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FINANCIAL LITERACY AND ENTREPRENEURIAL EDUCATION AS A PREREQUISITE FOR THE DEVELOPMENT OF ENTREPRENEURSHIP IN THE REPUBLIC OF SERBIA AND NORTHERN MACEDONIA

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Abstract: *Entrepreneurship is not a legacy of the new age. It has been present in various forms for centuries. However, in the last fifty years, entrepreneurship has had a larger focus, and attention is paid to it by entire countries and numerous researchers. It has become a subject of institutional and non-institutional education. The reason for the increased interest in entrepreneurship is primarily its compliance with modern ways of life and work, and it seems that the generations that are maturing accept to an even greater extent the opportunities it offers. Entrepreneurship education and financial literacy, as its key components, are the focus of national education strategies in the Western Balkans.*

Thus, in the Republic of Serbia and Northern Macedonia, entrepreneurial education and financial literacy have been in the focus in the last ten years. In this context, there has been an increase in the number of seminars and trainings on this topic. There are also numerous associations and organizations that call for starting a business, as well as numerous initiatives for the introduction of entrepreneurship in all levels of the education system. The primary goal is to awaken the entrepreneurial spirit and innovative way of thinking in the younger population. Through the implementation of elements of financial literacy we should strive to create a good basis for recognizing the chance to start their own business. In the continuation of this paper, the authors analyze the level of presence of entrepreneurial education and financial education / literacy in the countries of the Western Balkans, with special reference to the current situation in the Republic of Serbia and Northern Macedonia.

Key words: *entrepreneurship education, financial education, financial literacy, lifelong learning, the SME sector and entrepreneurship*

INTRODUCTION

In order for modern civilization to achieve progress in development, it is necessary to implement new knowledge, but also to pass on existing knowledge to future generations. It seems that the younger generations are increasingly turning to entrepreneurship and that they are searching for different ways to express their creativity and innovation. There is also their ability to recognize market opportunities, as well as to show their financial skills and knowledge when starting a business and later in the process of running it. Entrepreneurial education, although a recent scientific discipline, has become increasingly important in the last twenty years and it is developing in almost all countries of the world. In this context, national strategies for the development of entrepreneurship emphasize the importance of the existence of entrepreneurial education, and more recently, financial literacy, which represents its integral element. Thus, there is an increasing number of countries that have implemented, or are in the process of implementing / revising or preparing national strategies for the development of entrepreneurship and financial education. Research shows that pupils and students who have attended entrepreneurship education have three to six times more chances to start their own business than those who have not had such experience (Serafimova and Stojčeska-Gorgioska, 2020).

The period of crisis / pandemic has affected well the development and implementation of entrepreneurial ideas. With the emerging turbulences,

unforeseen circumstances that included significant changes in the labor market, it has become necessary to undertake changes aimed at education, specifically entrepreneurship education and financial literacy, which rely on the concept of lifelong learning. We can say that the implementation of entrepreneurial education / financial literacy at all levels of the education system is a prerequisite for economic development. Additionally, in unpredictable economic circumstances, financial literacy means that the knowledge and skills we possess in the field of finance serve us in the process of making the right decisions by using available information (Kostić, Dimić et al., 2020). Thus, financial literacy gets its full glory in crisis situations, in the conditions of the Great Recession that hit the mortgage market in the period from 200 to 2012 in the United States and rapidly shifted from the financial to the real sector. In addition, with the outbreak of the Covid-19 pandemic, financial literacy and entrepreneurship education have become key factors in establishing economic stability, especially in developing countries such as the Republic of Serbia and Northern Macedonia.

Entrepreneurship is the engine of economic development, which encourages employment, business efficiency and economic growth. Considering the fact that the sector of small and medium enterprises in developing economies significantly contributes to gross value added, affects financial stability and that in crisis situations it is a stabilizer, and often a driver of economic development, it is not surprising that potential entrepreneurs increasingly recognize the importance of the concept of lifelong learning for business success. In this context, the ultimate goal is to strengthen the SME sector through the process of financial and entrepreneurial literacy of individuals / potential entrepreneurs, who adequately link theoretical knowledge with empirical business experience.

1. ENTREPRENEUR, ENTREPRENEURIAL EDUCATION AND FINANCIAL LITERACY

The meaning of the term entrepreneur has changed throughout history. At first, during the 17th century, an entrepreneur was considered an individual willing to take risks in trade with the state at a fixed price. During the 18th century, the term entrepreneur referred to an individual who needed the resources of others to

do his own business. In the literature of the 19th and 20th centuries, entrepreneurs are most often defined as creative individuals who take risks in order to realize their own ideas.

Advanced society is based on enterprising people and entrepreneurial activity (Čekić-Marković, 2015). In addition to financial support, which is always welcome, it is especially important to conduct education at various levels, so that individuals first acquire basic knowledge about how to function in a business environment, and additionally about ways to improve themselves. As risk is inseparable from entrepreneurship, the possession of adequate knowledge can contribute to a significant reduction of the negative impact of potentially risky events. Thus, by adopting the basics of financial literacy, individuals gain self-confidence and the ability to be responsible for their own financial security (Ilić et al., 2018).

