



# USING “TRAINING ENTERPRISES” IN ACCOUNTING EDUCATION AT THE UNWE – SOFIA

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## Abstract:

The Faculty of Finance and Accounting (FFA) and the Department of Accounting and Analysis at UNWE initiated the use of “training enterprises” in the training of accounting students. This project was aimed at exploring a way of improving the relationship between “business education” and “accounting” in order to allow students to acquire practical skills by working in a training company. For this purpose a training company was created by following all national economic regulations and legislation that are applicable to real business. The “training enterprise” is a practical tool for training and a place to work and learn through the use of all documentation, all procedures and programs applied in the real business, but without real money and goods. As a result, skills develop which make students trained in the training enterprise competitive on the labor market.

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## Keywords:

training company, university, accounting, education

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## INTRODUCTION

This report focuses on a project that was initiated by the Faculty of Finance and Accounting (FFA) and the Department of Accounting and Analysis at the University of National and World Economy (UNWE) which consisted of the creation of a training company (FAF) for the students of UNWE. The motivation was to provide the students from the sub-branch “Finance, Accounting and Control” with the opportunity to acquire skills necessary for their future successful integration in the workforce.

## BACKGROUND INFORMATION ON TRAINING ENTERPRISES

A training company (TC) or training enterprise (TE) is a model of a real company. TE employees learn and accumulate skills by working in the TE. They buy and sell products, connect with other TEs and people from other countries and take part in national and international events known as TEs trade fairs. In this way, TE is an ideal means of providing appropriate entrepreneurship training, which means supporting students’ economic creativity, responsibility and autonomy. The teaching method through TE provides one of the best opportunities for young people to become entrepreneurs. “Learning by doing” is a method that is validated for the development of key competencies needed in real business. Trainees benefit from the accumulation of work experience and have the opportunity to discover new interests and develop new strengths. This makes it easier for them to plan their further professional development. TEs improve teamwork and self-evaluation. Partnership and know-how between training firms and real-world businesses is

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common. As a result some of the trainees in the training companies can find work in the partner company during or after their education.

The origin of training companies (formerly referred to as “fictitious companies”) can be traced back to the 17th century. In 1660, Mr. Leris, a resident of Danzig, Germany, described the fictitious commercial transactions of his literary protagonist trader Peter Vinst in his book “Trade and Production.” Another source explaining the philosophy of the training company, is Carl F. Bart, who in 1776 wrote: “The teacher allows them to choose what to do and where to trade., everyone gets fictitious capital, goods or securities ... “ (Paștiu, 2014). *Developing marketing and management skills using simulated enterprises and facilitating the transition from theory to practice.*). Training companies were initially set up for large companies to recruit and train staff by creating a copy of the company’s administration. The aim was to teach a learner about the main processes in a workplace with the most practical approach. Gradually, they entered educational institutions or became independent vocational training centers. This activity was usually short-lived activity - two to six weeks, and was confined within the educational institution or training center. Links and business contacts with training companies outside of the city or the country were incidental.

With the increase of the number of training enterprises in different countries, national centers were established to organize the links between the training companies in the country and gradually links between countries were established. The first national center was established in 1960 in Heidelberg, Germany. Today, in all countries where the “training enterprise” model is applied, training enterprises are organized and networked under the guidance of the National Training Centers. These national centers are now methodological, organizational and coordination units and determine the rules of work of the training enterprises in a given country.

The Center simulates for the network of training enterprises the functions of the administrative state structures and institutions necessary for the work of the real companies in the country. Each training company, therefore, has to register with the National Training Center. The Center collects and disseminates information about the number, the subject matter, the working time and the coordinates of the training companies. The center provides payment options in the country and abroad through a bank simulation. The National Center develops country-specific methodology and provides advice and information.

The establishment of regular contacts between the national centers of a number of European countries gave rise to the idea of creating an international network of training enterprises. The first countries involved were Germany,

