-operation and Development (OECD)² show that local managers are not properly equipped to understand modern management practices which require practical skill training.

However, faculties of economics in Banjaluka, Sarajevo and Brčko have introduced management related subjects in both graduate and postgraduate teaching programs.

At the Faculty of Economics Banja Luka – University of Banja Luka, entrepreneurship is studied in two separate courses – *Management of small and middle enterprises* and *Entrepreneurial economics*. In 2004, the faculty established one year specialist programme “Entrepreneurship management”. In 2005, two years master degree course “Entrepreneurship of Information Society” has commenced.

Also in 2005, entrepreneurship as a subject has been introduced on three “technical” faculties (Mechanical engineering, Technology, and Electrical Engineering).

The Faculty of Economics Sarajevo – University of Sarajevo introduced the subject – *Management of small and middle enterprises*, eight years ago. With the help provided by the Soros Foundation, the Centre for Management and Information Technologies (MIT) Centre was established. It is currently specialized in short programs serving immediate needs of the executive level enterprise management in BiH.

Entrepreneurship is studied at the faculty of economics in Brčko, for few years as well.

It is worth a mention that *USAID* helped curriculum development in university accounting departments and the training of 1000 students, accountants, and bookkeepers. One of the results of *USAID* projects implemented in this area is the establishing of Sarajevo graduate school of business (www.sgsb.edu.ba).

Example of empowering of educational capacities - Master of Business Administration Degree Program with Specialization in Marketing or International Business

The Faculty of Economics at Sarajevo, and the Alfred Lerner College of Business and Economics at the University of Delaware, have agreed to offer a double-degree program in Sarajevo. This program is being supported with financial assistance from the United States Agency for International Development (*USAID*) in a four-year contract with the Lerner College and a Memorandum of Understanding with the Faculty of Economics. Under this arrangement, the degree to be offered will be a Lerner College MBA. The Lerner College MBA degree consists of 16 three-credit courses based on the US course-credit system. Of these 16 courses, six are defined as "core" courses and four additional courses as "required." The program is accredited by the Association for the Advancement of Collegiate Schools of Business (*AACSB International*), which requires that these courses be taken as the basis of all Lerner MBA degrees. The remaining six courses are elective courses, which permit the student to take a concentration in a specific area and to

² BiH Enterprise Policy Performance Assessment, OECD, September 2003

broaden the topical coverage of the degree in response to changes in the global business environment.

Advanced training in entrepreneurship - consultancies

The government institutions of Bosnia and Herzegovina are supposed to coordinate a creation and implementation of the policies related to the development of small and medium enterprises. However, the communication between ministries, other authorities, domestic and foreign institutions, and beneficiaries is rather poor. There are various reasons for this situation, but a major challenge is, surely, a complicated state administrative structure accompanied with insufficient expert capacities.

The content of curricula of advanced training in entrepreneurship is usually focused on the following subjects:

- Business consulting
- Enterprise development
- Business planning (writing, monitoring and implementation of a business plan)
- Access to credit lines and investment funds
- Marketing, market surveys and promotion techniques
- Business legislation

Some of business centres and agencies in Bosnia and Herzegovina, focusing primarily on support to the SME sector are listed below:

- Enterprise Development Agency Banja Luka (www.edabl.org)
- Chambers of Commerce business support departments (Sarajevo, Tuzla, Banja Luka, Chamber of Trade of BiH, etc.)
- Business Support Centre Brcko (part of Brcko District Regional Development Agency - BDDA)
- Agency for Local Development Initiatives (ALDI Gorazde – www.aldi.ba)
- Tuzla Agency for Local Development Initiatives (TALDI – www.taldi.ba)
- Prijedor Economic Development Association (PREDA – www.preda.rs.ba)
- Central Bosnian Economic Development Agency (CeBeda)
- Others including LINK Mostar, NBR (Independent Bureau for Development) Gradacac and Forma-F Mostar and Economic research institutes (mainly linked to universities).

Important programmes provided by organizations-international donors supporting business advisory services including advanced training for entrepreneurs are:

EU – Quick impact facility (www.euqif.ba)

The primary aim of EU Quick Impact Facility (EU QIF) was to create jobs and support local economic development particularly in Return Communities throughout BiH. The project was managed by CARE International, started officially in November 2002 and run for a period of 18 months (accomplished in the mid 2004). Out of a total budget of € 3 million, funds were available to provide grants and technical assistance to support local

economic development initiatives. EU QIF adopted an integrated approach to job creation, which included supporting a range of key local target groups including:

- SME's - small and medium sized enterprises and BSU's - business start ups – Financial and technical support for business looking to expand and take on new staff and those considering starting their own business.
- NPOs - non for profit organizations, implementing EC return programmes, to achieve sustainable jobs for returnees may apply for grants to assist SMEs and start ups.
- Municipalities and other QGBs in target return areas.