The existence of entrepreneurial organizations is especially important for the development and realization of creative ideas, creating opportunities for new employment, but also generating new technologies and knowledge, due to the creative use of the existing ones. Besides, successful entrepreneurial organizations are those that use changes in the environment for their own development, which distinguishes them from traditional organizations, which view change as a risk, thus becoming irresistible and sensitive to them. As the variability of the environment is one of the basic characteristics of the modern business world, an entrepreneurial way of thinking becomes necessary.

In addition to creativity and willingness to take risks, entrepreneurship requires adequate knowledge and willingness to learn constantly. It is for these reasons that there is a need to apply entrepreneurship education at different levels. Education is basically a set of activities aimed at collecting and adopting various forms of knowledge through the realization of the learning process and enabling individuals to apply the acquired knowledge in everyday life (Garabinović, 2017). The inclusion of entrepreneurship in the education system is based on the fact that through entrepreneurship knowledge is transformed into practical activities, that, as Peter Drucker concluded, an entrepreneur is not born but created, as well as in the fact that entrepreneurship is the basis for the development of intellectual capital, which is a key resource in the knowledge economy that is dominant today. The essence of entrepreneurship education is to develop skills and a way of thinking in the younger population and youth, on the basis of which they can turn

creative ideas into entrepreneurial works (European Commission, 2016). It should be noted that a unique definition of entrepreneurial education cannot be found in the scientific literature, "since there are different understandings of the author of what should be the goal of entrepreneurial education" (Arsenijević and Dimić, 2017). In this context, entrepreneurial learning is viewed in a narrower and broader sense. In a narrower sense, entrepreneurial learning implies the inclusion of the subject of entrepreneurship in a certain phase of the educational process, while entrepreneurial learning in a broader sense acts as a change in learning, that is, the inclusion of entrepreneurial thinking during the processing of material from other subjects. It should not be considered that only entrepreneurial learning in one of these two forms is enough, but it is necessary to implement both ways.

Financial education should enable each individual to be able to make financially responsible decisions as well as to recognize the advantages and disadvantages of appropriate financial products (Stamenković, 2018). In this context, in the World Bank study *Financial Education - Programs and Strategies (Financial education- programs and strategies)* from 2014, a clear distinction was made between:

- *Financial education which is a tool to increase consumer financial literacy, and*
- *Financial literacy, which implies the ability to understand personal finances (World Bank, 2014).*

Financial literacy can be defined as the epilogue of the learning process that in modern literature is associated with entrepreneurship education. Brown et al. in the paper states that financial literacy for small and medium business owners represents the ability to read and interpret financial statements, to understand financial indicators in order to make quality decisions about future investments and money management (Brown et al., 2006). In addition, the authors point out that more and more training programs for entrepreneurs recognize the importance of financial literacy, as well as that the level of financial literacy among entrepreneurs is growing after education. In the scientific literature, great attention is given to financial literacy and it is believed that the key to business success is knowing and understanding the process of capital management, investing, recognizing financial risks and taking steps to minimize them.

The concept of financial literacy contains several aspects: financial knowledge, experience in financial business, ability to communicate about different financial concepts, ability to apply different financial instruments, implementation of adequate financial decisions, attitude towards the use of financial instruments, people's trust in financial transactions, financial behavior (Zait & Berteau, 2014). In his work, the author Kim (Kim, 2001) states that the most important dimension of financial literacy is knowledge, which is acquired through the educational system and experience. In other words, financial literacy represents a skill that is acquired through the process of entrepreneurial education and that can be measured systematically.

Similar to entrepreneurship education, financial literacy can also be viewed from different angles, so we cannot find a generally accepted definition of this term in scientific papers. In this context, there are four key aspects of financial literacy that should be highlighted:

- Financial literacy refers not only to knowledge and understanding, but also to promoting effective decision-making.
- The goal of financial literacy is to improve financial well-being, and not the impact on uniform behavior, such as increasing savings or reducing debt.
- Financial literacy has effects not only on individuals but also on society.
- Financial literacy, such as reading, writing and knowledge of science, enables young people to participate in economic life and it is a key skill of the 21st century (Kostić et al., 2020).

In the scientific literature of the United States and Australia, the term financial literacy dominates, while in the Great Britain and Canada we come across the term *financial ability* (Kostić et al., 2020). On the other hand, the British literature provides the broadest picture of the definition of financial literacy, showing different meanings such as: financial ability, financial knowledge, financial education, financial competence, economic ability, and economic literacy.

In the following table the most frequently cited definitions of entrepreneurial education and financial literacy in scientific and professional literature are shown.

