

SELF-EMPLOYMENT PROBLEM IN SOME EUROPEAN COUNTRIES –REALITIES AND PERSPECTIVES

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Abstract: This paper is a result of a Leonardo da Vinci project “SELF-EMPLOYMENT - Guidance and Counseling for Self-Employment” whose aim was to identify the location and the value of guidance and counseling services aimed at people considering self-employment in some European countries: Austria, Poland, Romania and Finland. In the whole project self-employment was defined as a one-person company. The project identified the location and the value of various support services for self-employed in Europe, including a study of entrepreneurship level in the four countries and a survey of existing services which support establishment or development of one-person enterprises. A SWOT analysis in the field of self-employment is presented in the first part of the paper and in the second part the curricula for self-employment training courses and the effectiveness of the training are taken into account for all the related countries.

Key words: self-employment, SWOT analysis, quality

1. Introduction

High unemployment rate in European countries requires efficacious modes of action. Self-employment, laden with lower risk than waged/salaried employment, is one of the still underappreciated solutions.

It is very important to research self-employment. Micro, small and medium-sized enterprises are socially and economically important, as they represent 99 % of all enterprises in the EU and provide around 65 million jobs and contribute to entrepreneurship and innovation.²⁰⁶

The objective of the first part of the paper is to present and compare the strengths, weaknesses, opportunities and threats linked with the self-employment system in four European countries: Austria, Poland, Finland and Romania. The second part will deal with the problem of the curricula for self-employment training courses in all these countries. The paper is based on the databases and the national analyses of the databases.

2. Strengths, weaknesses, opportunities and threats in the self-employment field

2.1. Finland case of self-employment

Strengths	Weaknesses
<ul style="list-style-type: none"> • The presence of support services in the whole country. • The supply of services is extensive. • Services are inexpensive. • Nearly all information, forms and contact information on the support services for self-employment can be accessed through the Internet. 	<ul style="list-style-type: none"> • The image of one-person-companies is not so high-profile; people are not so keen on to start their own business. • The use of services declines after the establishment phase. • The innovative potential of the cooperation and interaction between companies and e.g. universities is not fully exploited.

²⁰⁶ SME definition: Commission Recommendation of 06 May 2003 (2003) European Commission. <http://europa.eu.int/comm/enterprise/enterprise_policy/sme_definition/index_en.htm>

<p>Opportunities</p> <ul style="list-style-type: none"> • Self-employment could offer many people a good way to get employment. • More and more possibilities e.g. for women's entrepreneurship, environmental friendly entrepreneurship and social entrepreneurship. • Potential in the cooperation and interaction between companies and e.g. universities. • Potential of peer and mentor firms. • Potential in the further cooperation between 	<p>Threats</p> <ul style="list-style-type: none"> • Missing evaluation of the effectiveness of support programs • The lack of mental support the new entrepreneurs for coping with the critical start-up phase. • Increase of public support services costs.
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2.2. Romanian case

<p>Strengths</p> <ul style="list-style-type: none"> • Most support services are available in the whole country. • The supply of services is extensive. • Most counselling services are free of charge. • Nearly all information, forms and contact information on the support services for self-employment can be accessed through the Internet; 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Missing access to finance and lack of knowledge how to access the existing finance; • taxes & regulations; • lack of entrepreneurial culture, • lack of management & risk taking knowledge. • the image of one-person-companies is not so high-profile; people are not so keen on to start their own business; • Missing support targeting especially one-person-companies combined with wrong expectations on every start-up company to grow and create more jobs than the one for the founder
<p>Opportunities</p> <ul style="list-style-type: none"> • Self-employment could offer many people a good way to get employment. • Starting developments of lobbying for one-person-companies 	<p>Threats</p> <ul style="list-style-type: none"> • Missing evaluation of the effectiveness of support programs • The lack of mental support the new entrepreneurs for coping with the critical start-up phase. • Poor sustainability of business support centres after the financing from the donors ceased; • Missing specific market knowledge of most consulting providers.

