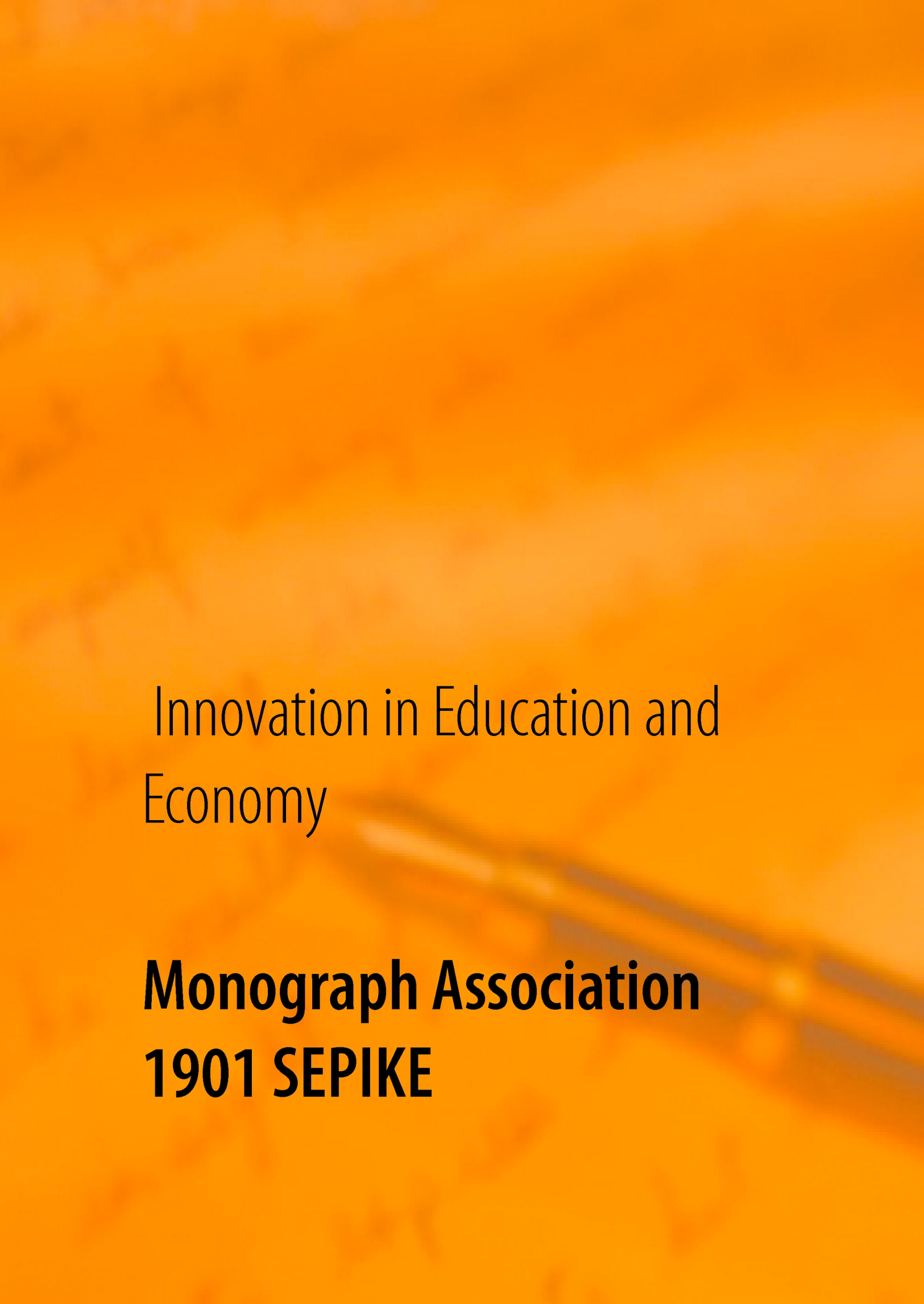

Innovation in Education and Economy

Monograph Association 1901 SEPIKE

Association 1901 "SEPIKE"

Social Educational Project of Improving Knowledge in Economics

Monograph 1

Association 1901 "SEPIKE"
Innovation in Education and Economy

2016

Norderstedt, Deutschland
Poitiers, France

Verantwortung / Responsibility:
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Bibliografische Information / Bibliographic Information:
Die Deutsche Nationalbibliothek (Germany) sowie die Library of Congress (USA) verzeichnen diese Publikation in den jeweiligen Nationalbibliografien; detaillierte bibliografische Daten sind im Internet über www.sepike.com abrufbar.
The German National Library (Germany) and the Library of Congress (U.S.) run this publication in the national bibliographies; detailed bibliographic data are available in the Internet on www.sepike.com.

Herstellung und Verlag / Editor and Publisher:
Association 1901 "SEPIKE"

Books on Demand GmbH, In de Tarpen 42, 22848 Norderstedt, Deutschland

Monograph Association 1901 SEPIKE

Key Title: Monograph Association 1901 "SEPIKE"

ISBN: 9783738680546

Poitiers, Frankfurt, Los Angeles, den 30.06.2016

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CONTENT

PROLOGUE

We are living in the 21st century, the century of communication and innovation! Nevertheless, many companies and educational institutions have not yet arrived there; teaching materials and teaching methods often have the status of the 90s.

International business, travel and education are now becoming increasingly important and are changing fast. The world knowledge doubles every four years nowadays, in some specialties as IT-Technology even faster.

