

## IS VOCATIONAL EDUCATION AND TRAINING FOSTERING ENTREPRENEURSHIP?

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### **Abstract**

In the framework of economic development recent years, a significant importance has been given to the entrepreneurship and small and medium enterprise development from developed countries and those in transition. Entrepreneurship reduces poverty and unemployment. Entrepreneurs with their innovative ideas establish their enterprises, provide their products or services to the market and positively affect the country's economy and development by hiring employees and paying their tax revenues. Therefore, governments have been investing on entrepreneurship trying to create entrepreneurs. The dilemma that remains is whether the government's investment in vocational education and training fosters entrepreneurship? Can entrepreneurs be created by training and education or entrepreneurs are highly driven by commitment and they were born to be an entrepreneur? This paper aims to investigate the influence of Vocational Training in terms of employment, entrepreneurship, new venture establishment and job creation in Kosovo. For the purpose of this study, a single case study approach was employed with intention to explore and investigate the influence of Vocational Training Center in terms of entrepreneurship and employment in Mitrovica, the region with the highest rate of poverty and unemployment. This center provides to the job seekers that are registered as unemployed training or retraining professionally and for free. The VTD is responsible for managing the most advanced government vocational training network in Kosovo, comprising eight Vocational Training Centres and six Mobile Training Centres. Vocational Training Center in Mitrovica currently provides training in woodwork, kitchen, textiles, construction, metal processing, computer basics and business administration.

Keywords: Vocational education and training, entrepreneurship, start up, employment.

### **INTRODUCTION**

Many countries ideate creating a strong, diversified and competitive economy that can cope with the challenges of the regional and global economy. In recent years, in the framework of economic development, a significant importance has been given to the entrepreneurship and small and medium enterprise development from developed countries and those in transition. The entrepreneurial function implies the discovery, assessment and exploitation of opportunities, in other words, new products, services or production processes; new strategies and organizational forms and new markets for products and inputs that did not previously exist. SMEs contribute to

the creation of wealth, poverty alleviation, employment and income generation in both rural and urban areas all over the world [1]. This contribution is even more sharpened in transition countries as it is expected that SMEs become a main source of job creation, income generation, innovation and transformation. Many authors argue that the role of Entrepreneurship and SMEs is significant and crucial for development of economies, because of their contribution on facilitating regional development and innovation [2], [3], thus impacting on the overall economy of their countries. Small and Medium Enterprises constitute a significant part of the private sector and are expected to be the driving force for job creation, industrialization and economic development. It is necessary for an entrepreneur individual to have some entrepreneurship attributes. The primary attributes, such as: high commitment, motivation, self-confidence, creativity, risk taker, team oriented, communication skills, oriented to problem solving, innovation and goal achievement can be considered as examples. Kuratko and Hodgetts indicate that determination, patience, high motivation for success, orientation to opportunities, responsibility, being a trouble shooter and a fast learner, strong self-control, taking risk whose tolerance is accounted, reliability, endurance to failure, creativity and proactivity, having a vision, self-confidence and optimism, autonomous behavior, team building are most frequently asserted entrepreneurship attributes [4]. Entrepreneurs are people who create opportunities from various situations while others consider them as chaos or disorder, implement those in competitive environment by turning them into marketable business ideas, take risk, create value with the business which they set up by using their time and skills and making an effort, overcome the obstacles, manage and organize different talents by balancing them [5]. According to Hofer and Sandberg the new venture creation and performance is a function of the entrepreneur, industry structure, and strategy [6]. This model despite its importance, it is incomplete as it does not include the resources, upon which a venture's strategy must be based, or the organizational structure, processes, and systems by which the venture's strategy must be implemented. According to Chrisman the strategy in spite of its importance, is as good as the resources it deploys and the structure, processes, and systems the venture uses to implement it [7]. According to the OECD, Entrepreneurship at a Glance 2013 that is result of the OECD-Eurostat Entrepreneurship Indicators Programme (EIP) the global crisis has heightened interest in entrepreneurship as an essential element to foster economic recovery and employment growth. Therefore, in recent decades, governments' strategies have included training programmes on setting up and growing new enterprises aiming to encourage entrepreneurship. Universities and business schools offered variety entrepreneurship courses but most of them provided guidance on the influencing factors and key steps to start a new venture. Still, some entrepreneurial processes remain difficult to address within these training programmes. Attitude of individuals towards business failure or growth presents some of these, as it reflects a combination of personal characteristics, social values, and the underlying business environment. The transition economy in Kosovo attempts to increase its citizen's level of entrepreneurial activity, that is similar in some ways to developing, or transition economies found elsewhere. The differences in Kosovo make it an extreme environment for developing the concept of entrepreneurship [8]. Despite these attempts, empirical evidence shows most of these persons end up in the SME sector and some of them even, in the informal sector. It is because these businesses are not able to generate sufficient income and growth to contribute meaningfully to poverty reduction, wealth creation, and competitiveness of the economy. These entrepreneurs are necessity driven, they lack commitment, and they are neither opportunity seekers nor risk-takers.

