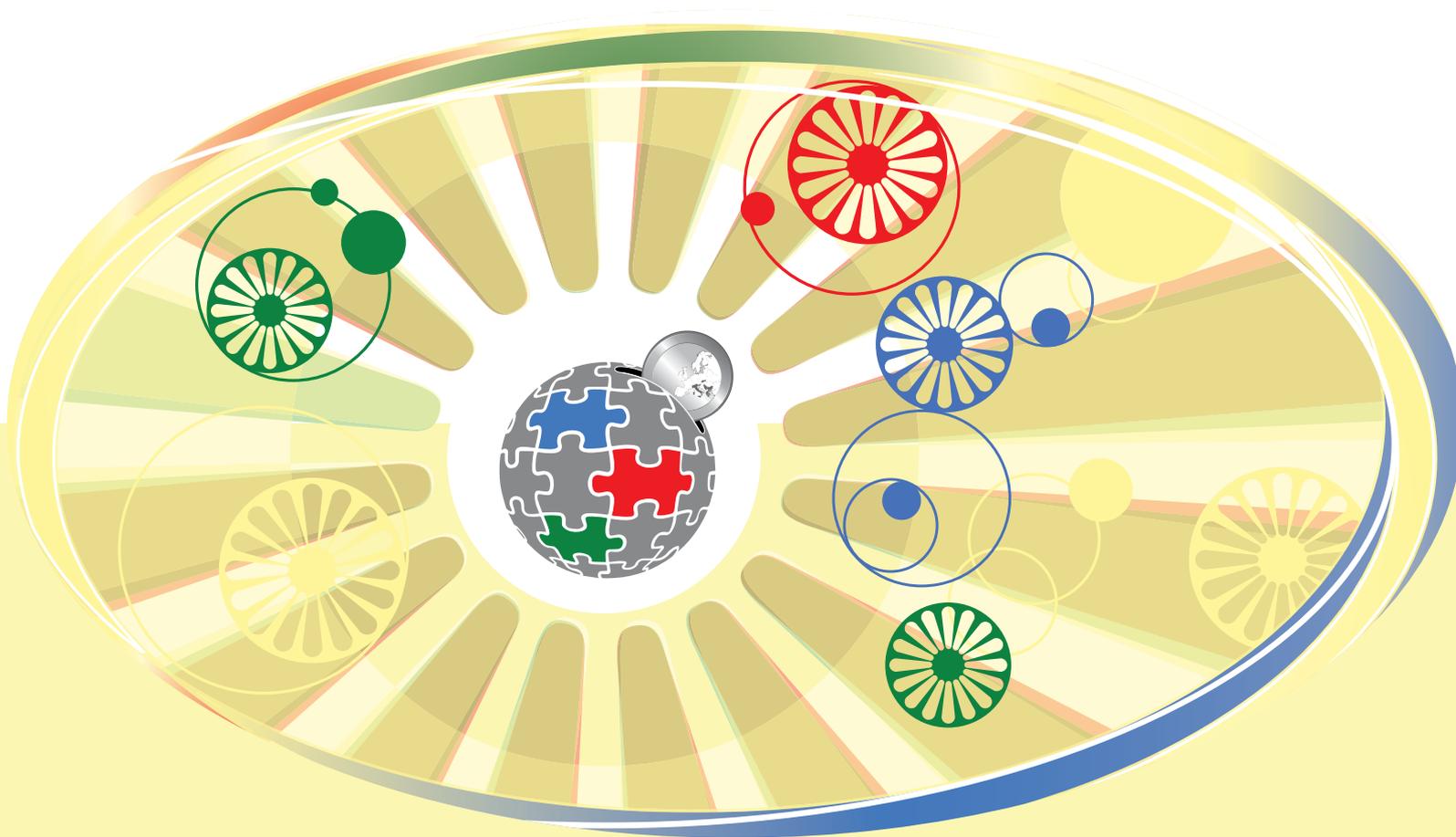




# TRAINER'S MANUAL FOR FINANCIAL LITERACY FOR THE ROMA WITH GUIDELINES FOR FINALLY TOOLBOX USE



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## ABOUT THE PROJECT

The partnership's motivation for the project relies on the experience with the specific target group of the Roma population, their needs for more and exclusive education based on a big leap they have to make towards their stable and independent economic position. The Roma constitute the largest ethnic minority in Europe, yet their situation is still characterized by discrimination, social and economic exclusion. Defined by their poor financial situation, high illiteracy, low knowledge of money management, how to perform transactions, find reliable information and make long-term decisions, the Roma minority faces even higher risks for poverty and unemployment in times of economic crisis. Thus, there is clearly a great need to implement financial education addressing specific circumstances of this vulnerable group.

The main aim of the project is therefore to raise the level of financial literacy among Roma adults and to inform them about different consumer services. First, by applying uniform methodology in all partner countries, we wanted to find out what are the needs of the Roma in this field. We carried out guided interviews with individual Roma, two focus groups of professionals dealing with Roma issues and important representatives of the Roma community. In addition, by studying different literature, we researched how mostly educated Roma successfully manage their family finances. Based on this research, we developed an educational programme on how to efficiently manage family finances, be an informed consumer, save money and shop wisely etc. It is accompanied by learning and teaching resources, adapted to the needs of the Roma minority and focused on gaining practical skills to ensure better quality of life. The programme and learning tools will be tested through pilot actions, improved and published in all languages of the partners at the end of the project.

The concrete objectives of the project are:

- to perform a focused needs assessment within the target group (on the one hand the Roma adults themselves and the professional staff working with them)
- to develop a specific, tailor-made and transnational FINALLY training course according to the needs of the target group