Table 1: Overview of definitions of entrepreneurship education and financial literacy

Entrepreneurial education
Entrepreneurship education programs can influence the intentions of entrepreneurs in the process of starting a business (Peterman & Kennedy, 2003).
Entrepreneurship education can be seen as a process of developing an individual's skills to develop business plans (Jones & English, 2004).
Entrepreneurial education is the most important component of the entrepreneurial ecosystem that has a positive impact on business stability (Van Gelderen, Kautonen & Fink, 2015).
Entrepreneurial education means the process of creating new skills, knowledge, ideas and managerial skills in order to strengthen the ability to look for a job independently at a younger age instead of passively waiting for a job (Owoseni & Akambi, 2010).
Financial literacy
Financial literacy is the ability of an individual to obtain, understand and evaluate information important for decision making with the ability to consider financial consequences (Mason & Wilson, 2000).
Financial literacy is the ability to assess and make effective decisions related to financial management (Beal & Delpachitra, 2003).
Financial literacy is defined as a characteristic of educated structures, which are less inclined to enter into financially unfavorable jobs / loans (Haliassos & Bertaut, 1995).
Literacy is not just an ability developed over the years of education, but a set of skills, knowledge, and strategies that individuals acquire throughout life in a variety of situations and in interaction with their peers and in communities (Kirsch, 2001).
Financial literacy is a combination of awareness, knowledge, skills, attitudes and behaviors necessary to make good financial decisions and ultimately achieve individual financial prosperity (OECD, 2014).
Financial literacy is the ability of an individual to obtain, understand and evaluate information important for decision making with the ability to consider financial consequences (Mason & Wilson, 2000).

(Source: Author's review based on available literature)

The level of entrepreneurial education and financial literacy among children and youth is key to the development of the SME sector and entrepreneurship, the financial system and the economy as a whole. There are two potential directions in the literature for improving strategies and curricula for the development of entrepreneurship and financial education through the introduction of

entrepreneurship / financial education as a separate subject or entrepreneurship / financial education as an interdisciplinary competence. In the continuation of the paper, the authors present the strategic framework of the development of entrepreneurial and financial education, as well as financial literacy in the Western Balkans, with an emphasis on the Republic of Serbia and Northern Macedonia.

2. STRATEGIC FRAMEWORK FOR THE DEVELOPMENT OF ENTREPRENEURIAL AND FINANCIAL EDUCATION

2.1. National studies / strategies to encourage entrepreneurial education

In general, the countries of the Western Balkans have started implementing national strategies to improve entrepreneurship education, in line with the Recommendation of the European Parliament, the Council on Key Competences for Lifelong Learning and the Action Plan. "Entrepreneurship 2020". Within the Recommendation of the European Parliament and the Council on key competences for lifelong learning, a sense of initiative and entrepreneurship is joined to the key competences necessary for personal development of each individual, along with communication in mother tongue and foreign language, knowledge of mathematics, natural sciences and technology, informatics, learning skills, cultural expression and social and civic competencies. By Entrepreneurship 2020 Action Plan it was necessary to integrate entrepreneurial competence in the curricula of all levels of education, by the end of 2015. A particularly important place in this Action Plan was occupied by enabling each individual student to gain entrepreneurial experience, either by running a virtual student company or by taking part in a student project. "The EU 2020 Strategy and other relevant documents recognize the impact of entrepreneurship on the economy and society, and therefore emphasize the importance of supporting human capital development in the small and medium-sized enterprise (SME) sector as key generator of economic competitiveness "(Ivanović and Radević, 2013). The adoption of acts accepted at the level of the European Union represents a reflection of the desire of the Western Balkan countries to join this community, which requires the unification of all legal acts, including those that regulate the field of education.

Eight countries (Albania, Bosnia and Herzegovina, Montenegro, Croatia, Macedonia, the so-called Kosovo, Serbia and Turkey) established a regional center for the development of entrepreneurial competencies for the countries of Southeast Europe in 2009 (South East European Center for Entrepreneurial Learning - SEECCEL) with the aim of promoting and including entrepreneurial learning at all levels of education.

"In the countries of the Western Balkans, great progress in the integration of entrepreneurial learning in formal education has been identified in secondary education, especially in vocational schools, while some progress is visible in higher education" (Stojanović, 2019). According to the report of the Belgrade Open School, "all the countries of the Western Balkans in the past 5-10 years have made significant progress in the overall development and promotion of lifelong entrepreneurial learning" (Arsenijević and Dimić, 2017). At the same time, the same report states that the greatest progress has been made at the level of secondary and higher education, as well as in non-formal learning and in the field of employee education.

Looking at the steps taken so far in the direction of the development of entrepreneurship education, it seems that Croatia has gone the furthest among the countries of the Western Balkans, which is not surprising, considering that this is the only EU member state from the territory in question. Zagreb is the seat of the Regional Center for the Development of Entrepreneurial Competences for the Countries of Southeast Europe (SEECCEL). An important link in the development of entrepreneurship education in Croatia was the adoption of the Strategy for Entrepreneurial Learning 2010-2014. Efforts to develop entrepreneurship education can be seen at all levels in Croatia, as evidenced by the introduction of entrepreneurial learning as a cross-curricular topic. They want to develop abilities, knowledge and skills, as well as personality traits in students which are necessary for entrepreneurs.