This means that modern education must keep pace with the time, with new and innovative ways to share experiences as well as the improvement of skills in a rapidly changing global and modern scientific world.

Innovative development takes place simultaneously at all levels, not limited to issues, trends or activities. Stagnation means regression. Modern education and training needs new methods and modern forms, which must be adjusted to global communication and life-style.

Also globalization faces companies increasingly with new and greater challenges in competing for market share. The rapid development of technology and the change of customer behavior require complex and efficient operational management as well as innovative ideas as an existential necessity for the success of businesses today.

The European Union created the SBA, the Small Business Act to improve and create further small business as the spine of the economy. Our scientific works look forward to this act and will show examples as a first attempt to innovative ideas.

For this reason we are creating a network among European Universities, educational institutions and business entities to further research the impact of globalization, demographic development and other factors on the SBA and to publish the results in future common scientific publications.

The first article describes a new approach as *Sepike Academy as a modern education business institution in the future global market* based on the results of scientific research of the second article *needs and realities of innovative forms of learning in higher education.*

The third article describes the *principles of market demand.* We found it crucial for any further research and publication to basically express the needs and to rethink about nowadays modern needs of customers and consumers in the 21st century. Many companies have forgotten the needs of their customers and in particular their employees, the common thinking is only profit-orientated. How companies will make any profit in the future without thinking about their employees? And modern educational institutions need to think about customers, marketing, strategies etc. too to further attract students in a shrinking domestic market because of negative demographic development.

Old times are gone, only innovative and modern thinking institutions will survive and will find new profitable niches to establish and secure their future existence.

The next article *"estimating calculative rate of interest by simulation" explains motivating and stimulating facts in modern teaching and business.*

Brand of education as a potential economic development of countries as we described above is the need to rethink actual education and to strategically change them into a brand, the educational institution in the modern market need a name which everybody knows and talk about. Universities such as Harvard, Cambridge and Oxford show such example.

The SBA targets to secure and strengthen the economy in European countries, but how should young people create SMEs without specific and modern practical education? So the next two articles are focused on "criteria and parameters of labor efficiency" and "employment security of youth" which is crucial for reducing expenditures for the state and to increase taxes at the same time. Only modern education in economical sphere including practical experience for young students will give them the knowledge and possibility to create own businesses and to become young professionals. This is the loop back to the first and second topic of our publication showing crucial development and examples.

But despite of all positive efforts in modern life and business we also have to talk about "*business stress as a result of evolution of social and economic systems to strengthen innovative management*". Without thinking about such facts, all other efforts are worthless because time of decision making got shorter with modern technology as well as the pressure rises for management and leaders which we have to cope with. Modern sicknesses such as "burn out" are results of such changes and business stress damaging the economy year by year.

The last article of part two focuses on *global innovation economy: factors of its present day development* to underline above mentioned topics.

The third part of this publication is focused on practical examples of possible SMEs, such as: "*the tendencies of implementing managing systems of business relationships in Lithuania", "strategic development of innovative types of tourism in Ukraine", "organizational mechanism public-private partnership in waste management business", "development of innovation policy of Ukraine under structural reforms", "state protectionism as a modern alternative to economic liberalism", "cadastre appraisal of land and the peculiarities of conducting it in the republic of Belarus" and "balance of feed and food".*

Modern businesses are focused on topics where people a couple of years ago just smiled about and called it nonsense. For example network-marketing and recommendation-marketing came up several years ago and are quite successful in the sphere of wellness and food supplements. These kinds of business established a complete new way of trading and marketing without huge stores, shops etc. and are focused only on consumers' recommendation.

When we talk about other forms of modern business then we will find out that many countries changed governmental functions to private partnerships and such ways are possible to improve and to give positive examples to other countries. All those forms are possible to be done by SMEs. But one example of SMEs in the past and the future is tourism, which always was based on small enterprises, mostly family businesses when talking about hotels, restaurants, etc.

In this sphere, there is also a huge market and possibility to establish and create SMEs according to the SBA of European Union and many others.

Our aim is to further show practical examples and to work together in a network among universities to further establish SMEs as so called junior enterprises and to give young students the first real practical experience during their study.

We are thankful to all authors taking part in this publications and hope for further cooperation ad research in this sphere according to the Small Business Act.

Part I:
INNOVATION AND BASICS OF FUTURE COOPERATON AND RESEARCH

1.1 THE SEPIKE ACADEMY AS A MODERN EDUCATION BUSINESS INSTITUTION IN THE FUTURE GLOBAL MARKET

The 21st century is already well advanced and was named as the century of communication!

Nevertheless, many companies and educational institutions have not yet arrived there; teaching materials and teaching methods often have the status of the 90s.

International business, travel and education are now becoming increasingly important and are changing faster and faster. This means that modern education must keep pace with the time, with new and innovative ways to share experiences as well as the improvement of skills in a rapidly changing global and modern scientific world.

Innovative development takes place simultaneously at all levels, not limited to issues, trends or activities. Stagnation means regression, so we do not want to stand on a level reached by our project, but try to show new perspectives in order to find new and perhaps unusual ways. Modern education and training needs new methods and modern forms, which must be adjusted promptly to global communication and life-style.

Our project aims at a high level of scientific research and at the same time gaining practical experience, adapted to innovative and modern markets.

Globalization faces companies increasingly with new and greater challenges in competing for market share. The rapid development of technology and the change of customer behavior require a complex and efficient operational management including marketing, merchandising, logistics, customizing, human resources and many other integrated areas. New issues in quality management, controlling and in innovation are an existential necessity for the success of businesses today. But not only these factors play a crucial role in the field of education and training, but also issues such as demographic development, lack of skilled labor, youth unemployment, etc.