- to develop innovative learning and teaching resources named FINALLY Toolbox both for learners and trainers with a transnational core and, if required according to the needs assessment, regional particularities that give added value to the resources developed
- to train the trainers through implementation of staff workshops
- to test and evaluate the tools developed through pilot actions in six partner countries
- to transfer good practices between various EU partners
- to disseminate the project activities and results, raise awareness and promote the integration of the Roma population
- to exploit the tools developed and ensure sustainability of project results by directly involving the stakeholders and policy-makers as defined in the exploitation plan.



## PROJECT PARTNERS

### Project Leader

#### **DEVELOPMENT AND EDUCATION CENTRE NOVO MESTO (RIC NOVO MESTO)**

The Development and Education Centre Novo mesto (Razvojno izobraževalni center Novo mesto - RIC Novo mesto) is a public institution with more than 50 years of experience and tradition in adult education. Throughout the years, RIC Novo mesto developed four interconnected programme areas: Formal adult education and training, General lifelong learning, Guidance and learning support for adults and Project work. RIC Novo mesto strives for education which is available and accessible to all adults in the local environment and region in all periods of life. The organization cooperates successfully in different national, international and European projects which are orientated also on the Roma inclusion. RIC Novo mesto started to provide educational opportunities for Roma systematically twenty years ago; most of the supporting activities focus on successful inclusion of Roma (most of them are early school leavers) in a primary school for adults, which has run successfully for more than 15 years. A significant example of good practice in Roma integration processes at RIC Novo mesto are the activities of the Adult education guidance Centre Novo mesto which runs within the organization. From its establishment, Roma adults have been identified as a target group that needs special attention in providing learning support, guidance and counselling. In recent years, RIC Novo mesto has focused on development and enrolment in different international partnerships in project specially orientated in the Roma integration. Currently, RIC Novo mesto is also the leader of two consortia – of the FINALLY project (Financial literacy of Roma) and the e-RR project (e-Roma Resource).