Shortly after Croatia, Montenegro has also taken steps to implement entrepreneurship education at all levels. The strategy of lifelong entrepreneurial learning was adopted in 2008, thus making Montenegro a pioneer among other countries in the region in terms of recognizing the importance of this component of social development. In primary schools in Montenegro, entrepreneurship appears as an elective subject in the 8th grade, while in grammar schools it is an

elective subject in the 1st grade in the fund of 3 classes per week in general grammar schools and 2 classes per week in mathematical and philological grammar schools. As pointed out in the guide for choosing compulsory elective courses, "the acquisition of knowledge in this subject allows students to develop and improve skills that allow them to recognize their capabilities, learn about their resources and try their hand at entrepreneurial management" (Perović et al. , 2021). Apart from grammar schools, entrepreneurship is studied in secondary vocational schools, within the subject of Entrepreneurship and through the "Young Entrepreneurs" program.

With the adoption of the Strategy for Learning about Entrepreneurship in Education Systems for Bosnia and Herzegovina in 2012, entrepreneurship education has become the subject of consideration by the authorities of this federation. As this is a concept applicable in all spheres of life, as many as 12 ministries are responsible for its regulation on the territory of Bosnia and Herzegovina. Among all students on the territory of Bosnia and Herzegovina, students of secondary vocational schools (except medical) first met with entrepreneurship through the subject Introduction to Entrepreneurship. Entrepreneurial education in Bosnia and Herzegovina is mostly encouraged by foreign investors and it is implemented through various projects. Through one of them, a proposal for teacher training was adopted, as a necessary precondition for the realization of the entire project, as well as the preparation of manuals and the concept of entrepreneurial learning.

The last country in the Western Balkans to start strategic planning for entrepreneurship education is Albania. This country was the last to adopt the Strategy for Entrepreneurial Education, however there is also cross-sectorial cooperation in order to improve this area. Nevertheless, entrepreneurship education in Albania is now included at all levels of education. Students of all primary schools as a special, compulsory subject have Entrepreneurial learning and career management. In secondary schools from 2010/2011, the subjects Environment (10th grade) and Career education (11th grade) are included, while for 12th and 13th grade students, the subject the Basics of Entrepreneurship with a fund of 140 classes per year is mandatory. In addition to the compulsory subjects, elective courses Youth Achievement are also available to 11th and 12th grade students. The implementation of the Youth Entrepreneur seminar was of special

importance for the entrepreneurial activity of young people. Entrepreneurial education is a compulsory subject in all vocational schools. The worst situation in terms of entrepreneurship education in Albania is at the level of higher education, as entrepreneurship is most often promoted through business start-up training, with the exception of the Faculty of Economics in Tirana.

2.2. National studies / strategies to promote financial education / literacy

When it comes to promoting the importance of financial literacy, it should be noted that international financial institutions such as the European Commission, the World Bank and the Organization for Economic Cooperation and Development mostly encourage financial literacy projects. The mentioned international institutions recommend the implementation of national strategies for *financial education* in the education system, and they define it as a coordinated system that:

- recognizes the importance of financial education and defines its meaning and scope at the national level in relation to the identified national needs;
- defines the ways of cooperation of all stakeholders, with the leading role of the state represented by the coordinating body / council;
- represents a roadmap for achieving specific and pre-determined goals in a certain period of time (Ilić et al., 2018).

In accordance with the OECD recommendations from 2005 and in the desire to help the members of the European Union in the process of drafting national strategies, the OECD, i.e. the International Network for Financial Education - INFE established by the OECD in 2008, has developed Directives and Guidelines for the Development of National Strategies for Financial Education (OECD/INFE *guidelines on financial education in schools*, 2012) in the period from 2010 to 2012, which included 200 institutions from 75 different countries. In 2010, the World Bank published a study entitled “ *Good Practices for Consumer Protection and Financial Literacy in Europe and Central Asia: A Diagnostic Tool* ” which had an advisory note showing good practice.

The Eurydice report states that *Programme for International Student Assessment- PISA* defines financial literacy as “knowledge and understanding of financial concepts and risks, as well as skills, motivation and self-confidence to apply such knowledge and understanding in order to make effective decisions in various financial contexts in order to improve the financial well-being of individuals and society and enable participation in economic life” (European Commission, 2016). Recognizing the lack of data on financial literacy among the younger population, PISA is today probably one of the largest international surveys in the field of education (Kostić et al., 2020), organized every three years since 2000 in three domains: mathematics, reading and science. In 2012, financial literacy was included in PISA testing for the first time as an indicator of assessing the level of education of fifteen-year-old students. The research identified four contents: money and transactions, financial planning and management, risk and rewards, and the financial environment. After two more studies conducted in 2015 and 2018, the results of the PISA test provided evidence of the average level of financial literacy in the analyzed countries, financial literacy of their fifteen-year-old students, and also valuable insights into how financial competencies are distributed by socio- demographic criteria and in what correlation is financial literacy with the dimensions of education in the field of mathematics and reading skills (OECD, 2019).