Great Britain, Austria, Netherlands, Sweden, Finland, Canada, Spain, Switzerland, Italy, France and Denmark. The idea was initially realized as a European project funded by the European Social Fund (45%) and North Rhine Westphalia, Germany (55%) in November 1993. The organization of training enterprises called EUROOPEN-PEN INTERNATIONAL- was established on 27 October 1997 and is based in Essen, Germany. Founding members of EUROOPEN-PEN INTERNATIONAL (2018) are Germany, Great Britain, Austria, Netherlands, Sweden, Finland, Canada, Spain, Switzerland, Italy, France and Denmark. Consequently, Argentina, Australia, Belgium, Bulgaria (2002), Brazil, Croatia, the Czech Republic, Hungary, Japan, Latvia, Lithuania, Norway, Poland, Romania, Slovak Republic, Slovenia, South Africa, USA. At present, China, Hong Kong, Vietnam, United Arab Emirates, Senegal, Tunisia, Greece, Ireland, Portugal, Russia, Serbia, Albania, Singapore and Malaysia are also participating in the organization’s activities. Now the World Network brings together over 5,500 training companies and it has 42 countries from all continents. EUROOPEN-PEN International’s mission is to support, coordinate and develop activities that broaden the capabilities of national training networks in member countries; to present and enrich the idea of learning in and through a simulated work environment and to expand the number of regional and national TCs networks. The vision of EUROOPEN-PEN International is: “Learning the boundaries of reality - an experience of global business simulation that reproduces all the functions of a real company and connects education and reality” (EUROOPEN-PEN International (2018)). EUROOPEN-PEN International aims to work in the field of training, continuing education and retraining, providing consulting services, methodological development, standardization of qualifications, technology, software development, exchange of experience and professional and technical projects.

Membership of EUROOPEN-PEN International (2018) and work in the World Wide Web allows:

- ◆ Access to the global database of training companies;
- ◆ Facilitated access to the global market with the ability to reach out to thousands of potential customers in different countries;
- ◆ transfer and processing of international payments automatically with the help of general banking software;
- ◆ Technology development and transfer;
- ◆ Utilizing the potential of highly qualified staff and the latest business technology;
- ◆ Partnership and cooperation in implementing different projects and other joint activities
- ◆ Ability for international exchanges of learners and trainers;



- ◆ Participation in the information flow within the World Network of Training Companies.
- ◆ Advertising of the products and services of the real mentoring companies;

Every year many international fairs of training companies are held, where the participants of the EURO-PEN-PEN International network (2018) can meet their colleagues, create contacts and exchange experience and knowledge in international trade. EURO-PEN-PEN International creates working groups for developing the theory and practice of training companies for different target groups, development in products and services of EURO-PEN-PEN International and at the central offices maintaining high standards of practice and professional behavior by all members. The basic principles of the organization are to preserve the unity and independence of its members and to create effective partnerships between members and organizations and communities around the world to ensure the highest technical, professional and ethical standards in training.

## TRAINING ENTERPRISES IN BULGARIA

In Bulgaria, the training enterprises are known as “training companies”, but in the literature and in the programs of the Ministry of Education the terms “trainers in an in-house firm”, “a training company” and “a training establishment” are used. The training companies in Bulgaria are under the leadership of the Bulgarian Center of Training Firms, which is an independent unit of the Ministry of Education and Science and is officially called the Center for Training Companies /CTC/ in Secondary Vocational Schools. The Network of training enterprises in Bulgaria has been an associated member of the World Network of Training Enterprises since October 2002. This provides opportunities for collaboration and business contacts with training companies around the world, cross-border exchange of methodology, lecturers and trainees.

The Bulgarian Center of Training Firms (2018) provides all the macroeconomic functions and activities to create a complete economic simulation for training companies in their country to resemble as closely as possible the economic conditions in which real businesses work. It supports training companies by offering the main commercial services that are expected to be available in the real world. The Bulgarian Center of Training Firms handles the commercial registration of the companies and administrates the Bank of Training Companies, the tax office, the Personal Data Protection Commission, the Patent Office, and is the supplier of all other country-specific services provided to the business by the state and its institutions.

The training companies in our country are mostly in secondary schools (98%). Periodically, training establishments for the unemployed, re-qualification and supplementary qualification are created for people with special needs, but they are created within projects and are short-lived. The methodology and training programs for the work of training companies in universities in our country have already been developed.

The Bulgarian Center of Training Firms (2018) creates effective partnerships with organizations and companies in Bulgaria and around the world in order to guarantee the highest technical, professional and ethical standards in the work of the training companies. The partnership between the Bulgarian Center of Training Firms and the higher education institutions is carried out through the conclusion of contracts for servicing training companies and the participation of teachers in commissions for the evaluation of training companies during the fairs of the training enterprises, signing of framework agreements and bilateral cooperation agreements.

In 2012, DG Enterprise and DG Education and Culture organized two international events aimed at teacher training for entrepreneurship education. The events were held in May 2012 (in Dublin, Ireland) and in September 2012 (in Brdo, Slovenia). They aim to bring together specialists in the training and training of entrepreneurship teachers to present good practices, share ideas and get to know the experience of others. In 2013, the European Commission, DG Enterprise and Industry, chose and included, as an example of good practice, the project of the Bulgarian Center for Training Firms “Teacher Training for the Guidance of Training Companies in Their School” in the Teacher Training Handbook “TRAINING IN ENTREPRENEURSHIP” publication is funded by the Competitiveness and Innovation Framework Program, which aims to promote the competitiveness of European enterprises the Bulgarian Center of Training Firms (2018) .

