

Practice firm model – getting competences with method “Learning By Doing”

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Abstract

A practice or training firm is a virtual company, ran like a “real” business, silhouetting a “real” firm’s business procedures, products and services. Each practice firm trades with other practice firms, following commercial business procedures in the practice firm’s worldwide economic environment. A practice firm resembles a real company in its form, organisation and function. Although there is no actual transfer of goods or money, other transactions take place: orders are made, invoices issued and financial records maintained - including creditors, debtors, stock holdings and so on. A practice firm researches the market, advertises, buys raw materials, transports, stocks, plans, manufactures simulated goods, sells simulated products or services, and pays wages, taxes, superannuating etc. Secondary school of Economics Celje, Slovenia (SES) was a partner in the IPA project - Modular curriculum for training firms. As a good practice example from EU, SES served as a platform for developing Croatian curriculum for training firms, adapted to local/regional/national educational and labour market needs.

Keywords: *practice firm practice firm trainee, trainer in practice firm, task division, EURO-PEN, central office, quality certification, modular curriculum, IPA project*

1. Introduction

In the modern world employers ascertain that knowledge achieved by trainees in the regular course of education is not adequate. The graduates do not get enough practical knowledge, but too much general, therefore it is necessary to organize additional courses and other educational forms, to get adequate practical knowledge. This gap arises above all because experts from practice are not involved in the formation of educational programmes and curricula. It happens that schools or educational organisations offer employers educational programmes instead of getting from employers characteristics of the personnel, which should be employed. If the situation was reversed educational organisations would prepare educational programmes which employers really require. The lack of practical knowledge should be fixed by integrating other work forms into educational programmes, such as the practice firm model. A Practice firm represents a simulation of work processes, where trainees and teachers are employed at concrete work places in a company, a bank, or an insurance company. It is a simulated company, set up by trainees, with the assistance of a facilitator, to undertake simulated commercial activities. Practice firms trade with each other in a closed economy, according to strict commercial principles.

2. The practice firm model

A practice firm is the centre of vocational learning that provides students or trainees with hands-on business skills and enhances their knowledge and experience of business practices. It also represents an educational centre in an educational or any other organisation. Work is organised in a classroom, which is equipped as a business office, with modern equipment and divided into job assignments. These can be divided in different ways, but usually trainees divide their assignments into management, accounting, secretary’s office, recruitment service, marketing and purchasing department.

Trainees form a practice firm and are actively involved in the so called “common market of practice firms”, at home and abroad. Trainees deepen their previously achieved theoretical knowledge by performing their tasks, and gain practical knowledge in the fields of computer science and information technology, entrepreneurial and economic legislation, economic operations and correspondence, accounting, business mother tongue and foreign languages, communication and etiquette, under the supervision of trainers - teachers who run work, monitor, analyse, direct and advise.

The practice firm concept can be adapted to any level of business training.

a) Target groups of practice firms are as follows:

- Unemployed
- Returnees to work
- School/College/University students
- Employees, for training and retraining
- People wishing to set up their own business
- People with disabilities
- Other disaffected persons

b) Benefits of practice firms to target groups:

- Development of enterprise skills,
- Provision of work experience,
- Direct links with employers,
- Learning by doing,
- Working by using latest technology,
- Networking within international practice firm network,
- Development of world-wide links,
- Development of key skills,
- “Live trading” at trade fairs,
- Development of foreign language and intercultural skills.

2.1 Operation of a practice firm

There are full-time and part-time practice firms, depending on the target group. Full-time practice firms (mainly for participants in retraining courses) work 8 hours per day, each day of the week. Part-time practice firms (mainly for vocational business school, college and university students) work from 3 to 12 hours per week.

Each practice firm develops a business plan, organisational structure and board of directors, and reports regularly. It trades with other practice firms during normal office hours and through the trading year, as specified by the programme or curriculum under which the practice firm operates.