In the battle for qualification, budgeting and financing of modern colleges and universities, the fight for students will be the factor of the future. The times in which state colleges and universities haven´t had to worry about existence or financing, are over in the 21st century.

Due to declining student enrolment, demographic development, globalization and other factors, it is also true to think more and more entrepreneurially and to develop new strategies, methods and marketing concepts for a long-term claim on the education market.

Reasons, developments and tendencies are rudimentary covered subsequently in this work we also show solutions and describe an innovative type of training, which includes the issue of integration of theory and practice to meet the needs of companies and the market.

Project Goals

Higher education as a key strategic objective in modern global requirements aims to reduce the outflow of domestic students and to attract foreign students through the use of modern teaching methods, scientific knowledge and practical training. The optimal preparation of students of tomorrow for a growing global labour market is an essential component in order to support domestic enterprises, thereby ensuring a strengthening and improving competitiveness.

In a globalized world where borders and distances disappear, students orient more and more to where they expect a better education, but also a better chance for their career paths.

Besides above mentioned "brain drain" of indigenous students it is to add that while negative demographic development, the number of students from year to year decreases, and thereby the struggle for new students, an increase of customers and market share will intensify.

It is visible that the quality of education among students is becoming increasingly important and students orient themselves in the global market to choose for the best deal, based on value for money.

Just as important in this context is the increasing availability of On-line courses and seminars, distance learning and On-line academies. But even here, only theoretical knowledge is taught and the teaching of practical knowledge is missing here completely.

As in all sectors counts also here the value for money, or in other words the cost-benefit factor of a particular product. The product formation was not evaluated in the past as a product, which is traded on the open market, but as a given state privilege. But this is no longer the case, education is a product that is available and can be obtained on the open market and thus utilizing the Quality Management (QM) and need marketing strategies to its customers (students) to advertise.

This change of thinking is necessary in the future to further continue to exist as a modern educational institution in a global market.

Impact of demography on education

The demographic development is composed of four fields: 1) The field of fertility (the number of births); 2) The field of mortality; 3) The field of migration; and 4) The field of population structure and population equivalents. The above-mentioned areas defined below the population structures, the natural population movement, population trends and population distribution and their changes, which in the context of globalization and the growing population in the African and Asian countries on the one hand, and a decline in population in the Western countries on the other hand is constantly changing and in the future will continue to change.

Thereby not only economic factors play a role, but also social aspects, as nowadays thanks to the Internet not only new professional and economic perspectives are given, but e.g. also develop the theme of building partnerships (Families) between the cultures which imply a continuing shift and change of these structures by themselves.

The economic theory of fertility can convincingly explain the observed in most industrialized countries, negative relationship between number of children and social position (Demographic-economic paradox) and the gradual disappearance of the multi-child family in conditions of equality of the sexes.

The increasing individualization in the modern global world raises prospects and development opportunities of individuals. But the formation of a partnership would affect precisely those freedoms, perspectives and individual personal development and career opportunities very strong, and this over longer term period.

Especially here, the topic location plays an important role, because nowadays the choice of employment also includes a choice of residence and career is often associated with a change of location, which further limits the theme of family and children.

For this reason, the probability to give up children and to marry or to alter that date as far back as possible increases, and thus education or career are more important.

The wealthier, freer and more educated a society becomes, the fewer children it gets. The causes of the decline in births are different. Individualized CVs, rising incomes, a vastly improved education and related employment opportunities, particularly for women have made a life without children more attractive, and at the same time, the world of work increases demands on mobility and employment of both partners and thus made it difficult to get create families.

Parallel on the one hand the costs for child care rose, and on the other hand, the opportunity cost of reproduction if the pursuit of professional goals is limited. The current mindset in modern social systems in most countries of Western Europe in the case of old age

and illness think that we do not longer dependent on children. However, this is not correct, because without young workers who pay the social security contributions might be missing this money later to their security in old age. Children are also in modern social systems the decisive factor for securing the benefits for sickness, unemployment, disability and retirement.

High separation and divorce rates with far-reaching financial consequences especially in the presence of children make the family planning unsure for both sexes, the demands on a suitable partner increase and parallel it reduce the likelihood of further children. Long training periods and difficulties entering the job market lead to a delay of family formation, which with increasing age of the person concerned and the demands on the partners grow.

The ever higher education of women who exceed men at High School meantime, constraints for educated women and poorly educated men the range of potential partners (since women previously rarely accept a far inferior man, and men seldom accept a far superior woman), yet exacerbated by the higher migration tendency particularly of well trained Eastern European women.

Additional there is also a declining of religiosity and an increasing of urbanization, unsafe expectant careers, lack of availability of suitable family living space in urban areas, and more.

Highly qualified staff wanted

The search for skilled workers and specialists abroad assumes new dimensions; more and more companies can no longer fill vacancies. This takes time, sales and profits and affects the further business development. Therefore companies, employment agencies, associations and recruitment agencies looking for new ways to bring e.g. specialists and young professionals, particularly in the STEM professions to Germany. But this raises new problems, which may not be meaningful in mainstream education systems and are therefore not given sufficiently importance in the training of young people in a global market. Among other things, this concerns the following areas:

- Overcoming language barriers,
- Cross-Cultural Management,
- Differences in culture, religions, traditions,
- Different work organization,
- Recognition of diplomas of various countries,
- Lack or different levels of knowledge and practical experience,
- Different demographic developments,
- Differentiated consumption and consumer behaviour.