The Bulgarian Center of Training Firms (2018) most significant annual event is International fair of the training companies TF FEST - Young Entrepreneur Fair. Participation in TF FEST develops the creativity, initiative, competitiveness and entrepreneurship of young people. There they meet “colleagues” at other training companies from Bulgaria and the other participating countries, compare their achievements, establish contacts, carry out business transactions and settlements; practise their IT skills and foreign languages. The committees that evaluate students’ performance are formed by representatives of businesses, universities, state institutions and NGOs. The fair was included by the EC in the European Small Business Week initiatives. In 2014, the Directorate-General for Enterprise and Industry included the TF FEST fair organized by the Bulgarian Center of Training Firms as a good



practice in the European Commission's Guide to How to Support SME Policy with the Structural Funds.

## BACKGROUND OF THE PROJECT IDEA

Europe faces very great challenges and no country can afford to stop criticizing the problems that the economic and financial crisis has uncovered. One of the main problems - unemployment, requires joint and concentrated efforts by Member States that need to be integrated into a common strategy with different applications depending on the characteristics and peculiarities of each country. In this context, the European Commission has proposed the Entrepreneurship Action Plan 2020 as a form of promoting entrepreneurship and innovation culture that will enable the revival of the economies and the creation of a truly "European entrepreneurial spirit" capable of mobilizing a society for the implementation of objectives recognized by all. With regard to the sustainable creation of a trade and entrepreneurial spirit in Europe, three areas of immediate intervention are being developed.:

- a) Development of education and training in the field of entrepreneurship to support growth and enterprise creation.
- b) Creating general terms and conditions suitable for entrepreneurs, removing the current structural barriers and seeking support in the key phases of the business life cycle, without forgetting the importance of financial collateral.
- c) Promoting entrepreneurship / trade culture in Europe and helping the emergence of a new generation of entrepreneurs.

The training company is a good opportunity for enterprising students. It makes it possible to start a business closest to the real one. The relationship between the training company and entrepreneurship should be considered inextricably linked as any business idea could be tested. Moreover, in practice this could lead to:

- ◆ Creating jobs
- ◆ developing skills
- ◆ enabling unemployed and disadvantaged people to participate fully in public and economic life.

The creation of training firms in universities is gaining increasing popularity as the need for practical knowledge and skills on the part of students and business grows. Moreover, linking the theoretical knowledge has proven to be difficult and most questions are left unanswered. In this respect, the curriculum is in need of alternative solutions. The logical manifestation is the creation of training enterprises with an aim to simulate the real working atmosphere. Creating a simulated environment in which both theoretical and practical knowledge can be developed favours the

development of entrepreneurship. It is not by chance that entrepreneurship and self-employment are recognized as a key element in the achievement of smart, sustainable and inclusive growth in the Europe 2020 strategy.

## AIM AND SUBJECT OF THE PROJECT

The aim of the idea was to develop and run a model for work in a "training enterprise" by adapting accounting curricula of the Faculty of Finance and Accounting (FFA) and the Department of Accounting and Analysis at UNWE so that students participating in the work of the "training enterprise" acquire practical skills and additional qualification. Students would have the opportunity to apply for an internationally recognized certificate to certify acquired technical, professional and social skills. The certificate would be issued by the worldwide organization of training companies EUROOPEN-PEN International (EUROOPEN-PEN International, 2018) which has developed and adopted quality standards for work in a "training enterprise".

In the realization of the idea, a review was made of the training programs in place in specialized disciplines which are taught to the students from the sub-divisions "Finance, Accounting and Control" at the University of National and World Economy. A training curriculum for the work of a "training enterprise" was established based on the review, evaluation and adaptation of curricula for secondary vocational schools which were upgraded for the needs of university education. The subject of the idea was set as "Exploring the opportunities for improving the relationship between "business education" and "accounting" in order to allow students to acquire practical skills through the development of a training enterprise". The goal of the project was therefore "Creation of a training enterprise virtual company that is managed as a real business, performing the procedures, offering the products and services of a real company in accordance with national economic regulations and legislation."

