

## **Small business projects encourage entrepreneurship among higher education students in Flanders and at the K.H.Kempen University College.**

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### **Abstract**

Belgium gained 3 places on the ranking of the most competitive regions in the world in the Global Competitiveness Report 2011-2012 report of the World Economic Forum. Moreover, the report praises Belgium for its management schools for which Belgium is ranked in the absolute top. Surprisingly, the Total Entrepreneurial Activity Index from de Global Entrepreneurship Monitor indicates that Belgium, is not scoring well on entrepreneurship.

Education has an important role to play in this area and, as all over Europe; initiatives have been taken to level up the entrepreneurial skills of young people. JA-YE Europe is in Europe the largest provider of entrepreneurship education programmes. JA-YE brings together the public and private sectors to provide young people with high-quality education programmes to teach them about enterprise, entrepreneurship, business and economics in a practical way. This article elaborates on the Flemish programmes in this area, gives examples of 'Small Business Projects' as put into practice at the K.H.Kempen University College and makes suggestions for possible collaboration with Russian universities.

### **Competitiveness does not mean Entrepreneurial**

In the Global Competitiveness Report 2011-2012 report of the World Economic Forum(WEF) [1], Belgium ended on the 15<sup>th</sup> place where it was on the 20<sup>th</sup> place in 2006 and 2007, the 18<sup>th</sup> place in 2009 and the 19<sup>th</sup> place in 2010. Ranked on the 15<sup>th</sup> place this year, Belgium sits before France (18) and comes closer to Germany (6), The Netherlands (7) and United Kingdom (10). Belgium gets some minor scores because of the high tax rates and public dept. The WEF praised the country for the health care system, its primary education, the infrastructure of the ports, the quality of business, development of financial markets and technological readiness. The quality of the Belgian management schools is ranked at the top of the world. On the other hand, the WEF points at the inefficiency of the labour market and criticized the labour regulations and inefficient government bureaucracy.

While a 15<sup>th</sup> place in the WEF ranking would suggest a highly entrepreneurial atmosphere, surprisingly, the Total Entrepreneurial Activity Index from de Global Entrepreneurship Monitor[2] indicates that, for the 18–64 age group that is not involved in entrepreneurship activity, only 8,2% has entrepreneurial intentions. This is only at the average level for the innovation-driven economies.

## **Education makes entrepreneurs**

There is a lot of debate on how to teach entrepreneurship at university but it is clear that the combination of theory and practice has an important role to play in promoting and development of entrepreneurial skills. [3][4][5][6]

With a focus on this practice, JA-YE Europe[7] provides entrepreneurship education programmes, reaching 3.1 million students in 38 countries in 2010. Funded by businesses, institutions, foundations and individuals, JA-YE brings the public and private sectors together to provide young people in primary and secondary schools and universities with high-quality education programmes to teach them about enterprise, entrepreneurship, business and economics in a practical way. The JA-YE Company Programme is recognised by the European Commission Enterprise Directorate General as a ‘Best Practice in Entrepreneurship Education’.

## **VLAJO: Flemish Young Enterprises**

In Belgium, generally speaking, there is a lack of entrepreneurship courses and teaching for non-business students in higher education. Entrepreneurship is still mostly taught within economic studies, and to some extent engineering studies.[3] Efforts have been made over the last years to put entrepreneurship more in the picture. VLAJO [8], as a member JA-YE Europe, is one of the organisations that developed different models and concepts and built up a network of entrepreneurs and companies together with primary, secondary and higher education institutes using these models. More specifically and for higher education, VLAJO offers different concepts:

### *Small Business Project (18 +)*

The SBP's are mini-businesses of higher education. The emphasis is on creating a profitable business based on a junior business plan. All disciplines are represented, from engineers to economists, electro mechanics and midwifery students. Based on the various formulas SBP is a program tailored to the specific college or university. A lot of attention is given to the attitude that leads to real entrepreneurship.

### *Start Academy (18 +)*

Start Academy is a business plan competition where university students have the opportunity to take their first steps into the world of entrepreneurship. Using such a plan creates a picture of the feasibility of a product or a service and the risks attached to it.

### *Business Day for Teachers*

The “Company day” for teachers is an initiative for all teachers or teachers of primary, secondary and higher education. It takes place on an afternoon across

Flanders during the “enterprise week”. This offers teachers the opportunity to become acquainted with the various aspects of a company. They can go into a dialogue that afternoon with a manager and become acquainted with the company.

### *Entrepreneurs into the classroom*

“Entrepreneurs into the classroom” is an initiative that is part of the “enterprise week”, with entrepreneurs going into classes to make students acquainted with the entrepreneurial attitude. Students have the opportunity to have an entrepreneur in their midst and get a contemporary image of an entrepreneur.

### **Small business projects at K.H.Kempen**

The K.H.Kempen University College has been active in Small Business Projects (SBP) for many years. Students set up themselves a complete company structure, including the production of a product or a service and the selling of it. They use the profit to finance an international study trip. The project runs over one academic year. A business volunteer together with professors monitor the company. The company designs and makes a product or service to sell to the general public. Student companies participate in a national and European competition. Volunteers from the business community serve as mentors and coaches. It helps the students to appreciate the potential of small and medium sized business as future employers and it promotes attitudes for personal success, lifelong learning and employability.

How does it work? It starts with the formation of a group of students. After brainstorm sessions, one idea is picked out and put to practice. A bank account is opened and potential chair holders are invited to buy a company share. This capital gets the company started. A business plan with a swot analysis, a commercial, organisation and financial plan is created. Everything is put in place to start selling the real services and products, backed up with an accountancy system. To conclude, the liquidation of the firm is put into practice. Examples of successful firms that were created over the last years can be found in a variety of sectors. In the department of office management, Linguapolis was a firm offering translation services to real customers with the support of language teachers and the most up to date translation software.[9] In the department of agro and biotechnology, students created a mobile juicer that produces fresh apple juice that is put into small containers.[10] In 2003, Procris was the name of a SBP marketing company, created by students and working on a real assignment for Coca Cola Company.[11]. The Procris Company was winner in the 2003 competition among 93 other SBP companies created in different universities across Flanders. In 2007, 5 K.H.Kempen students won the EUROYEF competition with their Trashcare company that created the TC-matic[12]: a trashcan that automatically compresses pet bottles. They won a 1500€ prize that enabled them to visit a company in Germany offering added

value to their project. In the past year, five students of the department of Technical sciences created the A-Med company that developed a fully automatic system for medicine distribution.

Small Business Projects offer opportunities for international collaboration and give students the possibilities to explore business outside the national market. The K.H.Kempen participated in a European project called Inlet-Vedu (2009-2001) [13]. Inlet-Vedu explored and developed, among other topics, virtual practice firms in a European perspective with international exchanges between German, Turkish and Belgian students. Virtual practice firms run through the same concepts as the real SBP-firms but in the end, they do not deliver the real goods or services.

### **Potential for Small Business Projects in Russia**

There is a potential for a collaborative project between Russian universities and European universities in setting up a similar structure for the Russian higher education. The Global Competitiveness index 2011-2012 [1] puts the Russian Federation on a 66<sup>th</sup> place where it was on place 63 in the 2010-2011 [14] index. This is better than the average of the 144 countries presented in the report but there is room for improvement. In the 18-64 age group that is not involved in entrepreneurship activity, only 2,6% have entrepreneurial intentions according to the Entrepreneurial Activity Index. [2] Although the concepts of the Small Business Projects can probably only make a small contribution to change this, there is a lot of potential in continued collaboration between Russia and Europe.

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