2.3. Polish experience in the field

<p>Strengths</p> <ul style="list-style-type: none"> • A high number of diverse support providers. • A broad subject range of the trainings offered. • A wide variety of the forms of support offered. • Possibility to use the services free of charge. • Availability of services both at the national and local level. • Experience in enterprise support. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Varying quality level of the services offered. • Small number of customised, specialised support forms. • Focusing the support on the initial stage of business activity. • No support forms focused specifically on self-employment. • Provisional support forms instead of comprehensive measures.
<p>Opportunities</p> <ul style="list-style-type: none"> • The increase of enterprise importance in political activities, programmes, etc. • Favourable changes in social perception of entrepreneurs. • Strong promotional actions for the benefit of self-employment. • Development of training initiatives/programmes oriented on self-employment. • Introduction of legislative solutions in the form of incentives for self-employed. • Possibility to finance the support forms from the means of support programmes. • Possibility to employ new technologies (e-learning). 	<p>Threats</p> <ul style="list-style-type: none"> • No external systems for verification of the quality of services offered. • Poor dissemination of information concerning the possibility of using support forms. • Low survival rate of one-person companies. • Legal and institutional environment being “hostile” towards entrepreneurs and frequent changes in the regulations. • “Spoiling” of the training market by unprofessional/dishonest organisations.

2.4. Austrian case of self-employment

<p>Strengths</p> <ul style="list-style-type: none"> • Allocation of existing support services around the counties and regions. • Innovative potential (i.e. sustainable skills for entrepreneurs). • Raising awareness about the increasing group of persons in (new) self-employment and other structural changes on the labour market. • High survival rate of start-up-companies compared to the EU average. • Organized platforms for networking 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Missing representation of one-person-companies in comparable statistics. • Missing access to micro-credits. • Missing support especially for one-person-companies combined with wrong expectations on every start-up company to grow and create more jobs than the one for the founder her/himself. • Barriers in society concerning the image of one-person-companies.
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between one-person-companies.	
<p>Opportunities</p> <ul style="list-style-type: none"> • Increasing initiatives orientated on the needs of women in self-employment. • Research potential in the field of universities and other research institutes. • Counseling potential for the particularities of branches and businesses and to present best practice examples. • Simplifications in the handling with authorities and the legal documentation. • Starting developments of lobbying for one-person-companies. 	<p>Threats</p> <ul style="list-style-type: none"> • Missing awareness for taking into account the situation of one-person-companies in the immigrant population. • Unclear legal definition and further problems about “new self-employment” in the context of legal matters, social insurance and taxes. • Missing evaluation of effectiveness of support program. • Missing specific market knowledge of most consulting providers.

3. Comments on SWOT analysis

All of the four countries have the strength that the support services are available in the whole countries. The services are also low cost or even free of charge. A common strength is also that there are many types of services available. The Finnish case also has the strength that nearly all information, forms and contact information on the support services for self-employment can be accessed through the Internet; there is less bureaucracy and the access to the services is better. The Internet access becoming more common is other countries, too. In Austria there is a high survival rate of start-up-companies compared to the EU average.

There are also many common weaknesses in the partner countries. One problem is that the image of one-person-companies is not so high-profile; there are barriers in society concerning the image of one-person-companies. One weakness is that financial know how, management & risk taking knowledge and other know-how is lacking from many entrepreneurs. So, the usage of support services should be higher also after the start-up phase of the company.

A common opportunity in all partner countries is that self-employment could offer many people a good way to get employment. There is potential for example in women’s entrepreneurship, environmental friendly entrepreneurship and social entrepreneurship. The Internet brings many new opportunities, e.g. for the new kinds of learning environments.

There are also threats. For example, the lack of mental supports for the new entrepreneurs for coping with the critical start-up phase is a threat. In Poland there is a low survival rate of one-person companies. In Austria, there is missing awareness for taking into account the situation of one-person-companies in the immigrant population. In Finland there is increase of public support services costs. And in Romania there is poor sustainability of business support centres after the financing from the donors ceased.