Practice firms use administrative and financial documentation and techniques:

- Registration of businesses and product names
- Incorporation including memorandum and articles of association, joint venture arrangements, partnership etc
- Insurances, workers compensation, protection of patents, trademarks, intellectual property etc
- Application for a bank account, loans and overdraft facilities
- Any specialist licences (e.g. health requirements)
- Conformity with environmental and occupational health and safety standards
- Setting up an organisational structure, e.g. personnel, purchasing, marketing and sales, accounting etc.

Usually there are between 15 and 20 trainees in a practice firm, depending on the facilities available (e.g. computers). A practice firm continues its existence despite the turnover of different groups as employees. To join the firm, each person prepares an application for a specific position, undergoes an interview and joins a workgroup in one of the defined areas. Recognition or prior learning processes would be available to candidates. During the learning experience, staff development and on-the-job training are available to trainees as would be the case in a real business environment. Trainees are paid a fictitious salary which can also be spent in practice firm dealings.

2.2 Objectives of practice firm model

The practice firm participants learn to work as a team, develop inter-personnel skills, and improve their learning experience by performing the various tasks. They are able to use the information technology to contribute to the planning, organising and monitoring of the work, including preparing minutes of meetings. They can design documentation and contribute to the improvement of there and the business's performance. The business enables them to be involved in problem solving with their colleagues as well with their customers and suppliers. They learn by actions to initiate and evaluate any potential improvement to the services they offer.

3. The role of trainers (teachers) in practice firms

Which training method comes to mind when hearing the following catchwords?

- Lifelong learning,
- Comprehensive hands-on business education,
- Learning by doing,
- Personalised training,
- Training of soft skills,
- Flexible training methodology used throughout the world,
- Wide range of target groups involved,
- Flexible education to meet the demands of the dynamic business world,
- Education with a quality mark.

The practice firm concept incorporates all of the above mentioned catch words. The development of information technology enables faster development of an individual, because trainees get information also outside educational organizations. These have the role of insuring source accessibility, rather than information conveyance itself.

“Working” in a practice firm, students get skills that are necessary for a working area:

- Empirical learning - learning by doing,
- Feeling of responsibility,
- Co-operation,
- Team work,
- Initiatives,
- Self-learning.

Work is directed by a teacher who follows, directs and advises. The role of the teacher is changed because they do not use the frontal method of teaching, but active working methods. A teacher in a practice firm takes the role of a link between theory and practice, an adviser at learning, a head of working process and an operating advisor at team work and team decision making. The main emphasis in a practice firm is on practical work in the frame of an imaginary business operation, called practice firm market, in which the teacher trains students for key tasks in business operation, which is impossible in otherwise established form of lessons.

3.1 Task division

A teacher - trainer prepares division of tasks in accordance with the curriculum, catalogue of knowledge and in agreement with trainees. Each trainee has to execute them on his place of work. If possible, trainees should be divided into the places of work they are most interested in. It is difficult to give a general recommendation how to divide work into individual departments where trainees perform their work therefore only a suggestion is given.

4. International aspect of the practice firm model

4.1 EUROPEN – the worldwide network of practice firms

EUROPEN is a non-profit association that was set up on the 27th of October 1997. It used to be a European Project that was started in November 1993 and financed by the European Social Fund (45%) and the Land North-Rhine Westphalia (55%). It is with over 5.500 practice firms in more than 42 countries the biggest association of practice firms. The association promotes language, cultural, business and social competences through exchanges, international meetings, workshops and commercial trading between practice firms.

The association creates and supports this unique hands-on training methodology through the development and delivery of a wide range of commercial services via national central offices. EUROPEN is involved in the following main areas: initial training, further training and retraining, consultancy, qualification standardisation, research, software development, development of curriculum criteria and exchange of experiences between countries that belong to EUROPEN. The EUROPEN Co-ordination Centre supports the development of the EUROPEN network and provides the national central offices and practice firms, professional organisations, educational organisa-

tions, interested companies and political organisations with assistance, services and information at their request.