### **Problem statement**

At present, unemployment is a significant and concern problem that many countries have to deal with. According to World Bank South East Europe Regular Economic Report No.5 the average unemployment rate for the SEE6<sup>1</sup> was 23.6 percent as of mid-2013. Only in FYR Macedonia unemployment declined substantially, albeit from very high levels. Albania's unemployment rate (12.8 percent) remained the lowest among the SEE6 (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia) while Kosovo's, at 30.9 percent, remained the highest.

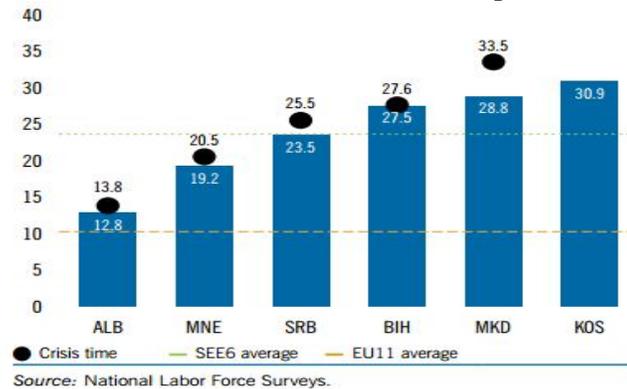


Fig.1. Unemployment rates 2013

In the light of the economic development, employment and sustainable reduction of poverty Government of Kosovo has been given importance to the Small and Medium Enterprises (SMEs) and entrepreneurship. One of the main preconditions for business development is to strengthen the entrepreneurial culture. Based on the current situation in Kosovo this goal will be achieved by: extending entrepreneurship curriculum in: Primary Schools, VETs, High Schools and Higher Education Institutions.

Vocational Education Training is under the responsibility of:

- ✓ Ministry of Education, Science and Technology (MEST) for secondary school-based vocational education and
- ✓ Ministry of Labour and Social Welfare (MLSW) for further training and retraining of the unemployed.

The VET sub-sector is part of the upper-secondary level and serves the age group 15-18.

VET schools are known as kind of “second choice” option because compulsory school leavers usually decide to enroll in VET schools after failing to enroll the general secondary schools.

According to MEST, beside the substantial improvement in VET sub-sector over the last few years, there are still gaps to be filled and many challenges to deal with: increase the budget, teaching in two shifts, inadequate human capacities, accreditation and equivalency, improve the quality and relevance of the curriculum. The VTD is responsible for managing the most advanced government vocational training network in Kosovo, comprising eight Vocational Training Centres and six Mobile Training Centres.

The study aims to investigate the influence of Vocational Training in terms of employment, entrepreneurship, new venture establishment and job creation in Kosovo.

The study therefore, attempted to answer the following questions:

- ✓ Are VETs trainees after graduation more interested to find a job (get employed) or to start their own enterprise?
- ✓ To what extent trainees are interested in starting own enterprises?
- ✓ Which are the obstacles of trainees toward starting their own enterprise?

## Methodology

In this study, a single case study approach was employed with intention to explore and investigate the influence of Vocational Training in terms of employment, entrepreneurship, new venture establishment and job creation in Kosovo. It is a qualitative research with in depth interviews that has exploratory design. For purpose of these study 50 out of 79 trainees from Regional Training Centers in Mitrovica were interviewed. The Regional Training Centers in Mitrovica is under the administration of Ministry of Labour and Social Welfare and provides to the job seekers that are registered as unemployed training or retraining professionally and for free. Our respondents were from woodwork, textiles, construction, metal processing, and computer basics training profile.

Table 1. The research sample structure

COURSES	MALE		FEMALE		TOTAL	
	COUNT	%	COUNT	%	COUNTS	%
WOODWORK	8	16	0	0	8	16
TEXTILES	0	0	15	30	15	30
CONSTRUCTION	8	16	0	0	8	16
METAL PROCESSING	9	18	0	0	9	18
COMPUTER BASICS	3	6	7	14	10	20
TOTAL	28	56	22	44	50	100

As shown in the table 1, there are fifty trainees in the sample that represents 63.29% of total number of trainees in this centre. In the woodwork, construction and metal processing training profile there are only male trainees. As far as the textiles profile is represented only by female with total number of fifteen trainees. Computer basics training profile is consist by both female and male trainees.

