

Managing Formal, Non-Formal and Informal Economic Education

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Abstract

If we consider how to effectively deal with economic education, we should start with the questions that entrepreneurs ask themselves when they start a business. Their goal is to make it profitable. It is therefore necessary to answer the following questions: What do we produce? How to produce it? Where and by what means? In other words: How to teach students? How much should we teach them? Where and by what means we should teach?

In this article we attempt an analysis of economic education in Romania. Economic education can be developed in formal, non-formal and informal contexts; the extent of each one is prevalent on students' development, depending on the structure of educational system, its resources, the principles that govern it, and the strategies chosen by the educators.

Keywords: *knowledge economy, economic education, formal education, non-formal education, informal education.*

JEL classification: A11, A21, I25.

Introduction

Education plays an important role, not only for students but also for adults who stored a substantial amount of knowledge. Lifelong Learning is the one that explains the importance of one's continuous training throughout one's entire life, in accordance with the major changes across the globe, either due to the globalization, seeking new values or economic and social crisis.

In a changing educational system as the Romanian one, where the pre-university education level is still highly centralized, change is needed and interfluent integration based on the sustainable principles of the three types of education - formal non formal and informal, to provide training to prepare individuals not only in terms of theoretical knowledge, but also on a practical level, with concern to skills and competencies.

The article aims to provide an overview of these three types of economic education. We described ways of transmitting specific knowledge at pre-university level, whether formal, non-formal or informal, without losing sight of the structure of economic education supply and demand in Romania, emphasizing the increased level of centralization of the educational system and the inflexibility of the

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educational supply, who's rigid boundaries are set by the core curriculum (compulsory) that leaves very few opportunities to decide at school level with regard to the curriculum.

1. Education and economy

The connection between the economy and education most often addressed by the specialists is the economic analysis of the benefits brought about by education for the development of a country. Basically, it's about an investment in education that generates returns. Thus, starting with the 1960s the analysts were able to determine a direct link between the economic growth, measured by the growth rate of GDP per capita, and the investment in education. In time a new variable emerged: quality of education as a determinant of economic growth and productivity.

Another common denominator is knowledge economy and education, a concept that envisions developing a multi-skilled human capital, flexible and able to easily adapt to market requirements as a result of increased globalization. There are advantages to individuals, not just states. Thus, an educated individual will have a greater chance of employment, and a higher income. Econometric studies back this theory, proving the existence of a direct link between one's level of education and the level of income he can aspire to.

A knowledge-based economy requires appropriate training. Moreover a considerable proportion of the workforce should have a higher education degree. For over a decade, until 2005, the number of people enrolled in universities nearly doubled, reaching an astounding 36 million people: China holds the hot spot, surpassing even the United States, India also recording a significant increase.

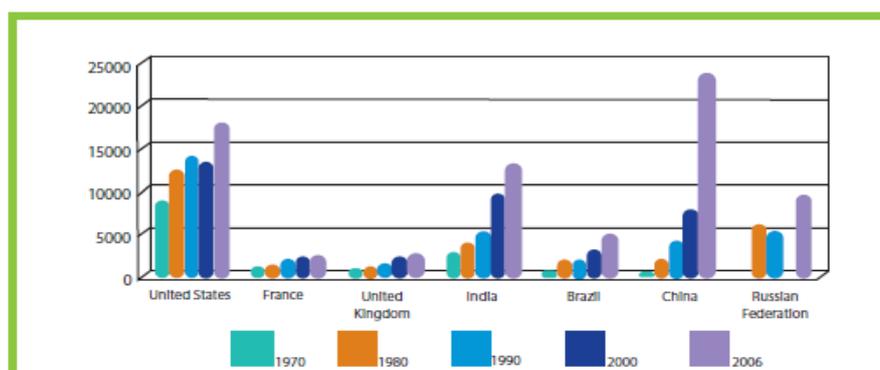


Figure 1. Students in tertiary education

Source: The Economic and Social Research Council (2007), Education, globalization and the knowledge economy

However the requirements of knowledge-based economy are more complex. Economic education is compulsory because it is the basis of economic culture, consisting of all knowledge about economic institutions in society and how

they work, about the basic economic activities such as production, exchange and consumption of goods and services in society, about market mechanisms and state intervention in the economy, pricing and payment methods about consumption and saving, growth and economic stagnation, about unemployment and inflation, etc.. Economic literacy does not always come through institutionalized formal education, but also by absorbing information from the media, and the individual experience of everyday life.

