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A NEW CHALLENGE FOR HIGHER EDUCATION IN ROMANIA – ENTREPRENEURIAL UNIVERSITIES

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Introduction

Learning and teaching have always been at the core of economic change and development. For long time there was a search for suggestions, ideas, plans and projects of how educational systems can be made more relevant to the needs of the societies they were established to serve. Tertiary education has the potential to enhance economic growth in a sustained way and reduce poverty. Not only this, it also contributes to a democratization process.¹

Within the European Union (EU) the Bologna principles are formulated and there is the Lisbon-strategy which aims at “.. *the EU becoming the most competitive and dynamic knowledge-based economy in the world, capable of sustaining economic growth with more and better jobs and greater cohesion by the year 2010*”.² This is strongly relying on the ICT-sector. The Lisbon strategy was based on four policy areas:

1. Transition to a knowledge-based economy and society by fostering the information society, R&D and innovation, and stepping up structural reform;
2. Completing the single market, especially for financial services in order to facilitate higher investment;
3. Modernizing the European social model by investing in people and combating social exclusion;
4. Sustaining favorable economic growth by an appropriate macroeconomic policy mix.

The four topics of the Lisbon strategy are immediately or in second instance related to a well developed tertiary education infrastructure as can be found in the literature. The first point is a pre-requisite and the EU-transition economies are already lagging behind the EU-average where it is about R&D. The EU-8 or the so called Lynx-economies, the European tigers spend 0,8 % of their GDP on R&D where the average for the western Europe is 2%.³ The fourth element, as well as the second and third point of the Lisbon strategy follow immediately after an understanding and well incorporated vision. At least it can then be better understood the need for a strong tertiary education sector and its “multiplier effects” for society.

Therefore, the example of the Romanian education system can be cited. The question is why? After the fall of the communist regimes and ending up as a transition economy also the education system became one sector that needs revision. The needs of the market economy are different from those of the former design in the planned economy and society. The “old” education system was characterized by low levels of drop-outs, well performing in theoretical fields but not designed serving the knowledge and innovative market oriented systems or able to compete with them.

Now the Romanian tertiary level of education reconsiders and rebuilds its vision and mission as well as its entire strategy. In this regard, the following *basic elements* are considered:

1. What is learned must be relevant to the needs of the people in economy. Educational providers need to be in touch with labour market requirements;
2. Effective learning must be judged on the basis of the outcomes that result, rather than on the inputs required;

¹ Hopper, R. (ed.), *Constructing Knowledge Societies: New Challenges for Tertiary Education*, World Bank, 2002

² European Council, 2000

³ The Economist, April 15th, 2007, p 76. IMF-data

3. Ways must be found to facilitate learning rather than to simply supply instruction;
4. The valuing of research and innovation within educational organizations must be increased;
5. Tailor made “entrepreneurial” education towards the necessities of the market, especially focused on small and medium size enterprises;
6. The lifelong learning – education permanence - should be continuously developed and be linked to the market requirements.

In line with these six points the transition process is described for Romania, as the country is new member of the EU and makes it ready to reach the Lisbon criteria. Especially as education is an important mean to sustainable development and to foster elements that are important for an emerging / transition economy, a solid tertiary sector has proved a corner stone to this. As economic development and tertiary education have close linkages, the concept of the entrepreneurial university can bring the best of two worlds together. An improved tertiary sector strengthens in the end the whole education column.

Higher education, economic development and entrepreneurial universities: taxonomy

As it is clear that higher education serves more than only creating a more educated society through the higher education knowledge, views and values it is also important that the definitions of the terms above are clear. Therefore it is important to explain precisely the understanding of these keywords:

- Higher education;
- Economic development;
- Entrepreneurial universities.

Higher education

In our understanding, higher / tertiary education is any form of education that goes beyond primary and secondary education, including non-university tertiary education and extra-curricular education and vocational training. When put this in perspective, the EU has 17 million students and 440.000 researchers studying or working at more than 4.000 universities and institutes. In tertiary education a distinction can be made between curricular and vocational education, with vocational regarded more as training.

Economic development

Economic development is understood as a positive contribution to long term economic growth and sustainability. This includes direct effects but also indirect effects such as a contribution to innovation capacity of the society and the development of human resources. The World Bank findings identify these indirect effect or externalities as trust in social institutions, democratic participation, open debate, appreciation of diversity in different respects. Not to forget that a qualitative higher workforce can be more productive.

Entrepreneurial universities

Entrepreneurial universities have a positive influence on the entrepreneurial climate and therefore on the economic growth potential via their focus on the supply side of the economy by augmenting human capital and fostering innovation of the production and marketing processes. Entrepreneurial can vary from case to case to the extent of how entrepreneurial it will be. It means business institute or academy or a traditional institute with close links to the private sector or even run subsidized programs.

How can entrepreneurial universities contribute to economic development?