In the PISA report from 2019. “*PISA- Financial literacy analytical and assessment framework*“ (OECD, 2019) states that more than sixty countries around the world are in the process of developing or implementing national financial literacy strategies which put in focus high school and college students. In addition, it is encouraging that financial literacy is being introduced into curricula as a cross-curricular competence. Not surprising fact is that most national strategies in the field of financial education focus on raising public awareness of the importance and significance of financial literacy and responsible financial behavior of the individual. In this context, national strategies are aimed at:

- improving financial inclusion in the education system,
- linking national strategies with financial regulation measures, in particular legal frameworks which are focused on consumer protection,
- support for the implementation of pension fund reform,

- raising citizens' awareness of the importance of long-term savings,
- investment and fight against the phenomenon of over-indebtedness of individuals and households (OECD, 2019).

In the countries of the Western Balkans various strategies take effect to promote and strengthen the importance of financial education and financial literacy.

In *Croatia*, the Ministry of Finance, in cooperation with the National Bank of Croatia, deals with the encouragement and supervision of the development of financial education for both the younger and the older population. Last year, 2021, the *National Strategic Framework for Financial Literacy of Consumers* for the period from 2021 to 2026 was adopted. In addition to this document, the *Action Plan for Improving Financial Literacy of Consumers* for 2021 and 2022 is effective. In addition, in Croatia, with the support of the Ministry of Finance, the issue of financial literacy among young people is dealt with by a non-governmental organization, Institute for Financial Education Stedopis (<https://www.stedopis.hr>), which, through online education, provides young people with the opportunity to learn the basics of finance. In the Croatian education system, financial education still does not have the status of a separate subject. However, the conducted research and surveys of Stedopis indicate the growing interest of the younger population in launching this initiative.

In 2010, *the Bank of Albania* adopted the OECD methodology for monitoring / measuring financial literacy levels within the Twinning1 program. The Bank of Albania is an institution dedicated to promoting financial education / literacy and it highlights two key objectives:

- acquainting the public with the central bank, its functions and role
- nurturing and strengthening financial literacy in Albanian society (Bank of Albania, 2022).¹

In *Bosnia and Herzegovina*, there is still no clearly defined strategic framework for the development of financial literacy. It is evident that certain efforts are being made in the form of promoting this topic, especially by the Central Bank of Bosnia

¹ In addition to the Bank of Albania, the twinning program included the Central Banks of Italy and France as examples of good practice.

and Herzegovina. In this context, on October the 31st 2021, on World Savings Day, the Central Bank of Bosnia and Herzegovina launched a pilot project of cooperation with three selected high schools. The aim of this project is to give professors the opportunity to teach on the topic of financial education as an optional subject².

In 2016, the Central Bank of Montenegro (CBM), with the support of the International Movement for Financial Education of Children and Youth, began organizing workshops that were focused on drafting a national strategies for financial education in Montenegro. The Central Bank of Montenegro organizes numerous seminars, lectures, round tables, debates, visits to educational institutions (kindergartens, primary and secondary schools) in order to point out the importance of financial education and literacy, primarily among the younger population. In addition to the CBM Money Museum, which conducts numerous activities aimed at strengthening financial education among the younger population, CBM traditionally celebrates World Money Week, Savings Week and awards the Annual Award of the Central Bank of Montenegro to the best works of undergraduate, master's and doctoral students in the field of money and finance. It should be noted that in February 2020, the National Committee for the Development of Financial Education (OECD, 2021) was established, which has the task of coordinating financial education activities in the country and participating in the development of the national strategy.

3. COMPARATIVE OVERVIEW OF ENTREPRENEURSHIP EDUCATION IN THE REPUBLIC OF SERBIA AND NORTHERN MACEDONIA

The first perspective from which entrepreneurship education in the two selected countries will be viewed is the *integration of entrepreneurship education into formal education*. "Entrepreneurial education introduced at all school levels would have a strong impact on young people through raising and stimulating entrepreneurial awareness" (Lapčević, 2017). Like in all countries in the Western

² More at <https://www.cbbh.ba/press/ShowNews/1388>.

Balkans, in Serbia and Northern Macedonia, entrepreneurship was introduced into formal education systems in two ways, through the introduction of a special course and in the form of interdisciplinary integration of entrepreneurial learning (Stojanović, 2019). Practically, as Lapčević states, "the purpose is to integrate entrepreneurship into the educational system as educational content, but also as an attitude, that is, as a way of behaving during learning, schooling, work and personal development" (Brown et al., 2006).

Macedonia is one of the countries that has almost fully adopted the recommendations of the European Commission from 2013, in the way that entrepreneurship education on multiple levels is present in everyday teaching. The priority areas of the Macedonian Entrepreneurial Learning Strategy are in the five pillars (primary, secondary and higher education, non-formal education and the Young Entrepreneurs Program).