4.2 Quality certificates for practice firms and practice firms trainees

Practice firms and its trainees belonging to EUROOPEN can obtain two kinds of quality certificates if they fulfil the detailed required criteria. One is a minimum quality certificate for practice firms and the other one is a minimum quality certificate for practice firm trainees. Due to the diversity of the target groups in the EUROOPEN network, the certificates benefit not only those working towards evidence for vocational qualifications, but also those needing initial and continuous training for national curricula and/or preparation for work and/or retraining in work. The certificates also support real companies by training, in practice firms, future employees in the latest administrative systems and procedures, through the use of appropriate technologies, to an internationally agreed certifiable quality standard.

5. Central office

To be able to function as “realistic” enterprises, the practice firms in a country make use of the services of a central office. The basic role of the central office is offering services for the market of practice firms and simulation of state institutions and administrative organs. Central office offers support for work in practice firms, establish and maintain international contacts and link practice firms with other entrepreneurial ways of education.

For this purpose a special organ should be established in the country to implement this function. In Slovenia such an organ is called “Centrala učnih podjetij Slovenije” (Slovene Centre For Training Companies, CUPS).

5.1 Slovene Centre for Training Companies

Slovene Centre for Training Companies connects all practice firms in Slovenia and offers them professional support and services, which are necessary for continuous operation. It started operating on 1st September 2003 in Secondary school of Economics Celje.

a) Basic objectives of the Central Office for practice firms:

- To form and develop active and efficient connection among slovene practice firms in schools and to perform adult education,
- To assure quality operation of the practice firm network, to develop and form the most modern methods and work procedures,
- To co-operate in evaluation of practice firm work,
- To take care of the use of uniform standards of practice firm operation (software ...).

b) The purpose and role of Slovene Centre for Training Companies:

- To connect practice firms,
- To promote and develop practice firms in Slovenia,
- To organize and perform education for trainers of practice firms,

- To offer various services for practice firms on national level,
- To enable active business connections of all practice firms,
- To enable incorporation in international practice firm network.

c) Basic tasks of Slovene Centre for Training Companies:

- To create conditions and offer help in founding and spreading of practice firm network in compulsory school education as well as in the field of adult education,
- To organize and perform education for trainers of practice firms,
- To co-ordinate practice firm market,
- To simulate operation of practice firm registration,
- To simulate bank services,
- To simulate tasks performed by tax office,
- To simulate foreign trade operation and customs,
- To perform post and telecommunication services,
- To organize practice firm fairs and to promote practice firms in public,
- To help practice firm incorporate in international practice firm network.

6. Cooperation and role of Secondary school of Economics Celje (Slovenia) in the IPA project

Secondary school of Economics Celje took part in the IPA project as a partner school with 15 years of experiences with the operation in training firms. The overall objective of the project was to facilitate and increase the level of entrepreneurial knowledge, skills and attitudes of school management, teachers and students in vocational education and training the Katarina Zrinski staff. In the last decade, the renovation of secondary vocational education system in Slovenia has given practice firms have a very special position. Entrepreneurial competence is incorporated in all European national curricula as one of the eight key competences (Council of Europe). Secondary economic school Celje hosts the Slovene Centre for Training Firms, which functions as a body of coordination for practice firms for the whole country and also organizes a yearly International practice firm fair.

Teachers of Secondary economic school Celje had been actively involved in three different expert project bodies: Work team, Operative Body and External Evaluation Team.

The basic activities in which they were active as members of the Work team, were:

- Admission of students and teachers of Katarina Zrinski and presentation of the practice firm model.
- Participation in workshops in Zagreb, with the presentations of the curricula for second and third grade students. In most Slovene vocational business schools, the training in practice firms starts in the second year, with students exchanging their tasks within the practice firm. In the third year they are “employed” in the practice firm and each of them performs a specific task in a particular department.

Figure 1: Comparison of the practice firm in the second and third year of training at Secondary school of Economics Celje.

