

Read in the session of Parliament of Lithuanian Republic on 11th of June 2009

Discussion „Innovative Business Laboratory“

RESOLUTION

Klaipėda
May 12, 2009

The participants of the discussion „Innovative Business Laboratory” from the Enterprise and Industry General Directorate of the European Commission, the LT Parliament , LT Ministry of Economy, the Youth Department by the Social Security and Labour Ministry of the Republic of Lithuania, Klaipėda County Governor’s Administration, Klaipėda Municipality, Klaipėda (city and region) Labour Exchange, Education mobility support fund, business bonding organizations, educational institutions and businesses, evaluated the situation of entrepreneurship in Lithuania as follows and stated that:

1. The collaboration among national and regional public institutions responsible for entrepreneurship tools development and promotion is insufficient. This causes various interpretations of the crucial aspects of the common entrepreneurship policy.
2. The entrepreneurship policy founding agents lack competence in the business sector, therefore, in order to decrease the gap between business owners and policy creators it is important to involve entrepreneurs and other interested parties in the policy formation at the early stage of the process.
3. Many of entrepreneurs are disappointed in the business support means offered by the public sector, therefore, the support is not used as planned.
4. Encouragement of the society to create businesses and establish workplaces for themselves in a very short time does not ensure successful growth of entrepreneurship and increases the number of “obligatory” businesses. Not everyone is able to become a successful entrepreneur.
5. In Lithuania there is a shortage of “social” entrepreneurs, i.e. organizations creating social benefit.
6. In Lithuania there is no tax exemption at the stage while starting a business.
7. The subjects at educational institutions are too general and do not support acquirement of business skills in students. The general tendency is just to present modules of big businesses, and communication with businessmen/entrepreneurs e.g. visits to local enterprises is not included in the educational process. Actors in entrepreneurship development lack practical business experience and mobility of the teaching staff in the educational and business environment is not sufficient. There are few entrepreneurship

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- development enthusiasts, who by their enthusiasm and example would encourage people next to them to take up a business.
8. Personal features such as leadership, entrepreneurship, initiative, self-fulfillment, and self-confidence are developed in early childhood and their development is the prerogative of the primary education. A child is dynamic and enthusiastic by nature; however, all the above mentioned features are suppressed at school, as a child is ordered to “sit down”, “stop talking”, “speak only when asked”, etc. In this way students come to a higher school with a “broken” will.
 9. The entrepreneurship development is not included into the curriculum of higher school courses of sciences and technical studies.
 10. Universities provide the fundamental knowledge and teaching/learning is based on “reporting” of information on the subject, therefore, instead of acquiring professional skills the students just learn about the subject.
 11. Higher schools educate a person who is able to get oriented in the rapidly changing environment.
 12. Entrepreneurship educators, having practical skills and abilities of the field, are not trained in Lithuania.
 13. More and more graduates take up additional studies at vocational schools in order to get a specialty.
 14. The objective of a higher school student is to get a diploma but not the knowledge.
 15. Educational institutions pay little attention to establishment of spin-off companies as well as commercialization of scientific research.
 16. Scientific research is being carried out at higher schools only if the strategy of a planned enterprise is orientated to a creation of a new product. The new knowledge is needed only for creation of a new product. The knowledge economy in Lithuania is tenuous. University scientists sell” themselves to foreign businesses as in Lithuania their product, i.e. new knowledge is not needed yet, therefore, the number of science enterprises is evidently limited.
 17. Drawbacks of the social security system make up obstacles to entrepreneurship.
 18. The rate of unemployment is growing in Lithuania. On May 1, 2009 it was 8,7% of all working age population. It increased by 0,5 % since April 1, 2009. The rate of unemployment of the youth from 16 to 25 years old age group comparing to May 1, 2008 increased by 4,2 %.
 19. During the economic downturn the employers aim to maintain the work efficiency by making the least qualified employees redundant and employing only people having work experience as there are no resources allotted for training. This increases the rate of unemployment in the youth age group.
 20. According to the data presented by the Klaipėda (city and region) Labor Exchange during the first four months of 2009 649 people acquired business licenses on easy term among them 87 persons of the age group till 25 years old, which is 2,5 times more than during the whole 2008.
 21. The youth unemployment situation in Klaipėda region: during the first four months 341 graduates registered at the Klaipėda (city and region) Labor Exchange. Comparing to the same period of the last year this number increased 2,5 times. Among the applicants:

