

# Entrepreneurial education in the Georgian VET system: current status and way forward

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# Introduction

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## **Aim of the project:**

- Strengthen entrepreneurship education in Georgian VET institutions:
  - 1) **Improve** existing modular entrepreneurial training;
  - 2) **Identify** talented students;
  - 3) **Incubate** young talented entrepreneurs.

## **Steps taken:**

- Desk research about European best practices;
- Visits to 12 Georgian VET institutions (both public and private);
- Interviews with VET experts (Anthony Tyrrel, Kakhaber Eradze) and alumni (owners of small businesses).

# Why entrepreneurial training?

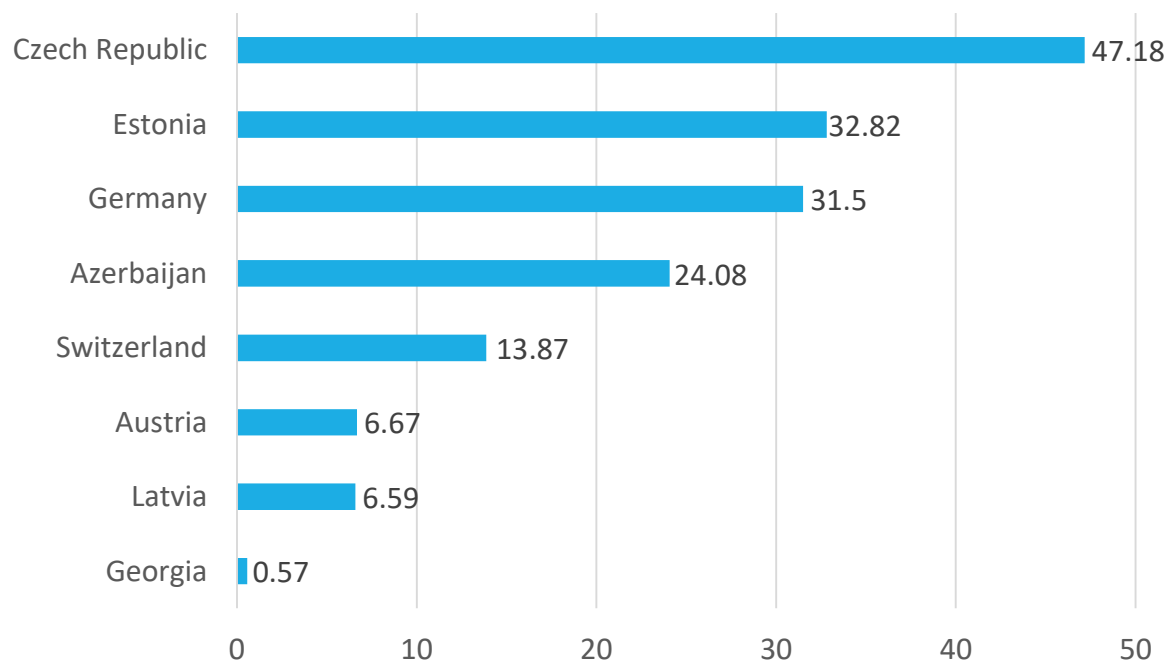
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By improving entrepreneurial education and follow up support systems we can achieve the following:

- Increase **self-employability** of the VET graduates;
- Increase the **attractiveness** of VET as an alternative to higher education;
- Develop the **culture of entrepreneurship** in Georgia.