4. Entrepreneurship courses at schools and training centres

Another important result of the research concerning the self employment process in the four European countries was that of comparing the entrepreneurship teaching methods at schools and training centres located in the related countries.

Courses and trainings in entrepreneurship taught in Austria, Finland, Poland, Romania, can be compared with each other under the following aspects:

1. type of institutions organising the above mentioned courses and trainings,
2. general programme and subject matter of the courses,
3. teaching methods used during the courses,
4. quality inspection of the courses taught.

4.1. Organisers

Realisation of entrepreneurship curriculum within the system of education is the responsibility of the Ministries of Education in individual countries. In Austria the teaching of entrepreneurship as an obligatory subject was introduced into schools already in the early 1990s. In Poland and Romania it was no earlier than 2003. Entrepreneurship promotion takes place at different levels of education. A tendency has been observed to gradually lower the age of learners who start their education in entrepreneurship. In Poland it is currently started by lower secondary school students at the age of 13 and in Austria – by 10-year-olds. In Finland it is compulsory starting from the first class of primary school (since 2004) and in Romania – from grade IV; the Ministry for Education and Research in Romania makes it possible for children in grades I-III to participate in entrepreneurship lessons within the framework of extracurricular activities.

Among government units not only the Ministries of Education, responsible for formation and supervision of the system of education, implement entrepreneurship lessons. It is also in the interest of the Ministries of Economic Affairs and Labour, which promote entrepreneurship by providing funds for execution of various entrepreneurship-related countrywide programmes and trainings. The Ministries affect in this way the amount and the kind of labour supply. They are organisers of such activities as career centres at primary and secondary schools and extracurricular courses in economics and contests concerning the acquired knowledge.

The actions conducted by schools are often joined by non-governmental associations and foundations in individual countries. Schools often initiate the contact themselves, seeking in this way financial or subject-related support for their actions. These associations can also organise various projects and contests at national or regional level on their own. As organisers of such actions the associations may cooperate with one or more schools, depending on the project performed. An example can be simulations of mini-enterprises at Polish lower secondary schools and at Austrian schools. The author and executor of this project in Poland is the Small and Medium-Size Enterprise Foundation KOMANDOR and in Austria it is the Young Enterprise Austria. Also the Austrian Chamber of Commerce promotes entrepreneurship by providing teaching concepts and material (i.e. “entrepreneur driving licence”) directly for the use in the educational system. Many initiatives carried out by governments are of supranational character. The European Union member states avail themselves of the EU funds, and the other (Romania) make use of the support of United Nations Conference on Trade and Development. In addition to foundations and associations that act and work for promotion of entrepreneurship, there are the purely commercial organisations which offer more specific courses in chosen fields.

The learning of entrepreneurship may also take place directly, by means of actions undertaken on a bottom-up basis by persons interested in self-development themselves. This is the case with various vocational activation centres created by European students or simulated enterprises founded on a voluntary basis. Activity including founding and managing of such organisations develops entrepreneurship qualities in individuals.

4.2. Subject matter of trainings

The collected information enables us to state that the subject matter and scope of entrepreneurship lessons at schools differs from that of courses carried out in training centres. The classes at schools have a more general character and teach knowledge from many fields. The primary school curriculum, in all countries except Poland, includes elementary knowledge concerning the child’s closest environment, which is communicated in a way adjusted to the children’s young age.

Within the compulsory curriculum at lower and upper general secondary schools the following main topics are offered:

- a) General functioning of market and market economy
- b) National economy (role of state, functions of state budget, the concept of economic growth, functioning of banks and insurance system, risks e.g. corruption, etc.)
- c) Labour market and job counselling; choice of profession
- d) Entrepreneurship (knowledge about the functioning of small enterprises, necessary skills, formal and legal regulations, support sources)
- e) Development of individual personality qualities and vocational competencies

This is the minimum programme which is considerably expanded in case of the so-called business schools and enterprise centres, where besides general knowledge also specialist knowledge concerning self-employment and functioning in specific sectors of economy is being imparted. Enterprise centres/schools operate in all partner countries of the project. These are relatively new initiatives, even in the more developed countries (e.g. in Austria the first students of the 'Entrepreneurship Education' project which promotes gifted students at 'Schumpeter-Handelsakademie', carried out at Secondary College for Business Administration, finished their education in 2005).