Entrepreneurial universities are not a panacea but still a functional tool towards and a vehicle in economic development. This reaches the traditional distinctive fields of universities. Entrepreneurial universities have an influence on:

- Education
- Research
- Innovation

Before exploring this trinity of the traditional university it should be recalled that there is a theoretical basis for the thought that (entrepreneurial) universities contribute to economic development. Modern growth theory as laid down in several OECD studies stresses the importance of human capital built by education, research and innovation for economic growth. The May 2006 Communication of the European Commission on the need for modernisation of the EU universities underlines that only modernised and entrepreneurial universities can contribute to education, research and innovation. The whole triangle is necessary to augment human capital which in turn can increase economic growth as is the aim of the Lisbon process.

Education

A solid study program is the basis. From its origins a university is made for research or teach the students to make their own research. This should remain a technique that the students are taught. A selling-out of simple and popular curricula is not fruitful. But not only knowledge has to be transmitted also cultural and moral values, social capacities and an open mind to think and reflection.

Research

A university and other institutes or tertiary education have to do more research that is needed and asked for. This means also for an upcoming economy: applied research for small and medium sized companies. This sector is crucial in development. Research is also closely linked to innovations. It brings ideas, stimulates creativity. This is what brings the world into the future.

Innovation

Innovative power is lacking but closely linked to creativity. An open mind and brainstorming are triggers to creativity. Innovation is from Schumpeter, not a creative destruction but going to the edge go beyond the means and views that are common. It is also “sharpen oneself” the “l’education permanence” a life long learning. This is a crucial factor.

The observed link between education and economic development in Romania

In Romania during the academic-year 2007/2008 almost 621.000 students were enrolled. For definition: put equal to all students studying at tertiary levels, this seems not far beyond truth because it includes all day, evening, part-time education and learning at distance. This latter notion is quite important because Romanian universities frequently teach in different cities as well as distance learning is common practice due to distance to the institutes, for people working and making this as “refresh courses” or simply because an advanced study improves changes in the labour market. Romania has 58 universities as institutes. These can have secondary branches around the country.

Having a closer look at the universities and institutes, differences are obvious. Differences are in curricula or teaching and in infrastructure. Taking account of curricula a level gap between university and market is obvious as well as compatibility and exchangeability between universities.

Students attain their education most of their university time often in languished classrooms compared to western standards. Nowadays renewals of institutes have priority but lack of funds is often a bottle-neck to this. Especially when for state universities salaries are not competitive or even attractive. It can happen that salaries are not even paid in due time or at all.⁴ The basis of good education starts with good professors and teaching-staff. For technical studies, sometimes

⁴ Comparing the spending on universities (being tertiary education) Romania’s spending equals that of a low- and middle income country. WDI various years, World Bank

the machines where students do their practice on are outdated. How than to be competitive are even representative?

Comparable curricula means is there an immediate exchangeability? Having noticed that education equipment can be outdated the gap here can be clear too. Notably, one exception can be made: this is the autodidactic capacity in the field of the IT-sector. The case Romania shows that the country has well trained and skilled students in this area (as this is also the case for Russia). But here these autodidacts are the first to leave the country because of insufficient or not competitive salaries.

What does it bring? Universities become diploma factories. A beginning of diploma inflation is born and in the long run it is worse for all. Not even thought of the market that searches for educated and trained people. Lack of funds, structure seems the route to development and a more fruitful future.

Entrepreneurial universities play a role. Why? The entrepreneurial university has contact to the market where the students should end up most of the time. This is not only the case for Romania. Through history close linkages between the private sector and universities are known. This not in the engineering field but in the field of economics. Such a prospective option can be the future.

To what extent does the practice of higher education in Romania in the years 1990-2008 meet the requirements set out in order to foster economic growth? The deviations between theory and practice can be divided in the nine categories that the European Commission distinguishes in its recent communication. We note that where universities are mentioned this must be understood as the entire system of tertiary education both curricular and vocational.

Nine focus points can be underlined:

1. Lack of international experience of graduates;
2. Lack of industrial experience of graduates;
3. Lack of sufficient spending on higher education;
4. Lack of financial means due to lack of cooperation with industry and private sources;
5. Lack of autonomy, accountability and flexibility to react to a changing world;
6. Lack of change in the curricula;
7. Lack of closer links between academic disciplines;
8. Lack of students' training in later stages of their life cycle;
9. Lack of researchers' training in intellectual property management and entrepreneurship.

An important part of the policies improving the positive link between educations on the one hand and economic development on the other hand through entrepreneurial universities is the subsidiarity challenge: who is supposed to do what? The following actors are involved:

1. Students
2. Staff
3. University management
4. Industry and business
5. External research institutes and foundations
6. Politics and government

Do the things that are needed. That is the matter to everyone. Every partner in this chain is responsible. Ask the questions: are we doing the right things and are we doing the things we are doing the right way?