Entrepreneurship in Serbia is studied as an individual subject in vocational high schools and at certain faculties. "In the Republic of Macedonia there is massive support for entrepreneurial learning which is increasing continuously in political and educational circles" (Serafimova and Stojčeska-Gorgioska, 2020). In Northern Macedonia, the study of entrepreneurship is present in primary schools, as well as in secondary schools, through three subjects: Innovation, Innovation and Entrepreneurship and Business and Entrepreneurship. In this regard, Northern Macedonia is ahead of Serbia, given that the study of entrepreneurship and entrepreneurial learning is present from the first classes of formal education. Overall, the last decade has seen a positive progress in this former Yugoslav republic, as well as in Serbia. What can be noticed in the field of studying entrepreneurship in secondary schools in Serbia, is that it is represented in secondary vocational schools, mostly technical and economic, but not in grammar schools. On the other hand, Macedonia is better than Serbia in this aspect as well, considering that entrepreneurship was introduced as a subject in the fourth year of grammar schools, as well as in art schools. Cross-curricular integration of entrepreneurial learning is even less represented, which is unfavorable for the development of entrepreneurship education in these two countries. Entrepreneurship as a separate subject or course is found in colleges.

Significant for the development of entrepreneurial education is the existence of student companies. It is about the existence of a compulsory subject in secondary

schools, within which students establish virtual companies and run its business during the entire process of secondary education. Such is the case with the subject Financial and Accounting Training within the Department of Financial Administrator in the Schools of Economics and Trade in Serbia. In addition to organizing business in schools, students also get acquainted with the fair business through participation in the fair of virtual companies. These programs were initiated and funded by the German GTZ Center. Apart from them, USAID, ADA and others are also financing the entrepreneurship education programs in Serbia and Northern Macedonia. In addition to virtual student companies, career centers, competitions for the best business plan, student fairs and the like are also organized. This is characteristic of both observed countries.

Another perspective from which to compare entrepreneurship education in Serbia and Northern Macedonia is the *existence of cross-sectoral cooperation*. Cross-sectoral cooperation in this context implies cooperation of civil, public and private sector institutions. For all Western Balkan countries the existence of National Partnerships is characteristic, which aim is to promote and move up entrepreneurship and entrepreneurial learning. In Northern Macedonia, this partnership is still in function, while in Serbia it only formally exists. Instead of this partnership, the Council for Small and Medium Enterprises, Entrepreneurship and Competitiveness were established. What is important for the development of this segment of entrepreneurship education is certainly the possibility of implementing the acquired knowledge in practice. To this end, the promotion of dual education is certainly significant. Dual education is currently possible to carry out in 59 municipalities and cities in Serbia. All educational profiles are studied in vocational schools, whether technical or economic. Educational profiles for which it is possible to acquire practical knowledge along with the training process are: machining operator, industrial mechanic, locksmith - welder, construction machinery manager, furniture maker, merchant, baker, computer control technician, tourist-hotel technician, electrician, mechatronics technician, motor vehicle mechanic, waiter, butcher, cook, food business operator and others. Knowledge application programs also exist at faculties. The City of Nis, in cooperation with the University of Nis, has been organizing a one-month internship since 2015, which is being conducted in August in public companies, city municipalities, the City Administration, services and institutions of culture and sports. The program is

called "U-NI practice", and 50 students of the final year of undergraduate and master's studies participate in the program. In addition to cooperation with the public sector, students from Nis are able to do internships in companies operating in the private sector. Such is the case with the companies Philip Morris and Johnson Electric. The benefits of student entrepreneurship for students are: realization of entrepreneurial ambitions, realization of entrepreneurial ideas, gaining real business experience, finding useful contacts for career development, gaining entrepreneurial experience (Vučković et al., 2021).

Unlike Serbia, the National Partnership has survived in Northern Macedonia, but there are no adequate data about the performance of this body so far in terms of improving entrepreneurship education through cross-sectoral cooperation.

Despite noticing an increase in this activity on the territory of the two observed republics, the conclusion is that the level of overall cross-sectoral cooperation is limited. On the example of Serbia, it is obvious that the economy is involved exclusively in the fields of technical sciences, as well as in the food industry, while participation in other fields is at a much lower level.

When it comes to Serbia, it should be reminded that 2016 was declared the year of entrepreneurship, and the next 10 years were declared the decade of entrepreneurship. In this regard, the Government of the Republic of Serbia classifies entrepreneurship and entrepreneurial education as key priorities in the process of human resources development which is confirmed by the fact that at the end of February 2017, within the negotiations for accession to the European Union, negotiation chapter number XX was opened relating to entrepreneurship and industrial policy. This activity gave a positive signal to the development of entrepreneurship, the sector of small and medium enterprises and drew attention to the importance of improving entrepreneurship education in Serbia, which contributes to the development of the business environment and competitiveness of the country.

4. COMPARATIVE OVERVIEW OF FINANCIAL EDUCATION / LITERACY IN THE REPUBLIC OF SERBIA AND NORTHERN MACEDONIA

In 2017, the Ministry of Education, Science and Technological Development in Serbia launched a pilot project entitled "*Inclusion of financial literacy in the education system of the Republic of Serbia (FinPis)*". The results of the implemented project indicated an underdeveloped awareness of the importance of financial education among the younger population. In 2018, the Ministry of Education, Science and Technological Development announced the introduction of financial literacy in 34 schools throughout Serbia, not as an independent subject, but within the existing subjects. The framework plan of the Ministry is that this program will include about 15,000 students of all educational profiles, from the lowest to the highest grades. Therefore, the determination of the Ministry is to include financial literacy systematically, as an interdisciplinary competence, from the beginning of formal education and to be realized through a partnership between teachers and parents (Dugalić, 2018).