Companies are increasingly looking for so-called "Young Professional" and therefore expect an increasing number of compromises, when it comes to their own ability to compromise in terms of demands on new employees. Meanwhile, the number of vacancies is increasing as well as the willingness to compromise on the site of the company.

But do compromises have to be real? Is it not time to move with the times and adapt to the modern needs of the labor market in the field of education and to focus modern workplace and practical training?

On both sides, the requirements and demands have changed. In a growing global market the demands and claims not only to candidates increase, but also to the company. Employees would like to work in an international company in order firstly to promote their career and on the other to obtain a long-term job security. But most young people are badly prepared for the tasks ahead; practical experience, which gives them an advantage, they can hardly show. But companies want ready-trained people, because they do not have the time or the money to invest in their career entry qualifications. But how can this gap be closed? What are the possibilities, advantages and disadvantages and what is innovation in education?

With our concept we will go one step further. We are of the opinion that the measures so far, to unite theory and practice with each other, are not enough, especially in the regions where the dual training system is largely unknown. Our idea of a new and innovative university not only combines theory and practice, but prepares students effectively and targeted to their subsequent activities and engages in parallel the issue of financing and cost-cutting.

Modern universities cost students or taxpayers a lot of money. But this money is important to ensure a high quality of training.

We also try to answer the question in our concept how future employees can be better prepared for their use? Often one talks about virtual companies, but are they really close enough to practice? We have discussed these issues intensively and have come to the following conclusions:

1. Students of tomorrow need sound on scientific research based knowledge

2. The need hands-on experience, and not only during a one-month internship, where they spend more time at the copier than really learn something useful.

3. The mixture of practice and theory must be complementary. The dual training system provides an excellent basis, but does not cover and convey all things.

Those students who could not find a company, for example, which gives them the practice, learn only the theory. But universities themselves can basically convey this practice, at least in subjects such as marketing, Human Resources, business administration, controlling, auditing, property management, and more.

4. Many companies are looking for young professionals and executives to expand in the international market. However, how does the current procedure works? One seeks employees or students in the domestic market, and then to send them in the "foreign market" to implement there the home concept one on one. The consequences of this strategy are enormous cost, high fluctuation, cultural differences, language barriers, lack of understanding of the mentality, etc.

Logically it would be better to recruit new employees already in the destination country and to form them in the home country of the company, to send them back after to the destination country. So target and actual requirements would better cover and allow implementing the conversion faster and cheaper.

So what would be if the university would even accept the practical training? The relevant departments are actually available, perhaps currently only rudimentary, but this could be expanded. Currently many people are employed in universities with administrative tasks, which could be partially or in whole acquired by students. This would on the one hand significantly alter the cost structure, and provide on the other hand the practical part enormously. Also it would add the possibility of each university to promote and to develop the theme of "entrepreneurship" stronger.

Often young people want to start their own business, the knowledge which they obtained in the study therefore is not sufficient. In an increasingly strong global market this direction is crucial for their future success.

Companies would thus save costs, since a long training period of young graduates would be deleted. Candidates would have profound practical knowledge, since they have provided not only practical work, but also have management experience. Here this kind of university has no limits.

All is permitted that is innovative and successful. And the success of students can be measured in the company's ("university") success. By connecting those kind of university will not be not only successful with practice but also with other universities from other countries as a kind of network, such topics as internationalization, globalization, intercultural management, etc. can be combined effectively and modern.

Summary and outlook

Innovation does not mean just to go with the time, but to be a little ahead of time. But this also means that there are resistances which must be overcome. Innovation means progress and progress means change. But changes for many people and above all the decision makers are connected with work, retraining, responsibility, risk and other negative things. However, without these steps there is no development.

The biggest hurdle lies in ourselves, because in most cases one has to hear: "we have always done so." That may be so, and it may be that it also worked well in the past, but it does not mean that tomorrow it will still work.

To change something, we must first change ourselves!

Likewise, the cost factor plays a critical role in every innovation. Because there is also a certain risk that the resources used cannot be covered.

Our concept includes a simple strategy, which also includes the issue of cost and financing, which is described in detail in the business plan. In summary, our approach is shown schematically:

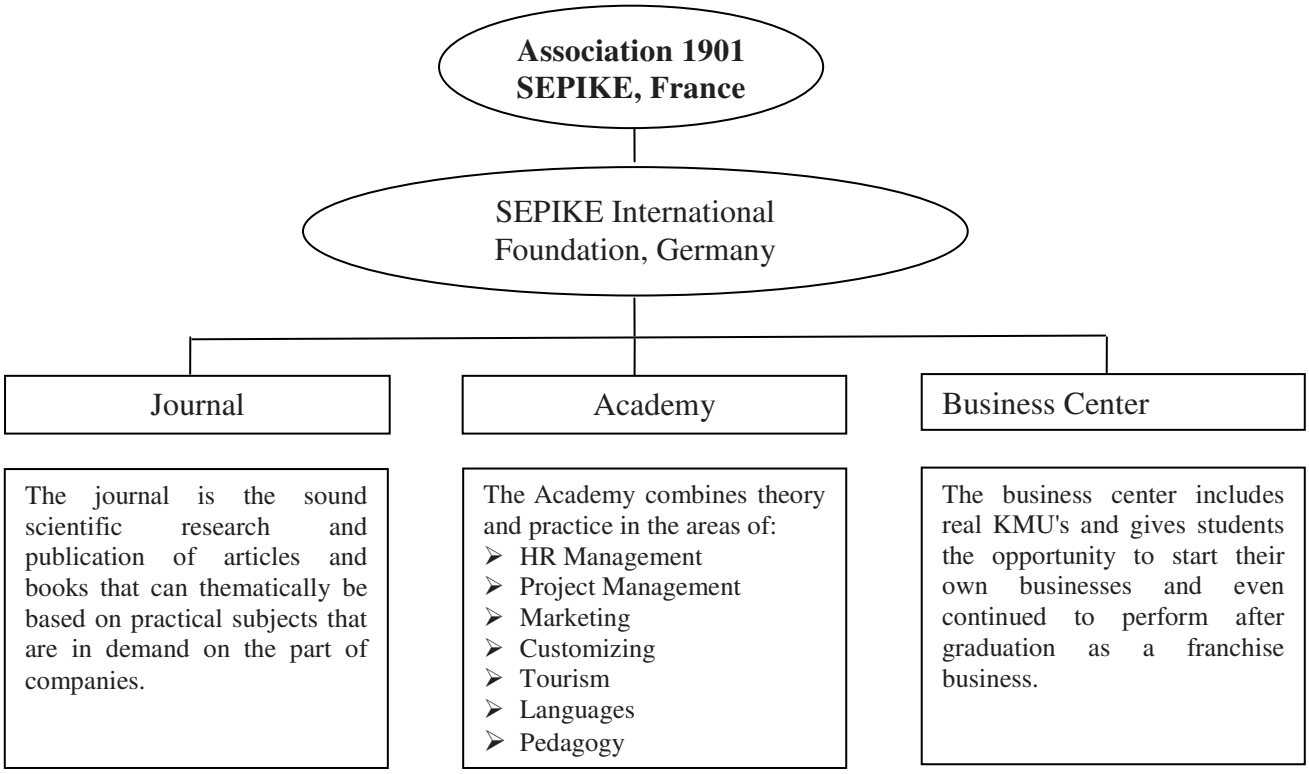

Figure 1.1.1: Scheme of Sepike Academy

Source: created by author

The above scheme provides unprecedented opportunities and prospects worldwide. Among others are also subjects to be considered, which provides collaboration with the Goethe Institute, the Chamber of Commerce, organizations such as TOEFL, IELTS, etc.

Hereby the courses are adapted to the Bologna process and provide study content according to international standards of professionals and professors.

The following conditions must be created:

1. International Certification and Diploma
2. The imposition of registration and recognition as an international university
3. The transcript of the statutes, study programs and curricula
4. Finding suitable partners and professionals who are willing to start this project and to organize it.
5. Location and financing
6. Application for Grants under the Horizon 2020 program

Our project is divided into several steps, which will be discussed here in further detail, which are listed in the following table:

Table 1.1.1

The structure and organization of operations in detail

Nr.:	Project Content	Status
Until end of August 2016		
1.	Create a concept and send it to potential partners	In progress
2.	Creating Business Plan	In progress
3.	Distribution of tasks for the partners to make: The division of responsibilities for joint scientific research and production of publications depends on the subjects and publications of each partner. The aim here is to further expand and jointly promote and support the commenced and planned research. A list of publications and research topics is the system.	In preparation
4.	Expand network	In progress
5.	Develop joint website and marketing	In preparation
6.	Prepare start-ups for real SMEs and discussing ideas with participating partners and students.	In preparation
7.	Attract students for the semester from September 2016	In preparation
8.	Applications for grants and grants for the project	In preparation
Goals in 1st year (September 2016 to June 2017)		
9.	Establishment of SMEs in Germany and organization of establishments in coordination with the partner universities and partner companies.	
10.	Accounting of SME's at the end of the fiscal year and automatic closure of establishments in consultation with the tax authorities within the project "Junior Enterprise".	
11.	Drafting the first joint research projects and publications of articles and books.	
12.	Development of a concept for a joint degree program and a common academic degree (diploma).	
13.	Establishing a Cooperative Academy in Germany and accreditation of joint degree program as coordinator and the parent institution for this project.	
14.	The profits of SMEs to the students and partner universities (if any)	
From September 2018		
15.	First joint semester for all participating universities and further successful expansion of the network in the global market	

Junior Enterprise

The PROJECT offers students the opportunity to start their own junior companies and so to better communication on economic and business closer than an international project.

The junior company received after it was founded 90 shares, each worth € 10. Thus, the start-up capital of the company is provided. As in real life Taxes, and Insurance contributions must be paid, generates reports, produced and marketed products or services are provided.

At the end of the year the company will be automatically dissolved and its shareholders paid dividends.

Specifically, this means that the participants are funded by the acquisition of knowledge and experience on their way to critical and responsible personalities and the impact of their decisions and their actions are aware of themselves and others. It should

always have the economic, environmental and social impacts are considered equally. In this way, young people will allow to perceive the needs of present and future generations and to consider these issues accordingly.

In addition to materials that are made available, advises and assists Association 1901 "SEPIKE" the Junior Company, organizes events and provides contacts with companies, schools and universities.

