



## POTREBA EKONOMICKÉHO VZDELÁVANIA NEEKONÓMOV

### REQUIREMENT OF ECONOMICAL EDUCATION OF NON- ECONOMISTS

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#### Abstract

*Number of people wants to start up business in Slovakia, but there is lack of economical education, especially of students that study technical study programs and they are not sufficiently prepared for starting of successful business. Research had been done through questionnaire method, through which we found out that in practice students and starting businessmen did not have idea about possibilities of financial providing.*

#### Key words

Ekonomické vzdelanie, financovanie, životný cyklus, trhovú ekonomiku

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#### Introduction

Number of people wants to start up business in Slovakia. Majority of requested experts of business advice that there is necessary to have unique financial providing – today there are existing targeted services of financial institutions, for example how to obtain credit easily for starting businessmen. Except of mentioned Ministry of Economy in Slovakia presents important institutional actor for support of small and middle business. Starting businessman need to determine level of financial means, necessary for business in accord with volume of business, level of mechanization, organization of sales, etc. Company should to have such volume of capital that is necessary for concrete business and in corresponded structure. In case capital is over necessary volume, its using is not effective. On the other hand capital is under necessary level, it could cause damages in operation of the company.

In this area there is lack of economical education, especially of students that study technical study programs and they are not sufficiently prepared for starting of successful business.

#### Literature review

Despite the importance of business in market economies, it is seldom given extensive coverage in undergraduate economics courses.[1] It has been suggested by experts in economic education that universities should place greater emphasis on economics as a general education [2]. Accumulating evidence suggests that business recognizes its success depends on managing increasingly complex environments. Management educators need to respond [3]. Therefore providing economic education is an important task for schools, since it is essential knowledge for all participants in today's market relations without regard to their age, sex, or place of residence [4]. Economic education should have two dimensions. Students should learn to understand how private and social benefits are related, and teaching should focus on the scope given to markets, governments, and social networks in defining and meeting economic needs [5]. Understanding of the economic knowledge is important for access to financial services of business [6].

Economic understanding is especially important for young people in order for them to effectively participate in the global economy [7]. But business abilities of students are not



being investigated, while deepening market relations are being intensified. Along with learning the basics of market economy, experts are to form the economic way of thinking, learn the elements of economic culture of business making [8].

There are several difficulties of economics courses, for example: inattention to the key role of private business, neglect of the competitive process, lack of coverage of business, etc. [9]. There is therefore need to apply economic knowledge in the development of business and to revise economic academic programs that has a solid history, but recently seen a decline in enrollment [10,11]. For example in this case online education is quickly gaining in importance in education [12].

Business has its own life cycle – it is created by several phases, where managerial, production, technological, legal, ethical, ecological and economical aspects of business have reflection, as well as quality of all business activities [13]. Internal and external conditions influence business, for example business activity of competition, fiscal policy of the state, innovation policy of organization, qualification of workers, costs of logistics activities, costs of transformation process, etc. Life cycle of business answers then about level of organization development, its position on the market, and it creates basic information for prognosis of future existence and development of organization. Following of life cycle of company is therefore necessary tool for prediction of future possible development of company with aim to find out decline of business and its possible revitalization with aim to avoid bankruptcy.

Organizing and managing new product development has been perceived as challenging issues in both academia and industry for several decades. The aspect of sustainability has often been neglected in new product development although new product development allows addressing sustainable characteristics upfront in the product life-cycle. There is necessity to link sustainability and new product development by providing a conceptual framework emphasizing the interconnections of sustainability and new product development with a life-cycle and product-focused perspective. Such a link of sustainable new product development with a life-cycle and product life-cycle point of view has not been presented so far [13].

### Metodology

Goal of the research was to find out business knowledge of non-economists and level of their preparing to start business. Research had been done through questionnaire method, which had been realized by the way of personal asking on sample of students, studying non-economical programs. In the sense of achievement of defined goal there was necessary to realize research that could answer questions, connecting present state of economic knowledge of non-economists through requesting of the following questions (Table 1).

**Table 1. Questionnaire about basic economic knowledge**

1. do I have knowledge about business financing	1 2 3 4 5
2. can I provide capital for business starting (mention concrete capital)	1 2 3 4 5
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3. I know how to follow up financial need and sources of business	1 2 3 4 5
4. I know what are assets of the company	1 2 3 4 5
5. I am able to find out market value of the company and its market position	1 2 3 4 5
6. I know how to provide growth of the company	1 2 3 4 5
7. I know modern way of the business financing (mention and explain some of them, for example factoring, etc.)	1 2 3 4 5
.....	



Through choice respondents from Technical University had been chosen from different faculties in bachelor, as well as in engineering level of study. Total number of bachelor respondents was 147 and total number of students from engineering level of study was 136. Selected number of 283 respondents is illustrated in Table 2.

**Table 2. Structure of respondents according level of education**

Faculty	Level of study	Number of questionnaires
Engineering faculty	Engineering	30
	Bachelor	44
Electro technique faculty	Engineering	51
	Bachelor	42
Mining faculty	Engineering	29
	Bachelor	32
Faculty of Art	Engineering	4
	Bachelor	5
Architecture faculty	Engineering	15
	Bachelor	14
Metallurgical faculty	Engineering	7
	Bachelor	10

## Results of research

According research we found out to what measure students have basic economic knowledge of business and if they give attention to the importance of business competences development. Responses in *bachelor level* of studies are as follows:

Answer to question No 1 – Do I have knowledge about business financing? - 142 students responded positively, average of answers is 2,26 with standard deviation 1,26.