## BACKGROUND RESEARCH FOR THE PROJECT

To achieve the project goal, the following more specific research tasks were carried out:

- ◆ exploring the experience of member countries of the worldwide network of training companies EUROOPEN-PEN International in applying the model "training enterprise" for training of different target groups and specifically in universities;
- ◆ studying the experience of the Bulgarian network of training enterprises in applying the model for "training enterprise" training of different target groups;



- ◆ study of official publications and the European Commission database on entrepreneurship education in vocational education and universities in Bulgaria;
- ◆ developing a proposal for a work program in a “training enterprise” that will enable the FAF (the practice enterprise) students during the training at UNWE to achieve higher learning ability and additional qualification as well as technical, professional and social skills necessary for their professional realization;
- ◆ providing students that work in FAF with the opportunity to apply for an internationally recognized certificate for certification of acquired technical, professional and social skills.

For the realization of the project, support was obtained from the Bulgaria Center of Training Firms, namely methodological assistance, fictional government and service sector support for the “training enterprise” and materials.

## RESEARCH METHODS

Specific research methods were selected for the successful implementation of the objectives and tasks of the project. These methods were:

- 1) “Des-analysis” covering the study of the following sources:
  - ◆ databases, programs and practice of the member countries of EUROPEAN-PEN International on the conditions, methodology and target groups trained in training enterprises;
  - ◆ European Commission official publications and database on entrepreneurship education;
  - ◆ national regulations on the application of the training enterprise model;
  - ◆ official publications and database of the Bulgaria Center of Training Firms regarding regulations for training in a training company;
  - ◆ UNWE databases on active curricula;
  - ◆ academic publications and consultancy analysis on curricula and their complementarity with practical experience within the framework of university education;
- 2) Statistical methods for the analysis of surveys (static analysis). Survey carried out among:
  - ◆ students trained in training companies;
  - ◆ students from universities in Bulgaria and other countries trained in training companies;
  - ◆ FFA students at the university

## PROJECT IMPLEMENTATION

The first steps in creating a training company at the University of National and World Economy started with the training of the professors who would lead the training company. Four lecturers were sent to a specialized training organized by the Bulgarian Center for Training Firms. The training took place within 60 hours, after which certificates were obtained that enabled the lecturers to work as training managers of a training company.

The next step was making an official announcement to the students from the Financial Accounting Faculty at the beginning of the academic year that a training company was being created and that recruitment of associates and staff was open. All applicants were asked to submit a Request for Participation and a Cover Letter.

After the review of all the collected documents a selection was made and the first founding meeting of the company was carried out. This meeting was essential because all the documents necessary for the registration of the company in the commercial register of the Bulgarian Center for Training Firms were prepared. This included, among others, drafting a memorandum, setting up a company name, drafting, discussing and accepting a company contract and opening a bank account at BUCTBANK (the bank of the Bulgarian Center for Training Firms).

After receiving a communication from the Bulgarian Center for Training Firms that the registration of the company was successful, an internal organizational structure for the new training company was established. This included the selection of a manager and the creation of the departments of the company, such as sales and accounting. The next step was the official appointment of the company staff, the creation of employment records and registration of labor contracts with the institutions of the Bulgarian Center for Training Firms. After that the company set about was ready to commence commercial activity with the preparation and signing of contracts with customers.

## PROJECT RESULTS AND ESSENTIAL EVALUATION INDICATORS

The results were:

- ◆ establishment of a training center at UNWE.
- ◆ creation by the Department of Accounting and Analysis of a curriculum for the training of students in a “training enterprise”
- ◆ establishment and operation of “training enterprise” – FAF (one during the project).
- ◆ creating a website for the “training enterprise”;



- ◆ presenting the results of the project with the participation of representatives of the academic community (lecturers and students), the Ministry of Finance, professional institutions and employers' organizations;
- ◆ participation of students and lecturers in national and international events within the network of the training enterprises;
- ◆ participation in committees evaluating the activity of student training enterprises;
- ◆ successful suggestions for the creation of competitions specifically for student training enterprises in Bulgaria;
- ◆ publications in the paper publications and on the websites of the Bulgarian Center of Training Firms and the worldwide network of training companies EUROOPEN-PEN International, publications in specialized publications.

Students who received the training gained a real sense of work in an accounting firm by performing the activities of the accountant and the registered auditor; they learned to work with state institutions, communicating with the services of the Bulgarian Center of Training Firms; they created lasting contacts with other companies and institutions in the network of training companies in the country and abroad.

## CONCLUSION

The project for the development of a training enterprise for the students of FFA and the Department of Accounting and Analysis at the University of National and World Economy was an immense success. Although new in the world of training companies in Bulgaria, universities are already showing a strong interest in this form of entrepreneurship education. There is an increased participation at the International Fair of the Training Firms "TF FEST - Young Entrepreneur".

## LITERATURE

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