Table 1.1.2

The 10 countries with the highest quote of academian

Rank	Country	Quote	Cost
1	Russian Federation	53,5%	7.500 US Dollar
2	Canada	52,6%	23.000 US Dollar
3	Japan	46,6%	16.500 US Dollar
4	Israel	46,4%	12.000 US Dollar
5	USA	43,1%	26.000 US Dollar
6	Korea	41,7%	10.000 US Dollar
7	Australia	41,3%	16.000 US Dollar
8	Great Britain	41,0%	16.000 US Dollar
9	New Zealand	40,6%	11.000 US Dollar
10	Ireland	39,7%	
	Germany	28,0%	
	OECD Average	33,0%	

Source: OECD-Bildungsbericht 2014, http://www.wiwo.de/erfolg/campus-mba/oecd-bildungsstudie-die-laender-mit-der-hoechsten-akademikerquote/10702910.html?p=10&a=false&slp=false#image

The results of the OECD report show only the nominal number of academic degrees, but not the quality that has nothing to do with the real, viable and economically fit for education, because the level of academic qualifications is different.

A trainee mechanical engineer in Germany has a higher level than an engineer from Portugal. Whole professional groups, such as educators abroad often have an academic degree while in Germany it is only a normal professional degree with the same performance. This shows, for example, Germany's place in the world with respect to international economic competitiveness. The World Economic Forum (WEF) noted that Germany in the competitiveness is on the sixth place of ranking. Number one is the USA, followed by Switzerland, Singapore and Hong Kong. Apart from the United States none of these countries can be found among the top 10 countries in the world regarding the percentage of university graduates. The Federal Republic scores in this ranking, especially with highly skilled workers.

Russia, which place 1 adduced in this OECD report, relating to international economic competitiveness lies in the WEF report only at rank 64! These data clearly show that not the quantity of graduates for the economic development of a country is important, but the quality of education.

The SME Policy of EU (21/09/2011)

In Europe there are regular SME seminars, workshops and lectures on entrepreneurship, which are part of a package of measures with which the EU wants to support an SME-friendly business environment, as SMEs are the backbone of the European economy.

The 21 million SMEs in the EU represent 99% of all businesses and employ more than two thirds of all employees in the private sector (see table 1.1.3). 80% of newly created jobs in the last five years accounted for SMEs. SMEs are the main driving force for economic growth, innovation, employment and social integration in Europe.

Nevertheless, small and medium enterprises are facing difficulties. The large administrative burden, liquidity shortages and the global economic crisis make their lives

difficult. Therefore, the EU has launched a package of measures to support SMEs throughout Europe. The basis for this is the "Small Business Act" (SBA) for Europe, which was on a commission proposal adopted by the EU Council of Ministers in 2008. The SBA is an ambitious program consisting of legislative proposals and practical concrete actions at European and national level.

What is SME?

Both in the EU and in Switzerland SMEs are defined as enterprises which have fewer than 250 employees. Their annual turnover or annual balance sheet in total is not more than 50 million Euros. There are three types of SME:

- Micro-enterprises with fewer than 10 employees;
- Small enterprises with 10 to 49 employees;
- Medium-sized enterprises with 50 to 249 employees.

The "Small Business Act" aims to make the principle of "think small first" the guiding principle of policy-making in the EU. A key tool for this is the mandatory "SME test" to be applied in January 2009 by the European Commission in the legislative process. It checks how new EU policies and laws on small business impact with the aim to shape the SME friendly. Meanwhile almost half of the Member States spent on a similar test when drafting national legislation. Other Member States are currently considering the introduction of the SME test.

Against the same background, the EU has committed itself by 2012 to reduce the administrative burden on businesses by 25%. This includes, for example, the recommendation to the Member States to establish one-stop shops for starting a new business. So far 18 Member States have introduced such a body, making it possible to establish a limited liability company under a single authority visit.

Improving access to credit for SMEs is a key element of the "Small Business Act". Under the framework program for competitiveness and innovation (CIP), the EU has allocated financial intermediaries over 1 billion Euros to give to small and medium enterprises to easier access to loans and equity whenever the market cannot do this. Each euro spent under this promotion allows an average of six euro risk capital or up to 40 Euros for bank loans. So far, 110,000 companies have benefited from it. Average 1.2 jobs are created in each SME that receives a guaranteed loan in the EU.

In many Member States, the late payment of invoices by customers of SMEs is serious a liquidity problem. For this reason, the EU agreed in October 2010 on a revision of the directive on combating late payment. Public authorities have to pay bills within 30 days or else to pay a set at EU level minimum interest. General to creditors, in most cases SMEs get better protection.

The Commission encourages further SMEs' access to EU research programs. To ensure that 15% go (about five billion Euros) of the budget of the Seventh Research Framework Programme to SMEs, the Commission has set up special project tenders for SMEs. The participation of Switzerland in the EU's research program will also benefit Swiss SMEs so far.

The promotion of entrepreneurship is another vertex of the "Small Business Act". To encourage people of all ages and origins to consider starting a business as an interesting perspective, various actions have been launched. One is the SME Week.

In 2010 in Europe about 3.2 million people participated in 1,500 events in part, which was informed to support structures for SMEs and the opportunities for business creation.

Having more EU-funded programs and networks to exchange best practices of corporate promotion, the further goal is the exchange of experiences between young entrepreneurs and successful businesswomen.