Answer to question No 2 – Do I know how to provide capital for business starting? - 126 students answered positively (average of answers is 2,41 with standard deviation 1,36).

Answer to question No 3 I know how to follow up financial needs and sources of business - 135 students responded positively (average of responses is 3,14 with standard deviation 1,15).

Answer to question No 4 I know what are assets of the company – 138 students responded positively (average of answers 2,95 with standard deviation 1,29).

Answer to question No 5 I am able to find out market value of the firm and its position on the market – 135 students responded positively (average of answers 2,91 with standard deviation 1,32).

Answer to question No 6 I know how to provide growth of the company – 140 students responded positively (average of answers 3,07 with standard deviation 1,31).

Answer to question No 7 I know modern forms of the firm's financing – 146 students responded positively (average of answers 2,80 with standard deviation 1,61).

As for the *engineering level* of studying results are as follows - from total number 136 requested students we found out following answers:

Answer to question No 1 – Do I have knowledge about business financing? - 117 students responded positively, average of answers is 2,27 with standard deviation 1,17.

Answer to question No 2 – Do I know how to provide capital for business starting? - 107 students answered positively (average of answers is 2,34 with standard deviation 1,22).



Answer to question No 3 I know how to follow up financial needs and sources of business - 113 students responded positively (average of responses is 3,02 with standard deviation 1,12).

Answer to question No 4 I know what are assets of the company – 118 students responded positively (average of answers 2,70 with standard deviation 1,13).

Answer to question No 5 I am able to find out market value of the firm and its position on the market – 116 students responded positively (average of answers 2,60 with standard deviation 1,21).

Answer to question No 6 I know how to provide growth of the company – 113 students responded positively (average of answers 2,65 with standard deviation 1,24).

Answer to question No 7 I know modern forms of the firm's financing – 122 students responded positively (average of answers 2,72 with standard deviation 1,54).

**Table 3. Group statistics of students' responses**

Group Statistics							
Level of study			Number	Average	Standard deviation	t	p
23.1		bachelor	142	2,26	1,26	-0,085	0,932
		engineering	117	2,27	1,17		
23.2		bachelor	126	2,41	1,36	0,446	0,656
		engineering	107	2,34	1,22		
23.3		bachelor	135	3,14	1,15	0,851	0,396
		engineering	113	3,02	1,12		
23.4		bachelor	138	2,95	1,29	1,609	0,109
		engineering	118	2,70	1,13		
23.5		bachelor	135	2,91	1,32	1,906	0,058
		engineering	116	2,60	1,21		
23.6		bachelor	140	3,07	1,31	2,568	0,011
		engineering	113	2,65	1,24		
23.7		bachelor	146	2,80	1,61	0,413	0,680
		engineering	122	2,72	1,54		

According results in Table 3 we compared mentioned evaluation according statistical criteria  $t$  for both groups of averages, from which there was derived value of statistical significance. During analysis of bachelor and engineering study statistical significance is only in case of question No 6 „I know how to provide growth of the company“, which achieves less than 0,05 that means, at question No 6 answers of both groups are rather different. In other cases statistical significance is over 0,05, difference of both groups answers is statistically not so important.

## Discussion

During discussion with students we came to conclusion that in practice students and starting businessmen did not have idea about possibilities of financial providing, many times they want only to make money very easily. People want to do what they learnt in previous employment or in school, but new businessman does many times something, what was his hobby and through his hobby he wants to make also profit (for example photographs, handworks, building, dog breeding, etc.). Majority of students think they need vast volume of



money when they want to start up business. But it is not true. Number of businessmen started with zero money, but they have both healthy hands, willingness to work hard and they were so smart to save some earned money for future business. Students can easily understand of life cycle of business, since it copies life cycle of products that is rather known from marketing. Students usually know nothing is for ever, so it is also with business that is limited in time and sources.

Majority of employers today states that they have lack of students, prepared for practice. There is lack of schools that could train students for practical conditions. Majority of employers, mainly greater organizations, need to have prepared financial manager. It is confirmed by number of free working positions, development of financial manager profession in the world and necessity of students' preparation from area of finances. Every company could enter to crisis situation. But here lies also necessity to have qualitative workers from area of so-called crisis management. Crisis could be namely overcome or minimized by timely, properly and effective managing. For number of employers following of crisis and development of business presents possibility to solve crisis situation with goal to overcome its negative consequences and renovation of the company operating.

## **Conclusion**

Important assumption of successful business is volume and structure of finances that company has available for business, as well as conditions of financial means obtaining and change of finances' structure. Problem of business of Slovakian businessmen is they have not sufficient knowledge about possibilities of business financing and evaluation of its financial situation, therefore many times they go to debts, sometimes they could not manage business indebtedness and due to the financial insolvency they terminate business. In present time due to the financial crisis that is not favorable with business, businessmen must know, how to manage financial situation of business sufficiently. Management of business finances is rather not so simple, but according proper understanding and studying of finances' problems, company could prosper and act on the market in long time.

Individual phases of life cycle of the business have important influence on choice of concrete form of business financing. While in initial phases, possibilities of business financing are rather limited, lately they are extended. It depends mainly with transition to company surplus, gradual stabilization of profit and cash flow and following decreasing of business risk. Important source of business financing could be risk capital, available in all development phase of business. Here we see necessity to learn students and starting businessmen to follow up possibilities of financing and providing of prosperity and stability at the market.

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## **Key words**

Economical education, Business financing, Life cycle, Market economy

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