# Post-secondary vocational training is not an attractive option for Georgian youth

**GROSS ENROLMENT RATIO, POST-SECONDARY NON-TERTIARY IN 2013 (%)**



Source: UNESCO Institute for Statistics

**THE NUMBERS OF ENTRANTS IN VET AND HIGHER EDUCATION COMPARED (2014)**

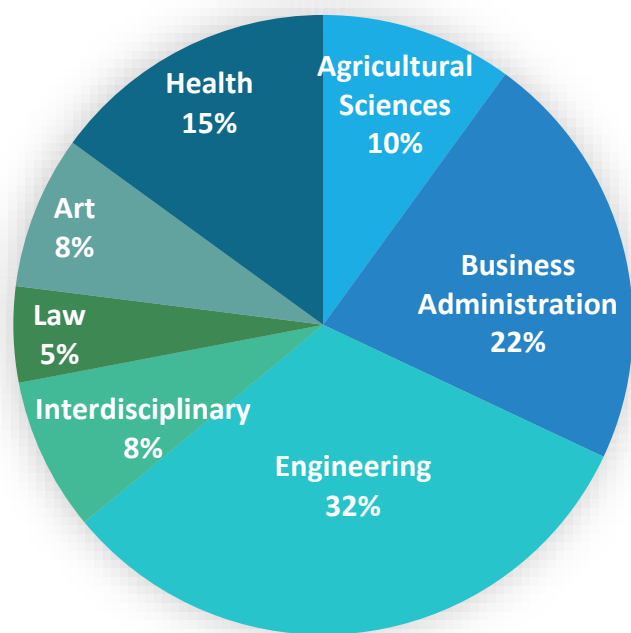
18-year old age cohort	52 000-55 000
Higher education entrants	26 377
VET entrants:	
Cohort 15-19	2 418
Cohort 20-24	3 102
Cohort 25-29	1 226
Other cohorts in sum	1 676

Source: National Statistics Office of Georgia and EUVEGE

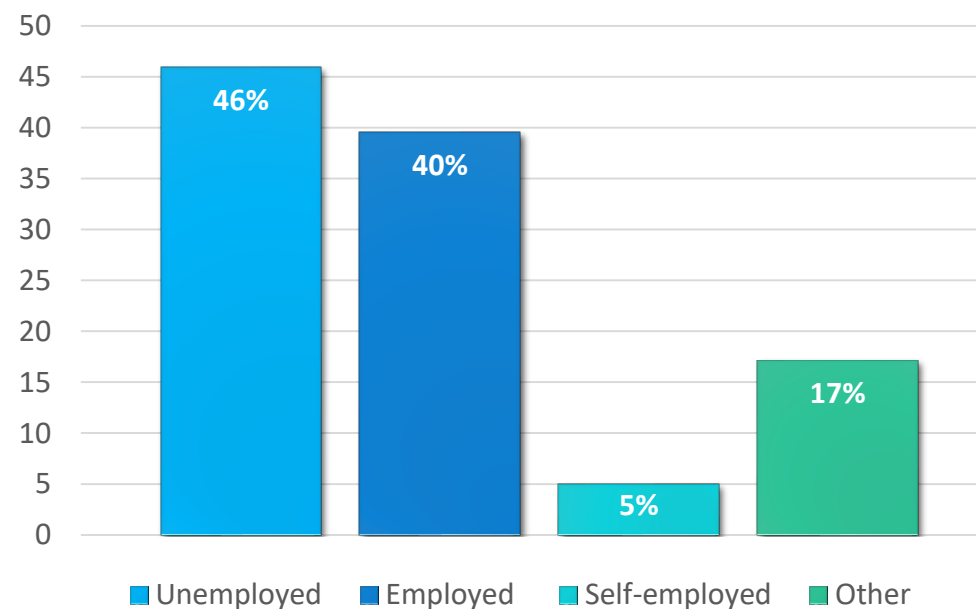
# Entrepreneurial training is relevant for a very small share of VET college population

Number of VET institutions: 105 Private; 35 Public

### Share of students by study fields



### Occupation of VET graduates (2014)



Source: National Statistics Office of Georgia

# Entrepreneurship training in Georgia's VET system

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Entrepreneurial training is not the bread and butter of Georgian VET institutions:

- Georgian VET institutions mainly concentrate on preparing students for **employment, not breeding entrepreneurs** (this is especially true for the private VET institutions);
- The new entrepreneurship module **continues** a previous course in “**economics**” (or business administration). The main difference is in form (longer teaching hours and a different name), not substance;

Most “entrepreneurship” **teachers have not changed**. They are experienced “economics” or “business administration” teachers who have participated in a three-day workshop delivered by the National Center for Educational Quality Enhancement (**rather than “retrained”**).