Table 1.1.3

SME figures EU-27 (excluding financial sector, Eurostat 2010)

	Enterprises		Employees	
	Amount	%	Amount	%
SME	**20.709.000**	**99,8**	**89.947.000**	**67,4**
Micro-Enterprises	19.058.000	91,8	39.630.000	29,7
Small-Enterprises	1.424.000	6,9	27.652.000	20,7
Medium-Enterprises	226.000	1,1	22.665.000	17,0
Large-Enterprises	43.000	0,2	43.414.000	32,6
Total	**20.752.000**	**100,0**	**133.362.000**	**100,0**

Source: http://eeas.europa.eu/delegations/switzerland/press_corner/focus/focus_items/20110923_de.htm

In order to monitor the implementation of the "Small Business Act", in early 2011 an SME envoy was appointed for each member country under which representatives prevailed consensus on three specific areas of focus:

- In all Member States a business set up within three days should be possible for a maximum of 100 EUR.
- The availability and use of loan guarantees for SMEs has to be increased. In particular, it needs to take microloans in claim for start-ups and are generally easier for micro-enterprises.
- The duty to "SME test" in the introduction of new legislation should be EU-wide.

When looking at unemployment rates in different European countries, there is an advantage of vocational upper secondary education compared to a completion of the secondary level. And the proportion of young people who are neither in employment nor in education or training has fallen further in EU. Approximately 10% of young people (15 to 29 years old) in Germany were in 2012 neither in employment nor in education or training, a smaller proportion than the OECD average of 15%. Since the beginning of the economic crisis, Germany (together with Austria, Greece, Israel, Luxembourg, Mexico and Turkey) is one of the few countries where the proportion of young people who are neither in employment nor in education or training has decreased.

Between 2011 and 2012, this share has declined further in Germany by 1.1%, measured in % of the strongest declines under the OECD average (see Figure 1.1.2).

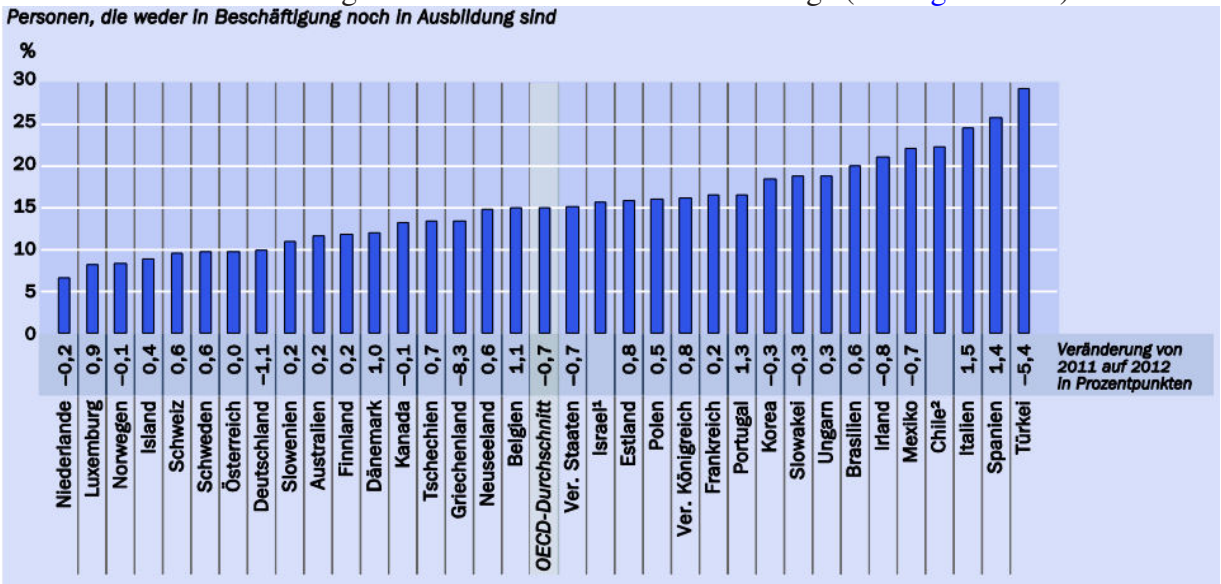

Figure: Percentage 15- 29 year old NEET in 2012 and change from 2011 to 2012

Source: http://www.oecd.org/berlin/publikationen/bildung-auf-einen-blick-2014-deutschland.pdf

The income benefit that brings a tertiary qualification is increasing since 2000, the gap

between the relative earnings of workers increased with tertiary education compared to earnings of workers with a degree of secondary or post-secondary non-tertiary education. In 2000, workers with tertiary education earned about 45% more than those without these statements (OECD average 51% more). In 2012 workers with a degree of lower secondary education in Germany earned 84% of the income of their peers with a degree of secondary or post-secondary non-tertiary education, which was still well above the OECD average of 76%.

But despite rising students and graduation rates at the tertiary level, Germany has not yet caught up with the other countries in the share of population with tertiary education.

To summarize above mentioned facts and developments, tables and workouts, it becomes clear, that it is not the quantity of students or graduates of third educational level, which rises the economy and the innovation, but the quality. In many countries, in particular in the post-Soviet-Union, the quality is missing and innovative methods in educational sphere are not implemented yet.

Our approach of education is to fill the gap between quantity and quality on the second and third level of education to train students real practical experience and to give enterprises the possibility to use this potential for further scientific research and innovations, to follow the idea of SMEs by implementing start-ups into educational programs not only virtually, but with real enterprises and businesses in a European network among universities in Europe.

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1.2 NEEDS AND REALITIES OF INNOVATIVE FORMS OF LEARNING IN HIGHER EDUCATION

This study is dedicated to the needs and realities of innovative forms of learning in higher education. The aim of the study is to identify the discrepancies between the needs of innovative forms in the educational process in higher education and their actual use. This goal is achieved through the implementation of three main stages. The first stage involves analysis of the development and understanding of the term "innovation", "innovation in the process of education" and the needs to implement innovative forms in the educational process in higher education. The second stage involves gathering information from students and teachers for the desired and used innovative forms in the educational process in higher education. The third stage involves analyzing the results and drawing conclusions. There are two main hypotheses of the study.