Private Enterprise Partnership Southeast Europe (“PEP Southeast Europe”) a new International Finance Cooperation (IFC) facility (replacing South East Enterprise Development (SEED) as of July 1, 2005, and operates in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Moldova, Romania and Serbia and Montenegro) is covering supply and demand sides of entrepreneurs training and education. On the supply side they developed training partnership with local educational and consulting companies, resulting in the development of a network of local organizations in four countries with 26 trained local providers. Training of trainers methodology was used in the training process, as well as interactive techniques tailored to entrepreneurs and technical training courses developed internally.

CARE-Business development services programme

The business development service program was established as an integral part of CARE's SEAD (Small Economic Activities Development) approach. The aim of the program was to encourage the stimulation of the market economy in BiH by promoting the growth of the micro and small business sectors and integration of the most vulnerable populations into the economy. Two program activities were focused on business training activities; Technical-Training Workshops & Business Education Workshops. The aim of those program activities was to assist vulnerable people in setting up and operating viable economic activities through participatory educational workshops based on adult education principals. The project activities were targeted to vulnerable groups of people who have demonstrated an interest in establishing an economic activity in order to earn for a living: disabled persons, returnees, men and/or women from any ethnic background, NGO's who work with vulnerable people ⇒ staff and/or beneficiaries, groups that have already started an economic activity and want to improve the efficiency of their operation.

Swiss Development Corporation (SDC) financed the development and equipment of training workshops with employment bureaus covering IT, metal work and construction skills. However the crucial problem of the project was a sustainable funding source.

Example of employment generation and training for vulnerable groups

An ILO/UNDP project is contributing to the peaceful recovery of Bosnia and Herzegovina through employment generation measures and training for vulnerable groups. The project is developing the training capacity of the Bihac Construction Training Centre to better serve the territory of the Canton, which was severely damaged

during the recent internal conflict. The Centre has been rebuilt with assistance from Switzerland and its development is funded by UNDP and the Government of Luxembourg. Technical expertise is provided by the ILO. It provides training for unemployed youth and returning refugees to enhance their skills in occupations for rehabilitation, construction and maintenance of buildings. The training programs are flexible, modular and employment oriented, and with a focus on jobs for women.

Programmes/donors institutions listed above present a short list of many projects created/available to provide consultancy support for individual businesses (DFID, EU, GTZ, SIDA, UNDP, etc.).

More domestic good practices

EDA – Enterprise Development Agency, Banja Luka, was founded in 1998 as a non-government and non-profit organization by local professionals from different areas of activities, by initial help of UNDP (United Nations Development Program) and by technical support of ILO (International Labor Organization). Agency was the first operative and financially self-sustainable organization in the domain of non-financial development services.

Step-by-step training for business start-ups

Start Your Business (SYB) is a highly interactive and participatory training program set up by International Labor Organization and implemented by EDA - Enterprise Development Agency Banja Luka.

Main objective of the Start Your Business Training Program is to motivate and enable potential entrepreneurs to start with their own business on an effective and efficient way by following the steps presented in SYB manual. The step-by-step training materials are supported by the use of relevant local information. With the aim to achieve that objective the SYB training is participatory.

By the end of the training each participant completes a Business Plan and is able to decide if he/she should start the new business or not. If they decided that starting is a good idea, the Business Plan and the Action Plan were guides for them to follow.

SYB is suitable for people who:

- want to change their career in order to start with their own business,
- have some initial business ideas,
- have, or have access to, relevant technical skills,
- have secondary school finished at least.

SYB is especially suitable for those people in a transitional economy who were losing their current jobs and have to start with new career.

EDA trained the following groups of participants:

1. SYB training for demobilized soldiers

Contractor: RS Employment and Development Foundation

Period: April 2002 – April 2004

Target group: Demobilized soldiers who are willing to start with their own businesses.

- Trainings were made in seven groups.
- 77 people participated in the training program.
- 70 business plans were made
- 55 people started with their own businesses

2. SYB training for unemployed persons who are more than 45 years old and who spent more than 2 years on RS Employment Bureau

Contractor: RS Employment and Development Foundation

Period: September 2004

Target group: Demobilized soldiers who are willing to start with their own businesses.