In addition to the Ministry of Education, Science and Technological Development, the institution that conducts activities to promote financial education and literacy in the Republic of Serbia is the National Bank of Serbia (NBS). In this context, the NBS has published two *Strategies in the field of financial education*, first for the period 2012-2015, and then for the period 2016-2020. The NBS document states the importance of financial literacy with its key role in the education process and the financial system. The NBS defines financial literacy as acquired skills and knowledge in the field of finance that enable an individual to use his knowledge to make the right decisions based on complete information (NBS, 2022).

For years, the NBS has been conducting various financial education activities and participating in the development of educational programs and materials, organizing workshops, forums and lectures (especially for the SME sector of entrepreneurs), supporting financial literacy of youth and promoting new digital communication platforms. In addition, the NBS traditionally celebrates World Money Week in March, organizes visits to the NBS Museum and conducts research on financial product knowledge within the Center for the Protection and Education

of Financial Services Users. Thus, in cooperation with the Ipsos Research Agency, in 2012 it conducted an analysis of the level of financial literacy of Serbian citizens, on a sample of 1,037 respondents aged 18 and over. The questionnaire covered the following topics:

- Selection and knowledge of financial products
- Degree of financial inclusion
- Financial control and making ends meet
- Financial planning
- Testing of knowledge and understanding

From the aspect of financial education, the last topic Knowledge and understanding is the most relevant for assessing the level of financial literacy. Within this category, respondents answered questions related to knowledge of basic financial operations as well as knowledge of basic financial principles. The results showed that the citizens of Serbia are familiar with the operation of sharing and calculating interest. In addition, good results have been achieved when it comes to the impact of inflation on the cost of living, as well as the relation between investment risk and amount of income. The lowest level of knowledge of financial concepts was in the segment of understanding risk diversification.

In addition to the NBS, the commitment and efforts of the Association of Serbian Banks (ASB) in the promotion of financial education and literacy, especially among the younger population and youth, should be emphasized. Thus, in 2013, ASB became a member of the International Movement for Financial Education of Children and Youth.

It should be noted that the education system of the Republic of Serbia has been participating in PISA testing since 2012. In 2018, in the Republic of Serbia, more than 8,000 students aged fifteen were tested in April and May, and for the first time, in addition to mathematics, reading and natural sciences, the testing also included financial literacy. The results showed that one third of students did not reach the level of financial literacy and that our high school students lag behind by as much as 60 points compared to the international average.

Authors Kostić, Dimić et al. in the monograph "*Research of financial literacy among the secondary school population in the Republic of Serbia*" published in 2020, emphasize the importance of financial literacy for the younger population as well as

its key role in the concept of lifelong education of entrepreneurs. In the empirical research, the authors analyzed a sample of 558 respondents from the final school classes of high schools (of different profiles). The questions in the questionnaire filled out by the respondents were constituted in five categories:

1. The first set of questions included understanding of the term "inflation"
2. The second set of questions related to "interest rates"
3. The third set of questions included understanding of the term "insurance"
4. The fourth segment of the question referred to the survey of "student loans"
5. The fifth set of questions was about knowing the basics of "crypto currencies"

Similar to the NBS survey, the highest level of knowledge of financial terminology was recorded in the first set of questions related to the term "inflation" - 508 respondents said they were familiar with its meaning (91.40%). The sample showed that respondents were fairly equally familiar with the meaning of terms in the third and fourth sets of questions, 384 respondents (68.82%) and 369 respondents (66.13%), respectively. The worst results were recorded on questions in segment two, which refer to interest rates (only 39.25% of respondents gave the correct answer), as well as in part five, which analyzes knowledge of crypto currencies (287 respondents gave correct answers).

When it comes to Northern Macedonia, the *National Bank of Macedonia (NBM)* started activities in the field of financial education in 2012, and in 2018 the *Education Strategy for the period between 2018-2025 was adopted along with the Action Plan* and in July 2020 the first *National Strategy for Financial Education and Financial Inclusion and the Code of Good Practice on Financial Education*, following the guidelines of the OECD and the World Bank was adopted. Starting from the systemic need for financial education, the NBM launched a project that brings together the Pension Fund, the Securities Commission and similar organizations so that an important function is preserved - and that is coordination (Sredojević, 2014).

Since 2013, the NBM has been conducting educational trainings within the Financial Educational Caravan project (OECD, 2022), which aims to promote financial education among primary and secondary school students. It should be noted that in the period from 2014 to 2015 within the pilot project, financial literacy was included as an interdisciplinary competence in 10 primary schools in Northern Macedonia (OECD, 2021). Positive results were noted among students who participated in the pilot project. From 2018, financial education became an integral part of the compulsory subject of civic education in the eighth and ninth grades of primary education, and in the first grade of secondary vocational education (Stanojski, 2018).