The first one is that there is a discrepancy between the desired and the used innovative forms of learning in higher education.

The second hypothesis is that the first year students of bachelor's degree will have greater requirements to the implementation of innovative forms of learning in higher education than the others.

Limitations of the study: The study was conducted among students (200 in total, by 40 students from first, second, third and fourth year of Bachelor's degree, resp. and 40 of Master's degree) and 30 teachers from state higher education institutions in Bulgaria in the field of economics and management.

The study sample does not claim to be representative, but the use of induction method assists drawing certain generalized conclusions. The survey intended for teachers contains 21 questions. The survey for students contains 11 questions. In order to carry out cross analysis of the responses, some of the questions in both surveys are the same.

We find a retrospective analysis of the concept of "innovation" in the study of Benoît Godin [16, p. 26]. According to his research, the first theory of innovation comes from the French sociologist Gabriel Tarde in the late nineteenth century (Tarde, 1890; 1895; 1898; 1902). Tarde made widespread use of the term innovation (and novation) as novelty, but with no explicit definition. In fact, he used a whole cluster of terms to discuss social changes: invention, ingenuity, novelty, creation, originality, imagination, discovery and initiative. In his analysis Benoît Godin [16, p. 24] found that the term "innovation" was also used in 1513, in the work of Machiavelli (The Prince, 1513) and F. Bacon (Of Innovations, 1625). Benoît Godin [16, p. 24] showed that the attitudes towards innovation goes through different periods. Particularly negative is the attitude and the opposition to innovation during the 18th and 20th centuries. This is the time during which innovations are rejected, they are considered heresy. The term "innovation" is more and more widely used between 1930 and 1970, (Hart, 1931; Nimkoff, 1957), and theories dedicated to innovation are increasingly developing (Rogers, 1962).

According to management guru Peter Drucker the criterion for innovation is "its impact on the environment" [9, p. 582]. According to Peter Drucker, "the most direct way to define new knowledge, technology is to clarify the need of significant change for the user" [9, p. 583].

The understanding of Robert Kaplan and David Norton also deserves attention. According to them, companies that "compete on the market of dynamically developing technologies need to develop to perfection their ability to anticipate the future preferences and needs of their customers by offering them a wide range of new products and services and operationally introduce new technologies in the production of goods and provision of services" [10, p. 7].

Michel Syrett and Jean Lammiman make a very important conclusion in relation to the ideas that are a prerequisite for development of the innovations. According to them "everyone

is sitting on a volcano of ideas" but in most cases these ideas are suppressed in the bud by criticism or skepticism of colleagues and managers" [11, p. 167].

Clarifying the nature of innovations is made also in the research at national level. What strikes in the national research is that the clarification of the nature of innovation is not limited only to technology or organizational processes. The culture of innovations, the innovations and their impact on the internal audit, the innovative methods in the study of human resources in public administration, the innovative approaches to recruitment and selection of staff and many others are also studied. These include definitions of innovations by Ianitsa Dimitrova, who defines innovations as "the generation and implementation of new business processes, business practices, products, systems, knowledge, findings in the organization" [7, p. 366]. Valeria Dineva examines innovations in two aspects: "innovations as subject of internal audit and innovations as a means of internal auditing" [8, p. 674]. According to her "innovations in the organizations provoke the internal audit by setting specific requirements for it, boost its development and add their perspective in shaping its modern image" [8, p. 669]. Valentin Vassilev and Stefan Novoselski focus their attention on innovative methods on the study of human resources management in the public administration, with particular attention turned to "good practices (benchmarking)", learning action "to form a project group (a team), distance learning, e-discussions and forums and other" [13, p. 2].

The analysis of the scientific theory shows that innovations occupy an increasingly important place in the process of education. According to Orlova and Gaponenko [14, p. 79] innovations in education are a reflection of the relationship between business and universities, research centres, libraries, innovation centres, professional federations.

A study [17, p. 13], conducted in leading global organizations shows that in the future the online learning (62 percent will offer it), the joint learning (62%) and the webinars (55%) will take some central place in their teaching.

Results from another study [18, p. 6] show that "Technology has had-and will continue to have a significant impact on higher education. Nearly two-thirds (63%) of survey respondents from both the public and private sectors say that technological innovation will have a major influence on teaching methodologies over the next five years. In fact, technology will become a core differentiator in attracting students and corporate partners".

In this study we used the survey method of gathering information. We developed questionnaires, some of which contained the same questions to students and teachers for the purpose of cross analysis of the results. The questionnaire for the students contained 11 questions, and that for the teachers were 21.

We used the results of the presented analysis of the scientific theory and practice in the field of innovations to shape the content of the questionnaires and formulate the specific questions. The analysis made led us to seven sets of questions that we put in the questionnaire for the students and the teachers.

- Nature of innovations in the process of education;
- Type of innovative forms currently used in the process of education;
- Attractiveness of e-learning;
- Choice between on-line and conventional training;
- Disadvantages of traditional training;
- Attitudes towards the quality of e-learning;
- The need to change the traditional training.

We asked the teachers some other questions aiming to establish:

- The motivation of the teachers to create online training and develop electronic textbooks;
- Advantages and disadvantages of electronic textbooks.

The results from the questionnaires for the students concerning the nature of the innovative forms of education are presented in Figure 1.2.1.