Second year		Third year	
MONTH	CONTENT	MONTH	CONTENT
SEPTEMBER	1. COMMON TASKS	SEPTEMBER	1. COMMON TASKS 2. MANAGEMENT 3. HUMAN RESOURCES 4. REGISTRY 5. MARKETING 6. PURCHASING 7. SALES 8. ACCOUNTING
OCTOBER	2. MANAGEMENT	OCTOBER	
NOVEMBER		NOVEMBER	
DECEMBER	3. HUMAN RESOURCES	DECEMBER	
JANUARY	4. REGISTRY	JANUARY	
FEBRUARY	5. MARKETING	FEBRUARY	
MARCH	6. PURCHASING	MARCH	
APRIL	7. SALES	APRIL	
MAY		MAY	
JUNE	8. ACCOUNTING	JUNE	

- Presentation of the Slovene Centre for Training Firms, especially in finding solutions for VET incubator
- The organization of an international practice firm trade fair and a report on all necessary activities to prepare the event, including the preparation of students and mentors, their preparation of marketing materials, stand preparation, business communication courses, preparation of documentation, and a report on the fair’s success, in terms of reaching the goals the practice firms will have had for the fair, reflecting the success of above mentioned preparations
- Participation in testing computer software solutions for practice firms. Secondary Economic School Celje developed a virtual electronic payment system, which could be connected to similar systems in other countries

Figure 2: The simulation of online banking for practice firms.



- Review incurred manuals
- The members of Operative body involved in monitoring the results of the project and planning additional solutions
- External evaluation team members were monitoring and evaluating the curriculum Pilot project, which is installed in the final result

7. Conclusion

Practice firms can be established in almost any line of business, from wholesale to retail and services. European examples range from information technology, electronics and banking to fashion, tourism and crafts. They are usually oriented towards the local market structure and seek a sponsor firm from the local community. Sponsoring firms often recruit from “their” practice firm because the training is directly relevant to their situation. The model approaches the educational system of “learning by doing” and can be introduced in different fields of educational process on different levels. The model can also be adapted to both youth and adults, included in regular or post-regular studies. It can be given in a form of a seminar, to gain specialist entrepreneurial knowledge. This form is designed for supplementing knowledge of those who are already employed, but it can also be used for the unemployed and for those who will retrain. Working in practice firm enables students to get the knowledge necessary for incorporation into the working process easier, and it is more interesting for the students from the point of view of methods. Students develop the feeling of responsibility, team work ethics, and they are enthusiastic about innovative teaching methods. The teacher must follow the influence of factors on success in education. Practice firm, as a method, is flexible and can be used also in other fields of education, e.g. for other professions. In general, it has positive consequences in professional socialisation of an individual.

Sažetak

Vježbovna tvrtka je virtualna tvrtka pokrenuta kao "pravi" posao simulirajući "pravi" poslovne procese, proizvode i usluge. Svaka vježbovna tvrtka posluje s drugim vježbovnim tvrtkama, slijedeći komercijalne poslovne postupke u praksi poduzeća u svijetu gospodarskog okruženja. Vježbovna tvrtka podsjeća na pravu tvrtku u svom obliku, organizaciji i funkciji. Iako ne postoji stvarni prijenos robe ili novca, druge transakcije se odvijaju: rade se narudžbe, izdaju se računi i finansijski podaci se čuvaju - uključujući i vjerovnike, dužnike, one koji drže udjele u dionicama i tako dalje. Vježbovna tvrtka istražuje tržište, reklamira, kupuje sirovine, transportira, pohranjuje, planira, proizvodi simuliranu robu, simulira prodaju proizvoda ili usluga i isplaćuje plaće, poreze, itd. Srednja ekonomska šola Celje (Slovenija) je bila partner u IPA projektu - Modularni kurikulum za vježbovne tvrtke. Kao primjer dobre prakse iz EU služila je kao platforma za razvoj hrvatskog nastavnog plana i programa prilagođenog lokalnim / regionalnim / nacionalnim potrebama obrazovanja i tržišta rada.

Ključne riječi: *vježbovna tvrtka, pripravnik u vježbovnoj tvrtki, trener u vježbovnoj tvrtki, podjela zadaća, europski, središnji ured, certifikat kvalitete, modularni kurikulum, IPA projekt.*

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