# What is being taught:

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- The majority of VET institutions have already integrated **entrepreneurship module** as a mandatory component of their educational programs;
- Level three and four modules have very similar learning outcomes:

<b>Level three module outcomes:</b>	<b>Level four module outcomes:</b>
<ul style="list-style-type: none"><li>✓ Business planning</li><li>✓ Registration of business</li><li>✓ Organization of business</li><li>✓ Sales of goods and services</li><li>✓ Simplified bookkeeping</li></ul>	Level three module outcomes + <ul style="list-style-type: none"><li>✓ Organization of human resources</li></ul>

- The main practical requirement of both modules – and the only evaluation instrument – is an individual **business plan**;
- Reported weaknesses: the course is too demanding for (barely literate) level 3 students.

# What materials are used?

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- The most frequently used literature – the book ‘**Entrepreneurship**’ by LEPL National Center for Educational Quality Enhancement;
- The book includes:
  - **Exercises** in e.g. basic accounting and **questions** summarizing each chapter like “group these companies according to their type of activity”;
  - Very few real life examples, such as the story of **Bill Gates**, that that are of limited utility for aspiring young Georgian entrepreneurs.

## Recommendation:

*Include many more **Georgian Case studies with a focus on small businesses started by young entrepreneurs** (e.g. the story of winemaker Baia; enamel business started by VET alumna Lali Shpetishvili), challenges they faced and dealt with.*



# Entrepreneurship teachers

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- Mostly **women** in the **40-60** age bracket;
- The majority hold economics/business administration degrees received in the Soviet or early post-Soviet period;
- Lack **industry** or **business-related experience**.

## Recommendations:

- *Attract new, **younger** teachers with **business-related experience** (use the **SSE-Riga** alumni mentor club model as a source of inspiration);*
- *Engage **successful alumni** with entrepreneurial experience to hold **master classes**;*
- *Arrange **business internships** for teachers (**French** best practice);*
- *Engage **other teachers** (farming, hairdressing, winemaking professionals) **in the delivery of** entrepreneurship training and development of business plans.*
- *Consider translating and adapting for the Georgian context **online training modules** available from e.g. the Harvard Business Publishing and the Shaw Academy (Ireland)*

# How is the module taught?

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- Mostly **top-down lecturing**, lack of classroom interaction;
- **Lack of opportunities to practice** what students learn: practice is limited to doing text-book exercises rather than field work;
- Very **little team work and group assignments**;
- Students' projects evaluated on a pass/fail basis, **no way to differentiate** students' achievement;
- **Internships** limited to occupational trainings in large businesses.

## Recommendations:

- Introduce **greater student interaction** (student presentations, brainstorming, Q&A) to achieve learning outcomes such as: “students provide justification for own business idea” or “adequately describe the risks associated with the implementation of the business idea (under “business planning”);
- Include assignments **requiring field work, market research, group tasks and projects**;
- Include **visits and internships at start-up companies**.

# Complementary and follow up activities

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- A very small number of colleges run **mini-companies** (e.g. a small hotel inside the Akhali Talga college) because they operate under the “whatever is not allowed is forbidden” paradigm. Such companies have many pedagogical advantages for entrepreneurship training;
- **Fab Labs are underutilized** for lack of adequate skills. There are exceptions such as at ‘Gldani Vocational Training Center’, where a Fab Lab is utilized for student competitions (the director is an enthusiast);
- **No systematic external and internal communication** about national business competitions, e.g. ‘Produce in Georgia’. In a few success stories, the college played no role in informing and supporting applicants (the case of Khatuna Khabelashvili, from public college ‘Gantiadi’).

## Recommendations:

- *Make systematic use of available pedagogical infrastructure (e.g. Fab Labs), other internal and external resources (national business competitions) to develop entrepreneurial skills and promote young entrepreneurs. In particular, at least one person at each college has to be properly trained in the use of sophisticated infrastructure, such as Fab Labs. Such people should be trained outside the college system e.g. in coordination with the **Georgian Innovation and Technology Agency***

# The role of the private sector:

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- Master classes focused on professional skills (say, welding), **not entrepreneurship**;
- Some regular teaching is done by professionals on an individual basis with no institutional relationship;
- Companies host interns for **professional skills** enhancement with an eye to hiring some of them; there is no emphasis on using internships to develop entrepreneurial skills.