Students

Relating the (relative) shortcomings the students should have their sincerely wish to go beyond there regular thing and find a challenge in distinguish themselves. This means to work on competences that qualify them to become "leaders" instead of followers. Students should be ready to work on (international) and national networks, design their own interdisciplinary study and go on after the master's degree. Bring different experiences together from private sector and

their jobs to that of findings from research and international views. In the long run education will be a road to a (relative) higher income

Staff

The university staff should prepare themselves to serve the new generation of students. Offer the students (and be ready to offer them) high value education. Exchange programs can support this and has to be encouraged. An active role in the policy debate and more applied research can attract more students and improves the relevance of the academia. It contributes to all factors important to a flourishing economy. More interdisciplinary curricula should be developed. A spin-off has to come from this segment of society as it always has been.

University management

A role for the university management is one intermediate between the state as an *allocator* of financial resources, but it has to become more. The new university management has to improve the personnel management, bring and stimulate linkages between the academia and the private sector. But to start with it has to guarantee its independence from the state. Then the study programs can be designed and simultaneously ties with the outside world can and should be made. A university is partly its own criticaster. Define standards and a research program. Facilitate private sector to bring in their wishes and open a dialogue to see what it can bring both. A university management should make its institute ready for the ever changing needs of society and mainly a need for higher skilled workforce. Make sure it is flexible enough to adapt to the changing needs and it should stress the necessity of “*l’education permanence*”. The university management has to be aware of competitors or possible future partners as private institutes of affiliates of the business sector. A university is a broker of knowledge but not only this: often regarded “redundant knowledge” has to be assured to remain in the study program to compete internationally.

Industry and Business

The industry and business sector have an interest in good students and good research. A university research program can be beneficial for the private sector. It frequently can hitch-hike on the outcomes or use them. In return, the private sector has to offer internships to gain practical experience. International firms should bring in their knowledge and maybe go as far as adopting a university. Make the entrepreneurial university work. The industry and business should also use the tertiary education level to send back managers to gain continued education.

External research institutes and foundations

Partnerships and liaisons with foundations can improve the status and influence of institutes for tertiary education. In this field mutual beneficial relations can be established. Full market oriented research institutes can through partnerships gain new fresh blood and easy recruitment but also for expansions are optional. Foundations can improve and fulfil their scope but spreading around knowledge as well as founding chairs that help both the tertiary education universities as well as the institutes.

Politics and government

It is hardly the case that politicians are not educated at institutes for tertiary education. There values (hopefully the good ones) should be spread around. It is a task of a government to guarantee a framework for society and to facilitate the institutes to perform their independent role. The state has to encourage enrolment: equity in access to tertiary education and make sure there is adequate management. A role in the shape of the curricula is also a role for the state, of course within boundaries.

The state it has also to encourage the sector to become more innovative as to innovative power is too weak as has been identified by numerous studies. Responsiveness is part of this too. The World Bank identifies three objectives for the state:

1. a coherent national strategic vision and policy framework;
2. create an enabling regulatory environment;
3. offer appropriate financial incentives.

The state has also to make sure that knowledge is accepted and a need to go on, progress can not be stopped and progress is reached through knowledge. The aim is to create a knowledge friendly environment that is encouraged to be joined.

Conclusion

Comparing with the situation in the European Union the major shortcomings in Romania are:

- Insufficient spending on higher education;
- Lack of autonomy and flexibility of the education institutes;
- Lack of training to students in later ages of their life cycle.

The first two shortcomings are mainly due to government policies. Apart from budgetary problems it reflects the lack of understanding of the link between education and the building of human capital on the one hand and sustainable economic growth and economic development on the other. The latter shortcoming is an understandable consequence of the past of a centrally planned economy. In fact most of the education that persons received before 1990 became obsolete due to the evolution towards a market economy.

These outcomes confirm studies of other transition economies and developing countries that struggle with the tertiary education sector. Its importance seems not enough recognized but its relevance to development has been proved. Especially a closer link between universities and the private sector is a new perspective that needs more attention and can have a more prosperous spread around through the economy and the way up.

The entrepreneurial university is a relative easy way to meet the needs of society: the relevance of what is learned. It can become more output and outcome oriented. The entrepreneurial university is more flexible and competitive to changing means to transfer knowledge like through Internet learning and so on. As a whole for the economy a time lag in innovative power can be disastrous for a country that brings itself up. More tailor made programs to all sectors of the economy is easier designable. And not to forget: everybody has to enter a life long learning.

The role of all is needed but all can truly benefit from it too. This is a likely fruitful strategy to fight the shortcomings of the emerging markets directly and indirectly. As the Economist identified two main weaknesses the quality of the public institutions and the friendliness of the state to business and entrepreneurship in general, the entrepreneurial university can be seen as a vehicle to development.

Quoting the Economist: “politicians are slow to recognise another problem: post-communist universities are still largely unreformed, complacent and introvert. There are plenty of ways that ambitious countries could pep them up – for example by paying internationally competitive salaries, teaching in English and encouraging closer links with business”. If this is not in line with the recipe expressed here and in line with this research: entrepreneurial universities as known from other countries: a way ahead for Romania and other transition economies. The spread of tertiary education is not enough recognized and used in full. The moment to change is now, knowing its influence and the challenges these economies are facing.

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