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- a. 3,5% had no work experience
- b. 60% were women
- c. 31% had higher education , 33% - vocational education and 36% higher non-university education

After having evaluated the situation and aiming to add to the improvement of entrepreneurship environment at the national level we present suggestions and recommendations to the LR Government, the LR Parliament on entrepreneurship policy, financing, social security and educational tool formation:

- *National and regional entrepreneurial policy*
 1. While preparing tools for enhancing entrepreneurship more attention has to be paid not to increase the number of entrepreneurs (or quantity) but to raise the qualification (or quality).
 2. While establishing tools for enhancing entrepreneurship it is important to find the balance between the conflicting interested parties. Representatives of businesses and business bounding, intermediating or representative organizations have to be involved into all stages of business policy formation.
 3. More attention has to be paid to small enterprises, their tax load and financing as they pay a great role in the GDP and occupancy.
 4. For successful application and development, entrepreneurship policy has to involve all public and private and institutions (nationally and regionally).
 5. The entrepreneurial policy has to be grounded and linked to provision of advisory (mentor) support. The existing support structures should be strengthened; there is no need to found new ones.
 6. To decrease the inadequacy between the supply of training programmes and demand of business companies. It is an imperative condition for occupancy increase, commercialization of scientific research, science and business collaboration.
 7. One of the objectives of the policy should be to increase the positive attitude of the public to entrepreneurship and it can be achieved through the publicity means.
 8. To evaluate risk-profit ratio in creation of entrepreneur positive environment.
 9. To strengthen the business transfer process, especially the legal and tax base.
 10. To encourage SME attempts to get into the international market especially in the innovation category.
 11. To eliminate corruption, bureaucratic and monopolistic factors.

- *Educational programmes.*
 12. To pay more attention to personality development, entrepreneurial benefit awareness, financing tools, determining person's choice to participate in the activity: to raise the training staff qualification, its mobility in science and business environment, to up-date text-books, to find new teaching methods.

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13. To start fostering mindset based on innovations and entrepreneurship at school. To implement practical training not at the university education level but at secondary school level for 15-18 year old groups. To include personality development process into the teaching process. To promote the internal and external motivation to choose business as a career possibility.
 14. University education does not include the function of individual feature development, as they have to be educated at an early education stage, but it has to reform the features of leadership, entrepreneurship, initiative, self-fulfillment, self-confidence, etc., suppressed at a high school, and develop them further.
 15. Education of entrepreneurship has to be part of traditional subjects; it should not be limited to a separate subject of business study.
 16. Science and business dialogue is essential in entrepreneurship enhancement. Businessmen/entrepreneurs have to be involved into the training process; they have to present success case stories.
 17. To decrease the groups learners and students in to the optimal number of 15 people. Work in a small group is more efficient, the knowledge is acquired better and the necessary characteristics of a learner can be easier identified. In such groups learners could get more attention and better possibilities for self-expression without suppressing their leadership features.
 18. Entrepreneurship has to be educated in various age social groups.
 19. Personal feature formation, will strengthening for achieving personal goals such as weight losing, taking up sport, doing the homework, have to be included into educational programmes.
 20. More attention should be given to establishment of high and medium technology companies at higher schools in order to increase their potential and commercialization of results. Students should be informed about such possibilities.
 21. The scientific research should be carried out in close connection with business demand; necessary conditions and infrastructure should be created for experimental production.
- *Business financing*
 22. To identify, promote and support people, who want to become successful businessmen and are able to take up a business. To formulate clear criteria for selection of enterprises to be supported financially, so that the support provided should be economically efficient.
 23. To create support and consulting tools for the period of an enterprise formation and establishment in order to increase the probability of an enterprise survival. To increase the trust into public service providing structures and develop their activities.
 24. To enhance the good entrepreneurship practice spread: practical training, traineeship, international mobility, especially in problem regions.
 25. To encourage companies to apply for support and use it.

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26. To pay more attention to business kick-off and spin-off financing during the first year of activity. To evaluate the levels of taxation, tax administration and collection.
 27. The support has to be adequate to the business needs: to the sector of activity, the period of existence and geographical location.
- *Social security*
 28. To enhance foundation and development of social enterprises.
 29. To create possibilities for family business development, to define social guarantees and exemptions.
 30. To mould a positive public attitude to bankrupt businessmen. To promote the policy of encouragement to start a new business.

The participants of the discussion assent to the content of the resolution.

Director of Klaipėda Science and Technology Park

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