## *Recommendations:*

- *Need much more **systematic** engagement with the private sector in:*
  - 1) *Governance of VET institutions;*
  - 1) *Teaching entrepreneurial subjects, delivering master classes, and hosting visits by student groups;*
  - 2) *Discussion and elaboration of business plans (use **Swiss** experience);*
  - 3) *Hosting of interns (in start-up enterprises rather than in big companies);*
  - 4) *Selection of business ideas/plans;*
  - 5) *Incubation of the best business ideas/teams.*

# Our Big Ideas for Improvement

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- **Hold “best pedagogical practice” competitions to encourage innovation and experimentation in the teaching and practicing of entrepreneurship;**
- **Engage students in running mini companies;**
- **Organize multi-stage competitions, in partnership with the private sector, to identify and nurture talented entrepreneurs;**

# “Best pedagogical practice competitions” to encourage greater experimentation, horizontal learning and networking

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VET institutions tend to follow established **standards**. What is needed, however, is not only greater freedom (“**what is not forbidden is allowed**”) to try new approaches but also active **encouragement and support of innovation**. *For example this could be achieved through competitions among VET institutions to incentivize the generation of new ideas and provide winners with funding and/or equipment to implement them;*

- Horizontal learning could be supported through an open selection process involving presentations of innovative ideas and experience sharing by college teams;
- Selection panel could include Georgian business associations, industry and MES representatives (for vertical coordination).
- There is a need to **mobilize financial resources** for such activities; the Ministry of Education organized a best-practice workshop for directors of VET institutions in summer 2015, which is said to have greatly facilitated horizontal learning. The workshop was discontinued for a lack of funding. According to MES staff, ideally, not only directors should be involved in such workshops.
- The inter-college competitions should also allow to create a **ranking of VET institutions** (based on the success in these competitions but also on the success of their students), which would help inform student choice and motivate colleges to innovate and further improve their performance.

# Engaging students in running mini-companies

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- **If needed, modify existing legislation to explicitly allow** VET institutions to perform “auxiliary entrepreneurial activities” (as is the case of higher education institutions under the Law on Legal Entities of Public Law (LEPL));
- Encourage VET institutions to establish mini-companies to be operated (**on a non-profit basis**) by students with mentoring by private business partners and faculty. (Use the **Maltese** and **German** models for reference);
- Such mini-companies could be used to achieve many entrepreneurship-related learning outcomes. For example, while operating such a company in the “real world” students can learn:
  - 1) To work in a team, delegate responsibilities, set targets, monitor performance, instill motivation, plan business activities (all these are learning outcomes under “organization of business”, and “organization of human resources”);
  - 2) To analyze competition and demand, set prices, brand and differentiate their products, adjust product and service quality, design effective marketing campaigns, etc.).

# The law on LEPL

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2a. A legal entity under public law – a higher educational institution shall be authorized to:

- a) perform educational, and scientific and research activities;
- b) perform publishing activities;
- c) **sell** the output produced in the course of educational, scientific and research activities;
- d) produce and sell the output (inventions and useful models) produced in the course of scientific research and laboratory activities;
- e) **perform auxiliary entrepreneurial activities** if so provided by its statute (regulations);



# Selection and incubation of talented entrepreneurs (based on the **Hungarian** model)

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First stage: **Aptitude tests** to identify individuals with entrepreneurial traits, knowledge and skills

Second stage: **Business idea/plan competition**

College level, with the help of private sector partners (based on **Swiss** model)

Third stage: **National business idea/plan competition, jointly administered by an association of VET colleges, GCCI and other business associations**

Fourth stage: **“Entrepreneurship Academy” established by the GCCI and other business association to provide mentorship support and a framework for small business incubation**

National level, coordinated by an association of VET institutions, GCCI and other business associations