

# **BUSINESS EDUCATION IN EUROPE AND CHALLENGES FACING UNIVERSITIES**

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## **BUSINESS EDUCATION IN EUROPE**

As it is defined in [1] "business education is a term that encompasses a number of methods used to teach students the fundamentals of business practices." According to Wikipedia [2], "business education involves teaching students the fundamentals, theories, and processes of business." The methods of teaching can be formal, e.g. university programs for earning the Master of Business Administration (MBA), but cooperative education, school-to-work or apprenticeships also can be used. In the case of university level, students can take general or specific business courses aimed to teach them about processes of decision making and business and operational procedures. The courses often include elements of a philosophy, theory, and psychology of management.

Over the past century, students studied theory "ex cathedra" and were prepared that practical knowledge and skills will obtain on workplace, after they leave their universities. In today's society it is common that students study in educational institutions and acquire a share of practical knowledge in business enterprises, or government institutions, hospitals, law firms, etc. The rating of those who were training them depended of the level of students' preparedness for work.

The European Union has allowed fluctuation of labor and so created a need for unification of education to ensure it. At the same time, unification allows the students to study at the universities of their choice. Increased competition is forcing universities to adapt to new circumstances. However, although reduced, the differences in Europe are still significant primarily due to the tradition. Thanks to the diversity of educational programs Europe has been very interesting also to students from other continents. Additional benefits were considerably lower prices of studying than in USA, and a lot of Americans were coming to Europe to study. No rare, diplomas earned in Europe guaranteed higher salaries to their owners. Some of the advantages of the European studies remained, but currently the interest of foreigners to study in Europe declines. For example, enrolment on Aston Business School's MBA is more than halved in the past academic year, falling from 129 students to 59. The biggest drop was among Asian students. HEC School of Management in Paris lowered in enrollment for more than 20% in the past academic year compared to previous year. "The average class size of the British MBA programmes ranked by The Economist has decreased by 11% over the past year. Schools blame Britain's newly toughened visa requirements for non-EU students." [3]

Business education helps organization to ensure intelligent and strategic actions on all levels, benefits can be [4]:

- *at the level of the chief executive officers:*
  - to develop effective leaders to drive future strategy;
  - to build company culture - bring teams together to learn and interact;
  - to equip organization for profitable growth;
  - to establish and maintain standards of excellence;
- *at the level of the human resource manager:*
  - to deliver corporate strategy by tailoring learning to business needs;
  - to make a measurable difference to organizational performance;
  - to develop long-term strategies for achieving change;
  - to equip individuals to fulfill roles within the business;
- *at the level of the manager:*
  - to ensure a focus on competitive strategy and business goals;
  - to shape the business while delivering business results;
  - to complement industry expertise with transferrable management skills;

- *at the level of the individual:*
  - to build a successful career based on proven expertise;
  - to develop as a person and gain confidence;
  - to increase ability to influence his/her organization.

One of applied systems of education for business is a system of apprenticeships. In France it gives an opportunity to people aged 16 to 25 to combine academic learning with concrete professional experience. The system was originally designed for vocational courses in the French lycées, and its application started in higher education in the late 1980s. Students gain their first significant professional experience free of charge and earn some money. Companies receive government subsidies and are exempt from paying welfare contributions. They, also, can choose some students and offer them job after apprenticeships' ending.

“ 'The main challenge for the development of apprenticeships is the funding issue,' says Pierre Tapie, president and dean of Essec Business School and head of the Confédération des Grandes Écoles, a body which represents over 200 higher education institutions in France. Essec has already reduced the number of apprenticeships it offers to 650 from its peak of 760 in 2010.” [5]

One popular way to prepare for business are internships. "An internship is an opportunity to integrate career related experience into an undergraduate education by participating in planned, supervised work." [6] Internship programs offer a variety of opportunities for students to gain insight in the technical and administrative programs until they graduate. For example, Globalplacement.com [7] website allows students to search for national and international internships. There are also internship programs that are project-oriented and prepared for graduate students to gain experience through research assignments. Such an example can be found on the Graduateland website, which allows to individual to create a personal profile and browse jobs and internships across the Europe. [8]

The companies alone, as well as public institutions, in all European states offer the education for business through similar offers. For example, in Serbia the "volunteering" is in. Volunteering mostly means completely free work of the student or a graduate. Sometimes the volunteers for their work get a small part of wage, but there is no guarantee that they will be engaged after volunteering. "Thanks" to the global economic crisis and the crisis in employment, employers place increasing demands to their employees and applicants for employment. Thus, the period of volunteering and "preparation" for the work significantly extends.