Table 2. The research sample previous education

EDUCATION	MALE		FEMALE		TOTAL	
	COUNT	%	COUNT	%	COUNTS	%
PRIMARY SCHOOL	2	4	10	20	12	24
SECONDARY	25	50	10	20	35	70
UNIVERSITY	1	2	2	4	3	6
TOTAL	28	56	22	44	50	100

Most of the respondents 70% in the sample have completed secondary school among them twenty five were male and ten female trainees. With University degree was three respondents 6%, as far as twelve respondents 24% were with primary school only. As we can see from the sample in Table 2, almost 45.45 % of the female respondents have completed primary school that presents a low level of education among female trainees. Only 9.1% of female respondents had University degree and 45.45% secondary school. Almost 89.29% of the male respondents

were with secondary school, 7.14% has completed only primary school and 3.57% of male respondents have completed University studies.

Table 3. The quality of education in Training Center

HIGH QUALITY OF EDUCATION	MALE		FEMALE		TOTAL	
	COUNT	%	COUNT	%	COUNTS	%
TOTALLY AGREE	15	30	20	40	35	70
AGREE	11	22	2	12	13	26
NEUTRAL	2	4	0	0	2	4
DISAGREE	0	0	0	0	0	0
TOTALLY DISAGREE	0	0	0	0	0	0
TOTAL	28	56	22	44	50	100

Table 3 present results regarding the quality of education - whether the quality of education in training center is high. Most of the respondents 70% totally agree that there is a high quality of education and training in this centre mainly because of the opportunity given to get involve with social partners, especially representatives of the private sector and employers, to work together with VTC staff and support the preparation of regional development plans and labour market information (especially skills requirements of employers for upgrading training). 26% of respondents also agree that there high level of education in Training center and 4% of respondents were neutral.

Table 4. Respondents plans for future carrier after the training

FUTURE CARRIER	MALE		FEMALE		TOTAL	
	COUNT	%	COUNT	%	COUNTS	%
EMPLOYED IN A COMPANY	13	26	17	34	30	60
START BUSINESS	15	30	5	10	20	40
TOTAL	28	56	22	44	50	100

As per obtained results in table 4, we can see that most of the respondents 60% are more likely to get employed within a company than to start their own business.

Table 5. The obstacles perceived to start your own business

OBSTACLES FOR STARTING BUSINESS	MALE		FEMALE		TOTAL	
	COUNT	%	COUNT	%	COUNTS	%
ATTITUDE TO FAILURE	7	14	7	14	14	28
RISK TAKING	3	6	5	10	8	16
LACK OF EXPERIENCE	3	6	3	6	6	12
LACK OF MANAGERIAL SKILLS	1	2	1	2	2	4
LACK OF FINANCE	14	28	6	12	20	40
TOTAL	28	56	22	44	50	100

Considering that most of the respondents prefer to find a job rather than to start their own firm our aim was to investigate the perceived barriers toward entrepreneurship. As shown in table 5, 40% of the respondents perceived lack of finance as the main obstacle, followed by attitude to failure 28%, risk taking 16%, lack of experience 12% and lack of managerial skills 4%.

Table 6. Motivation to start your own business

MOTIVATION FOR STARTING BUSINESS	MALE		FEMALE		TOTAL	
	COUNT	%	COUNT	%	COUNTS	%
COURSE	5	10	8	16	13	26
SELF MOTIVATED & HIGH COMMITMENT	12	24	7	14	19	38
NECESSITY DRIVEN	7	14	6	12	13	26
FAMILY BUSINESS	4	8	1	2	5	10
TOTAL	28	56	22	44	50	100

Table 6, shows that most of respondents are self-motivated and possess high commitment to start their business, the rest were necessity driven and motivated from the course and 10% were motivated from their family business (family background).

### Discussion and recommendations

The study has established that there is moderate interest among Vocational Education trainees to start and run their own businesses. Most of the respondents perceived chance of getting a job because they lack finance to start their business. They planned first to get a job, ensure financial funds and then start their own business. This is very encouraging for vocational training institutions as well as policy makers and other actors interested in supporting them to start and develop their own businesses. Therefore we propose donor interventions. Female trainees are disproportionately less interested in self-employment than their male counterparts. Therefore vocational training institutions should focus more on promoting success stories of enterprises implementing entrepreneurship programme to encourage them. Family background seems to have a moderate influence of trainees' intentions to do business. Most of the respondents regarding choice of business activities prefer to start the business or find a job in the business they were trained and are not ready to innovate. Most of trainees are inspired to have micro enterprises, even five years after starting their businesses, meaning that their growth/entrepreneurial motivations are rather low.

Therefore there is a need for entrepreneurship training in this institution in order to develop growth motivation and innovation capacity, contributing effectively in the development of a competitive and dynamic private sector, which is essential for sustainable reduction of poverty and economic growth.

### Limitations

The number of respondents was not very high, all of them were from the Regional Training Centers in Mitrovica that is under Ministry of Labour and Social Welfare administration and most of them are registered as unemployed (job seekers) therefore the interest in self-employment was not very high. Further studies should focus both groups those that are administrated from Ministry of Labour and Social Welfare and Ministry of Education, Science and Technology (MEST) for secondary schools. Also, further study should cover and other regions of Kosovo in order to have more representative results.

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