- Trainings were made in two groups.
- 15 people participated in the training program.
- 14 business plans were made
- 13 people started with their own businesses

3. SYB training for unemployed persons who are more than 45 years old and who spent more than 2 years on RS Employment Bureau

Contractor: RS Employment and Development Foundation

Period: November 2005 – still ongoing activity

Target group: Demobilized soldiers who are willing to start with their own businesses.

Till now we have made trainings in three municipalities (Gradiška, Banja Luka and Prijedor) and by the end of this year EDA is planning to train 12 groups (each group consisted out of 15 participants). In total EDA has signed a contract to train 400 people from this target group.

- Trainings were made in three groups.
- 52 people participated in the training program.
- 38 business plans were made
- 30 people are in process of opening their own businesses.

Start Your Business course is consisted out of three days training and two days consultancy with each participant individually.

Following topics are processed during the implementation of each SYB training:

- Introduction, short review about goals
- Business opportunities and business ideas of participants
- Defining goals of each participant based on individual business idea
- Content and logic of business plan
- Legal aspects, obligation and responsibilities
- Legal forms and procedures of business registration
- Accounting – type of accountings
- Market researching and basic marketing
- Type of costs – setting the cost price and selling price
- Type of sales – income, role of income and business profit
- Finance sources (own capital-savings, loan capital, potential available donors, micro-credit institutions, credit institutions, banks, grants, term of credit)

- Project effects: profit, volume of production and services, number of employees
- Cash flow
- Creation of business plan

TALDi - Citizens Association for Local Development Initiatives is a non-governmental and non-profit organization, established in 1995. TALDi is the leading non-governmental development organization in Tuzla Canton initiating and implementing projects that:

- influence the process of strategic planning, reconstruction and development on local and state levels;
- promote and support local development initiatives and increase local capacities through strengthening the non-governmental and private sectors.

PREDA - Prijedor Economic Development Association was established in September 2003, as a result of the project of creation and implementation of the “Strategy of Entrepreneurship and SMEs Development in Prijedor Municipality 2003-2008” (completed in June 2003). Some of the projects predicted by the Strategy and in PREDA responsibility for implementation are:

- Promotion of entrepreneurship and opportunities offered by entrepreneurship,
- Promotion of entrepreneurship and successful entrepreneurs,
- Foundation of Loan-Guarantee Fund for SME development,
- Creation of Entrepreneurship Incubator,
- Creation of Business zones with improved utilities and infrastructure,
- Expert consulting support for SME-s,
- Organizing of meetings between local enterprises and enterprises from abroad,
- Entrepreneurship trainings for youth,
- Development of special training programs for entrepreneurs and workers,
- Development of education programs for start-up entrepreneurs.

Entrepreneurship trainings for youth

Entrepreneurship trainings for youth project was created in October 2004. The project, implemented in the period November 2004 – May 2005, contained three phases. The project was financially supported by Prijedor municipality, SDC, and GTZ.

Phase I – 795 students in Prijedor secondary schools were interviewed with the aim to get information on:

- students position towards entrepreneurship and entrepreneurs
- students interest for entrepreneurship training
- students intentions after completion of secondary education (education, employment, etc.)

Phase II – training in the area of entrepreneurship and business planning

Trainings lasted for a week (4 school hours) in January 2005. 27 participants were certified.

Phase III – competition in business plans preparation

After the training completion, there was organised a competition in preparation of business plans. In total, 13 students submitted 9 papers (business plans), due to the fact that business plans were made individually or in teams. The best four papers were awarded in May 2005.

Fortunately, mentioned examples of domestic efforts in the area of entrepreneurship are not secluded. There is a scope of local development agencies (i.e. ZEDA – Economic Development Agency Zenica) active in the field of entrepreneurship promotion and training of entrepreneurs.

Open issues

A positive indicator in the field of entrepreneurial education, training, and consultancies is the interest expressed by individuals and private organisations/companies for such activities. On the other side, there are many open issues which should be taken into account:

- Training quality level is inconsistent
- Duplication of training efforts
- Majority of training efforts is sponsored by donors (issue of sustainability)
- There is a discrepancy between supply and demand sides for consulting and other business support services
- Legal and administrative barriers

Obviously, it is necessary that the government, at all administrative levels, finally takes an active position in regard to the entrepreneurship education. Without a systematic approach in this area, the results achieved would be isolated, bad coordinated, and unsustainable. Tending towards the labour market equilibration has to become a priority goal of all pillars within the area of entrepreneurial education. However, major concerns remain about the extent to which the donor funded initiatives (programmes) would be or are financially sustainable. Bearing in mind that the international donor support is decreasing, a major problem in the area of advanced training in entrepreneurship could be a simple fact that SMEs are not willing to pay commercial rates for the services provided.

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