2. The specificity of economic education

In Romania, where the educational system is designed by the ministry of education, based on levels and subjects, detailing the contents, values and even learning activities, there is also accordance with the specific policies of the European educational policies. Towards the end of the 1990's, the optional subject curriculum was brought in discussion for the first time in Romania. Presently there is a core curriculum (compulsory) designed at central level, which represents 90% of what students learn in school, leaving less than 10% of the education at the school level (optional subject curriculum). These changes reflect the educational reform, emphasizing the focus on quality, access, integration of market demands and development of entrepreneurship in education.

Economic education at pre-university level is based on central level decisions made by authorities who decide the number of classes and their distribution at school level. The number is determined in relation to the school population, without any regard to other factors of influence. The students are enrolled based on objective criteria (territorial proximity), and transfers are relatively small in number, without altering school offers.

The demand for economic education comes from students, especially high school students, who choose technological high profile services, or theoretical high schools, social sciences profile or students who chose to attend optional subject classes in this area of studies, provided by their school. The rule of client satisfaction, a rational consumer choice, should be the base for the students' choices of optional courses.

2.1 Formal education

In theory, formal education includes all activities and actions carried out at the institutional level (in kindergartens, schools, colleges, universities, etc.) of the education system that is recognized within a curriculum or syllabus framework and has specific educational goals. It is done in a rigorous training process unfolded in time and space: planning, student books, learning materials etc. Etymologically, the term originated from Latin, "formalis" meaning organized formally. In this sense, formal education means official education.

Economic education provides basic economic knowledge for economic activity, consumer and producer exchange, money and interdependence, efficiency and productivity, and market price, supply and demand, competition, revenue,

growth and economic stability, unemployment, inflation, free trade and trade barriers, exchange rate and trade balance, globalization and economic integration. These concepts were chosen taking into account the role that each individual plays in society, from consumer to producer, when that individual makes a series of choices during his life.

Some aspects are open to debate: How much to teach? How much to deepen a theme, especially now when there are alternative textbooks for undergraduate economic education students? It is difficult to answer, but in Romania the syllabus for the baccalaureate exam can be viewed as a landmark.

2.2 Non formal education

Non formal education means student interaction with cultural institutions (theaters, museums, libraries, etc.), NGOs (Non-Governmental Organizations) or other institutions involved in educational activities that offer learning in a formal learning environment without being formally recognized within a curriculum or syllabus framework. But in this case, there is great freedom to choose between education providers and content of education as opposed to formal education who is inflexible to that respect.

Moreover, non-formal economic education brings a number of direct benefits to students: opportunities for capitalizing life experiences, skills and abilities necessary for life, but also access to a better paid job. Among the disadvantages of this type of education is the fact that non-formal education includes programs that are sometimes far too flexible, and focused only on short-term goals, not to mention the lack of organized structure in teaching strategies.

2.3 Informal education

The last form of education is informal education. The term comes Latin, “informis / informalis”, meaning spontaneous, unexpected. Informal education includes all everyday influences, spontaneous, heterogeneous, incidental, not deliberately aimed to reach educational goals, but with educational effects, being responsible for the largest amount of time in the life of the individual; these spontaneous influences, are not pedagogically selected, processed and organized.

The need for informal economic education is correlated with the development of the knowledge economy, where the central role is the development of competitiveness. The employer however is concerned more with diplomas, certificates and other qualifications than with the potential employees’ unstructured, unorganized knowledge that is not proven by official certificate.

3. Capitalizing on the synergies between formal, non-formal and informal economic education

The interdependence between different types of education creates the best learning environment for students and contributes directly or indirectly to their development. These three types of education complement one another. A student that is subjected to influences from all these types of education has a greater chance of developing to his full potential.

3.1 Formal economic education

Education at pre university level in Romania offers to students the possibility to choose theoretical studies (social sciences), TVET (technical profile, services, natural resources and environment) and vocational studies (profile sports, military, theological, artistic, and pedagogical).

In order to comply with the needs of the market economy, students are familiarized with a curriculum that includes:

- An explanatory dimension, aiming at acquiring knowledge about the economic activity, and the rational behavior of consumers and producers, as well as mechanisms of market economy;
- A normative dimension, regarding the behavior and decisions of individuals as an economic agents, in accordance with norms, principles and laws of economic activity;
- A reflexive dimension, which takes into account the specific skills of critical thinking;
- A practical dimension mainly focused on cultivating values and practicing rational economic behavior.