Entrepreneurship courses are also organised by higher schools. Their offer is directed not only to students, but also e.g. to unemployed persons or to all interested persons in general. However, it is mostly the young people that avail themselves of this offer.

Courses performed by training centres most often concern a selected subject matter comprising an element or a supplementation of the school knowledge, e.g. what needs to be done in order to register a one's own business, how to write a good business plan, how to overcome stress. As actually in all countries the teaching of entrepreneurship has been introduced only recently (in the 90s or at the beginning of the 21st century), in case of persons over 30 (and in some countries even those over 20) these courses need to substitute for the general knowledge that they won't obtain at school any more.

It must be remembered that the transfer of a more extended knowledge is not tantamount to this knowledge, being more valuable than that supplied during other courses. Its very generality may be its negative aspect. It is also worth noticing that the form of teaching the entrepreneurship subject at schools is unfavourable → lectures.

Furthermore, there are no educational packages including subject matter aimed directly at self-employed persons. Entrepreneurship courses are of a too general character for their participants to get familiar with the real situation of a person running his/her own individual business.

4.3. Teaching methods

The basic method of teaching at schools in all countries is comprised by the traditional lectures. However, it's no news that this form is not conducive to focusing the students' attention on the subject described, and an excess of theory in relation to practice hinders the development of entrepreneurial qualities and the process of knowledge assimilation. Therefore, innovative teaching methods enjoy popularity among students and find approval also in the eyes of local representatives of the education system. Workshops and group works of all sorts make lessons more attractive and provide a possibility to use the knowledge in a more practical way. Furthermore, seminars with participation of guests from business scene provide an opportunity to meet persons with entrepreneurial qualities, and meetings with experts on the local labour market help get acquainted with the current market trends and provide a hint while choosing the direction or continuation of one's career. These teaching methods are used in all countries.

Development of the Internet and multimedia techniques made it possible to introduce online courses in entrepreneurship, which are conducted in this way in various countries. However, because the accessibility of Internet and skills level in using a computer are different among populations of the individual countries, also the possibilities to use e-learning in order to acquire knowledge are limited (in general to the disadvantage of Middle and Eastern European countries and elderly people).

One of new ideas realised in all partner countries, comprised of a combination of an e-learning course (or a traditional one → lectures) with real operations of a company are the so-called simulated enterprises. Students / course participants taking part in such lessons create their own artificial small-enterprise based on the theoretical knowledge they acquire prior to or simultaneously with the foundation of their small-enterprise. Then they choose the appropriate departments for each of them and perform the relevant duties. In this way they can check the usefulness of the previously learned theoretical matters and put them in practice.

The significance of the recent development of ICT, the Internet and audiovisual techniques must be emphasized. Producing a change in the form of education, it contributed to the making of the trainings more attractive and provided an opportunity to test the acquired knowledge in practice. The new technologies make it also possible to reach groups of people for whom the participation in trainings had been unavailable before (e.g. the e-learning course "My own business – A chance to live with dignity" directed to physically impaired people which was conducted in Poland in 2004).

Other methods serving the development of entrepreneurship are also career services and schools' centres for vocational development. Reaching them and participating in various trainings, practices, organising job fairs and seminars etc. requires personal initiative and increases the activity of individuals.