Using OECD guidelines and methodology, in 2018 the NBM conducted a survey (GfK, 2017) on the level of financial education on a sample of 1,100 citizens of Northern Macedonia aged 18 and over. The overall financial literacy score (21 points) is the sum of the results achieved in the following three components:

- Knowledge component contributes with a maximum of 7 points,
- Behavior component with 9 points, and
- Attitudes component contributes a maximum of 5 points.

The results of the research showed that the average grade of financial literacy among the citizens of Northern Macedonia is 11.8 out of a maximum of 21 points. Compared to the average financial literacy score in the G20 countries, which is 12.7, the overall financial literacy score in Macedonia is lower by 0.9 points, which is at the level of the average score, which indicates the need to improve financial literacy initiatives in the country (GfK, 2017). The data in Table 2 indicate that the largest difference in financial literacy in Northern Macedonia compared to the average score of the G20 countries was recorded in the behavior component (-0.4), which has the largest share in the overall score, followed by the knowledge component and finally the attitudes component with the smallest share in the total score.

The latest OECD survey was conducted in 2020 in OECD countries and includes an analysis of financial literacy in Northern Macedonia on a sample of 1,076 respondents aged 18 and over. Compared to the 2018 survey, the level of financial literacy has remained unchanged, but differences within the components are noticeable. Thus the improvement is seen in the behavior component (0.1), the

decrease in the knowledge component (-0.1), while the attitudes component remained at the same level. Compared to the average score of 12 OECD countries, financial literacy in Northern Macedonia is 0.7 points lower, with the largest gap in the knowledge component (-0.7).

Table 2: Comparative overview of financial literacy components in G20 / OECD12 countries and Northern Macedonia

2018			
Components	G20 countries	Northern Macedonia	Difference
Knowledge (total 7 points)	4,3	4,0	-0,3
Behavior (total 9 points)	5,4	5,0	-0,4
Attitudes (total 5 points)	3,0	2,8	-0,2
IN TOTAL	12,7	11,8	-0,9
2020			
Components	OECD 12 countries	Northern Macedonia	Difference
Knowledge (total 7 points)	4,6	3,9	-0,7
Behavior (total 9 points)	5,3	5,1	-0,2
Attitudes (total 5 points)	3,1	2,8	-0,3
IN TOTAL	13,0	11,8	-0,7

(Source: Author's review based on sources:Adult-Financial-Literacy-Competencies-in-Macedonia-2017.pdf, <https://www.nbrm.mk/content/Adult-Financial-Literacy-Competencies-in-Macedonia-2017.pdf>, pg. 26; OECD/INFE 2020 International Survey of Adult Financial Literacy, file:///C:/Users/Maja/Desktop/PSFV_2020_OECD-INFE-2020-International-Survey-of-Adult-Financial-Literacy.pdf, pg. 17)

CONCLUSION

Entrepreneurial and financial education understood as a subject but also as a way of teaching represent a relatively new approach. Although it is evident that this is an area of great importance for the economy, there are still no generally accepted ways of transmitting this knowledge. Instead, the best methods of learning and teaching are still identified and shared within the educational community. This approach to education represents a fundamental change in relation to traditional

educational methods. Entrepreneurship and financial education should not be understood exclusively as a way to transfer knowledge to students in a subject that contains "entrepreneurship" or "finance" in the title, but represents the implementation of entrepreneurial and financial thinking in the education system at all levels. All lecturers, students, and even members of the administration of educational institutions must be included in this process.

Starting from the fact that entrepreneurship and financial education, together with personal characteristics are a key prerequisite for successful entrepreneurship. It can be concluded that this type of education is directly related to the development of a market economy. All the countries of the Western Balkans started at about the same time with the application of entrepreneurship / financial education. In this paper the authors presented a comparative analysis of the current situation of entrepreneurial and financial education in the Republic of Serbia and Northern Macedonia and concluded that this form of formal and non-formal education has a similar development path in both countries. It is encouraging that more and more attention is being paid to the concept of entrepreneurship education and that at the institutional level, through various studies, analyzes and strategies it is understood that this is as a concept of lifelong learning with an emphasis on children and youth. In this context, successful entrepreneurship education should be implemented in curricula at all levels of education.

When it comes to financial literacy, the important role of the creators of educational policies in the Republic of Serbia and in Northern Macedonia should also be emphasized. In addition, the role of central banks in promoting financial literacy provides a clear signal and impetus to education reforms aimed at implementing financial literacy at all levels of education. In this context, recommendations for the development of financial literacy in education are given at the end:

- To start with financial education as soon as possible,
- To develop financial education programs that will focus on children, the poor, women and families,
- Financial education implies lifelong learning,
- To provide tools for better assessment of financial literacy,
- To increase the level of private financial sector involvement,

- To raise awareness among teachers about the importance of developing financial education (both in school and in the process of lifelong learning),
- To create fully developed pedagogical methods and necessary teaching units that teachers can use in teaching,
- Development of personal financial literacy of professors (Kostić et al., 2020).

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