Economic education is taught in every theoretical high school in Romania, but with an extended version in high schools with economic profile, where economic education is taught intensively. Thus, students are taught various subjects in school, depending on the schools profile, within the framework of formal syllabus. Theoretical high schools teach a subject called Economic (1or 2 hours allocated per week) whereas high schools with economic profile teach Accounting, Management, Drawing of Contracts, Business Financing etc., these subjects change every year according to the curriculum (between 9 and 11 hours allocated per week).

3.2 Non formal economic education

As far as high school economic projects goes, NGO Junior Achievement is a constant provider, organizing competitions for student and others. Some of these competitions are: Company of the Year 2013, Social Innovation Relay 2013, Banks in Action Challenge 2013, Virtual Business Challenge 2013.

For example, Banks in Action Challenge 2013 competition involves pupils and students and aims that the enrolled teams formed to "manage" a bank and learn

to make the right decisions regarding the use of financial instruments and service, getting to know the most important concepts in the area, while they compete with other teams from the entire Europe.

In Romania, the offer for students enrolled in economic high schools is reduced on the market, but, in exchange, they can benefit from various trainings organized within vocational projects, depending on their study level. One example is the Grow project organized by the “Școala de Valori” in association with AIESEC (International Association of Students in Economic and Commercial Sciences), Time Management, Project Management, Self-Expression, Personal Effectiveness, Negotiation, Networking, Leadership, Career Opportunities are just a few of the areas in which students develop skills.

3.3 Informal economic education

In economic education the informal element is essential. Students acquire knowledge every day, at the museum, at home, or at the library. This information is not always accompanied by the appropriate explanation for the concept or the process described. Lacking constant organization and assessment, informal education may have a negative impact. For example, discussions about the causes of the current economic crisis bring into debate similar situations such as the Great Depression of 1929, the concepts of inflation, unemployment, minimum wage, but they are not explained properly by people with specialized training. Children assimilate some knowledge incorrectly, partially or not at all understood, thus being unable to use it later in other contexts.

But there are certain initiatives such as youth groups that gather to debate specific topics of interest. They usually receive the help of volunteers, sometimes professionals in the field, who strive to encourage participants to think about their own experiences, life situations and discuss them with other members, clarifying the economic concepts they use during discussions.

Also, economic education can be developed via television broadcasts, books recommended by teachers to the high school economic debates, quizzes, etc.

For example, high school students can follow a variety of such programs in order to complete their knowledge in the area or to be in touch with the economic reality of Romania or worldwide. This way, they can watch TV shows on stations like TVR (“Lions’ Ring”, “Money talks”, “Finance and Business”, “Invest in Romania”, “Games and interests,” “Business Time”), CNN („About Global Exchange”, „About Business 360”) and The Money Channel (“Good morning Romania”, “Compass”, „Pro Business”, „The Money Show”).

By watching these programs students can learn basic economic concepts and form their own opinions and beliefs regarding the subjects addressed thus helping them to be better prepared in the economic field.

Conclusions

It is important for students to receive the basics that will later enable them to make proper use of economic terms and concepts both through formal educational institutions (such as schools) and through non-formal educational providers such as NGOs and other associations to promote economic education and not the least, encouraging informal education activities through debates on economic subjects. Career success as an individual is given by one's knowledge, one's skills, and the way in which one, as future employee or employer will know how to react to everyday problems one is faced with.

In Romania the economic education leaves something to be desired, from the economic literacy and providing essential knowledge and concepts, which will ensure the individual the status of a rational consumer and producer, who knows how to apply marginal cost-benefit analysis to his advantage, up to reassessing the need for non-formal and informal education within the framework of the educational process. This is increasingly important especially considering that the education of the future brings new challenges like the close link between cultural socialization and education.

We conclude, thus, the economic education is essential in the students' education and development, but it also requires a series of considerable investment. Human capital, term firstly coined by Th. Schultz in 1979, has an increasing impact, being responsible for an important part of the economic growth of a nation (according to the latest economic analysis). Thus, we no longer view the human capital as expenses, but an investment which will bring returns if will be made responsible. From this point of view, the Romanian educational system must change in order to increase the efficiency and quality of services provided to beneficiaries.

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