### Partners

#### **FACULTY OF ECONOMICS, UNIVERSITY OF NIŠ**

The Faculty of Economics used to be a department of the Faculty of Law and Economics that was founded in 1960. Later on it became an independent institution of higher education. The Faculty of Economics has been developing intensively, spatially, personnel-wise and materially thus gaining the reputation of an important scientific and education institution in the area of economic science. The academic and scientific-research process is performed by 82 trainers, assistants and associates. Currently, more than three thousands students study at the faculty. A great number of enrolled students have attained the Diploma of the Faculty of Economics: 11.085 economics graduates, 182 Masters of economics, 163 with Master degree and 85 Doctors of Economic Sciences. Tuition at the Faculty of Economics is based on multidisciplinary approach, modern, broad and versatile education of economic experts with a wide range of business activity in different creative work areas throughout the world in accordance with the Bologna Declaration and Law of Higher Education. Scientific and applied research is organized by the Centre for Economic Research which is an organizational unit of the faculty.



## **FACULTY OF HEALTH SCIENCES AND SOCIAL WORK, TRNAVA UNIVERSITY**

The Faculty of Health Sciences and Social Work (Trnava University) was established in 1994. Its aim is to educate professionals for public health, social care, laboratory medicine and nursing. Besides teaching, the faculty conducts research in all fields of public health, social work, nursing, health promotion, minorities' health, health systems research, social work, trauma, injury research and others. Currently, the faculty is involved in a number of international projects funded by the EU authorities or other agencies both as a project coordinator or partner. Experiences with the Roma population are based on projects, such as "Addiction Prevention within Roma and Sinti Communities [SRAP]", evaluation WP as well as in „Multicultural approach to increase access to health services for Roma communities”.

## **HEALTH AND SOCIAL DEVELOPMENT FOUNDATION (HESED)**

HESED was founded in 1998. Our multi-ethnic and multidisciplinary team (Roma/Bulgarian) includes more than 35 specialists (pedagogues, psychologists, social and medicine workers, etc.), and Roma community workers. HESED implements programmes in three main areas: Roma community development; health programmes for vulnerable groups; research in behavioural change. Their experts develop and evaluate modern community based services targeted at development of life skills for adolescents, parenting skills for pregnant women and young parents, alternative services for early childhood development, support for families for improvement of housing conditions through interest-free loans and training in family budget management, assistance in accessing employment opportunities, individual case management.

## **CODICI AGENZIA DI RICERCA SOCIALE S.C. (CODICI)**

CODICI is an independent social research agency, which was founded in 2005. It assists public institutions, third sector organisations or private companies, helping them cope with social change. Codici uses the tools of applied social research to analyse emerging phenomena, offers consultancies, training courses and technical assistance on specific policies, supports project development and evaluation for innovative social services. Their skills and competences are grounded in a solid academic curriculum and a rich background in social work. Their methodology is based on a participative process of sharing tools and products with clients as well as with subjects of their projects; work climate is shaped by the passionate commitment of people engaged in social research and social work.

## **TECHNIKI EKPAIDEFTIKI**

Techniki Ekpaideftiki established in 1994, is a private training centre/consulting organization, certified by EOPPEP, ([www.eoppep.gr](http://www.eoppep.gr)), as nationwide Training Centre Level 2, with ISO9001: 2008 by TUV AUSTRIA-HELLAS. Activities and specialization: Training and counselling services for unemployed, professionals, private and public sector, sensitive social groups. Wide network of partners. Social context and tools: methodologies, techniques and tools in training for unemployed and sensitive groups, links between training and labour market, career guidance based on equal opportunities. Certified: ICT InfoCert diploma, KNX technology for "smart buildings" by KNX Association, licensed training centre by the Ministry of Infrastructure, Transport and Networks for auditors and technical managers. Experience: over 250 projects co-financed by international, national, local bodies. 3 fully equipped training centres in Athens, Thessaloniki and Levadia. Transnational projects with more than 70 scientific and educational institutions, human resources and Roma, established, recognized and certified in Romania as one of the largest educational institutions.