4.4. Quality inspection of the courses

Depending on who organises the course, different units perform the inspection of the realisation of the course programme. In individual countries the evaluation of the method of realisation of entrepreneurship courses is carried out within the framework of the education system. This is usually done on the basis of a division into particular regions or towns. The inspection is usually quite superficial and concerns more the question whether the lessons took place and how many hours were dedicated to them, and not how they were performed or whether they brought the desired effects. It must be stressed that the realisation of the obligatory subject matter is considered the necessary minimum, whereas conducting additional activities serving the introduction of economic knowledge is evaluated as particularly valuable, e.g. organisation of simulated enterprises or economics-related contests. However, also in this case it is more the mere fact that the initiatives have been undertaken by the schools that is stressed. The only measure of their effectiveness may be the students' willingness to participate in the unusual initiatives, as there are no means to measure the courses' effectiveness.

It needs to be mentioned that some countries are creating more detailed quality inspection tools for the courses conducted. In Finland, for example, there is the Development Plan for Education and Research for years 2003-2008, adopted in 2003, which assumes the development of such tool.

Other institutions that perform individual activities usually evaluate them on the basis of observing the course participants and training groups. Then they state that e.g. throughout the course duration a person has displayed an increasing ability to work in a group. In this way they determine that the training has affected the desired behaviour with this particular participant, and in their opinion this means that the method and/or subject matter of the course is correct.

5. Effectiveness of teaching in the entrepreneurship field

A number of entrepreneurship-related courses are conducted in all countries. They are commonly available, especially due to enterprise and employment support programs from the EU funds. Their organizers are both government authorities and non-governmental institutions and foundations. The prevailing courses are those concerning general economic knowledge or detailed knowledge of individual issues, e.g. writing of a business plan or registration procedure for individual business.

In individual countries there are both theoretical and practical forms of teaching. In post-communist countries, less developed with respect to ICT and without continuity of tradition of individual entrepreneurship, teaching by practical means has been introduced only recently and acquires the state's support and the attention of non-governmental organisations. It must also be mentioned that self-employed people are a particular group of entrepreneurs. They operate independently, without the support of a team, as it is in bigger enterprises. Furthermore, only they are responsible for the entire undertaking i.e. their business; they are the only beneficiaries of their activity, but at the same time they are the only ones to bear the risk and possible loss resulting from any wrong decisions. Because of these aspects, participation in such initiatives as simulated enterprises will never allow a participant to understand the situation of a self-employed person.

Regarding the financing of trainings/courses, those included in school curricula are carried out in European countries either for free at public schools or for a fee at private schools.

Apart from the free education at schools there is a wide range of cost-free or partly-paid courses conducted by local and regional non-governmental organisations, various foundations and associations of entrepreneurship. Many of the programmes executed are financed from the EU funds. Of course, there are also some courses that are fully-paid, especially those organised by private institutions, business organisations and non-public schools.

From the viewpoint of the „Guidance and counselling for Self-employment” project realisation, the best source of information about the effectiveness of the entrepreneurship trainings was the data concerning a number of people who have completed such courses and have started a one-person-business afterwards. However, we are not aware of any study of this kind.

There are no comparative studies concerning opinions about the quality and effectiveness of trainings conducted both within the system of education and by other institutions. To our knowledge, there are also no research projects that would collect general opinions and evaluations of participants or outside observers of these courses within either the education system or extracurricular activities. This means both lack of studies in each individual country and lack of international research.

There are no accessible data concerning the grades obtained by learners who complete the education in entrepreneurship subjects, which could comprise another measure for the effectiveness of these courses. As regards other institutions, a part of them do not organise any exams at the end of the courses and do not grade the level of knowledge acquired by the participants at all. What is noteworthy is the common cooperation of various institutions at local and regional level, aimed at entrepreneurship education.

6. Conclusions

The results of the whole project will be potentially used by decision-makers from different bodies (at EU level, national and regional level) for improving conditions conducive to self-employment, as well as by career counselors for creating advanced and effective tools for guidance, counseling and other support services. The aim of the project widely meant promotion of self-employment. Researches are to describe the condition of one-person-enterprises and help in developing suitable support service system addressed to people being self-employed or considering it.

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