## **ETHICAL, TECHNICAL AND FINANCIAL CHALLENGES FACING UNIVERSITIES**

Studying at universities accredited in accordance with the Bologna process implies a high standard of study that is reflected in the work of professor with small groups of students. It is convenient in terms of intensification of students' work and education, but also brings a number of problems of organizational and financial nature. At the beginning of the system of education changings, some people recognize the education as a business opportunity. New universities appeared and started to grow. With the limited number of teachers it was difficult to organize teaching process. The atmosphere in education has ruffled. The competition has become tougher, and the new universities aiming to recruit students began to lower the criteria. That process is still ongoing and it is undoubtedly one of the major problems caused by the change of the system of study. In the transition period problems were intensified each year until full implementation of the new system. It was common that some students did not successfully complete their year of study. Thus, in the initial phase, less than 70% of students move from the first to the second year of study. The situation was similar with the transition from the second to the third year of study, etc. To obtain enough students for the next year, universities additionally lowered the criteria. From the aspect of society, quality is the problem number 1.

Important trends in MBA education are: globalization, leadership, flexibility and customization, innovation and creativity, presentation skills. [9]

The most of universities in many European countries in the last decade worked in an environment influenced by tumultuous changes and restructuring, with no clear vision of a future progress, economic development and employing of experts. It is a well-known fact that universities must have a leading role in the social development, and it is clear that to each university has been assigned a very difficult task to foresee the future needs of the society and its economy. University has to be at least five years ahead of its time to be able to provide right cadres at the right moment, i.e. to enable its graduated students to get employment. The students, who entrusted their education to the university, are entitled to ask for knowledge and qualifications that will enable them to be superior when applying for their jobs. That is why the responsibility of the university management is exceptional.

One of the greatest risks is definitely the unstable and uncertain financing of universities' activities. Today, any state is unable to finance their universities' activities completely. Self-financed students in the most of countries cannot pay the real fees. So, the problem of financing will be one of the main risks for a long time, and it will influence a quality of studies.

Also, throughout the world, except in Africa, a steady decline in the birth rate is recorded. The average total fertility rate (TFR) in the European Union (EU-27) has been calculated at 1.59 children per woman in 2009.[10] In the non-EU European post-Soviet states group, Russia has a TFR of 1.61 children per woman [10], and Belarus 1.47. [11] The total fertility rate in Serbia dropped from 1.84920 (1970-1972 year), through 1.70736 (1990-1992), down to 1.55804 (2001-2003).[12] That is reflected in the discrepancy between the number of births and vacancies at universities. For example, in Serbia, in the year 2011/12, 72,692 pupils attended the first class of primary school, and 78,037 pupils finished the primary school [13]. At the same time 82,481 places in secondary schools were available to pupils in 2011/12 school year. [14] 67,728 finished secondary school in the school year 2010/11. [15] Next year, on the first year at Serbian universities entered 53,179 students [16], and Serbian government covered costs of studying of 26,058 students. [17] Although colleges enroll individuals who have had a break between the end of high school and college admission, the lack of children can guaranty that in the near future a number of universities will disappear.

## CONCLUSIONS

A high level of technological development requires highly trained personnel. The lack of jobs has greatly increased competition for employment. During crises people often invest all their money in education with a hope that, well educated, they will find a job easier. Therefore, they want to acquire the right knowledge to successfully apply for jobs. In the present business environment, business education has become very important for employing, but also a profitable business. Business education is conducted in higher education institutions, and also through various types of training, internships, volunteering and other trainings. The universities, for their own survival, need to provide students with access to needed knowledge. Need for education is favorable for universities and may help their further development in the coming years, but the lack of children is big risk for universities.

On the other hand, to pay workers less, employers are often not willing to encourage workers to study at universities. Very often they prefer to train staff through less formal methods of education, through various courses and retraining. But, still, employers need professionals who have the required knowledge, and this is an opportunity for good students. Therefore, students will have to study hard and take full advantages and the opportunities provided by good universities.

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