## **ACTION SYNERGY S.A.**

Action Synergy S.A. is an education, training and knowledge based applications organisation which is actively involved in the development of educational programmes for vulnerable target groups, in the promotion of social integration, in the development of education technologies, training methodologies and the development of e-learning training courses. Since its foundation in 1987, the organisation has participated in a considerable number of EU educational projects as a partner or a coordinator. Action Synergy's S.A. key areas of expertise include: development and organisation of e-learning courses, promotion of social integration, development of links and synergies between various actors in local, regional, national, European and international level, development of learning methodologies, development of educational technologies, development of courses and modules making use of innovative methodologies, learning needs analysis, development of professional courses.



## INTRODUCTION: COURSE OBJECTIVES, TARGET GROUP, DIDACTIC PRINCIPLES

This Manual is primarily intended for the use as a teaching resource at the training for trainers and further on, to be used by qualified trainers when they teach members of the target group within the **Finally Project– Financial Literacy for the Roma**. It supplements the **Training Course Curriculum**, where the course structure and content are defined. The purpose of the Manual is to introduce the outline of the **Training Programme of Financial Literacy for the Roma** to the trainers who will carry out these non-formal education activities.

The *Training programme* is based on the findings of the **Needs Assessment** – the research carried out in all partner countries in the initial phase of the project. The aim of this research was to assess the general level of financial literacy of Roma as well as their needs and preferences related to further education in this field. Hence, the content (topics) and structure, but also methodology, are developed according to the real needs of the project target group. In the **Transnational Report**, which summarizes findings presented in *National Reports* of all project partners (WP2 deliverables), a general conclusion is that the training should focus on issues related to:

- *managing incomes*, but also possibilities for *increasing incomes* through employment and self-employment
- *expenditures*, desired goods and consumption, i.e. *smart spending* and *good shopping practices*
- *savings and investment*, i.e. education on saving options and possibilities for investment
- *debt and credit*, especially focusing on education on formal borrowing channels.

**The aims** of the Training programme are set accordingly:

- *Increasing participants' awareness concerning their everyday expenditures* and analysing good and bad practices they employ by exploring household fluxes of money and actual expenditure habits, making them able to monitor family expenditures.

- *Increasing participants' ability for planning and prioritizing*: to explore their sources of income (formal or non-formal), to increase their ability of making sound financial decisions, to achieve their comprehension of the concept of value for money and consumption using certain tools for short and long term planning.

- *Developing approaches for saving and investments*, in cooperation with the participants. The goal is to give value and space to the initiatives already promoted by Roma and to ensure their diffusion, and at the same time, identify new approaches that can encourage savings and investments.

- *Developing the capacity to assess the risks related to getting loans and debts*. As emerged from the research, indebtedness is the result, among others, of no planning, high interest rates and borrowing from informal debt networks. Therefore, training is



required in assessing the risk of getting a private loan or getting into debt. (Source: WP2 Deliverable: Needs assessment Research)

Therefore, the Finally training course consists of **four modules**:

- 1. Household budgeting – plan ahead and spend wisely**
- 2. Saving for the future**
- 3. Sensible borrowing**
- 4. Increasing your income**

Each module is presented in this Manual to the extent which provides trainers with the necessary knowledge, skills and competences to educate training participants on issues aimed at increasing their financial literacy.

At the beginning of each module, the short *summary* and *lesson plan* are presented, followed by description of the topics that make up that module. The timeframes for specific exercises in the lesson plan are only indicative, since the real timeframe depends on the group structure. Each topic starts with the list of learning outcomes that should be achieved throughout the topic, continues with fundamental theoretical background with embedded references to the Tools – exercises which should be used in training to enhance participants' comprehension of the issues included. The modules end with *questions for ensuring the comprehension* of topics covered. These questions can be used as a basis for assessment activities by trainers.

The Tools described within each topic in this Manual, are included in the Workbook for the participants. PowerPoint presentations with key points of the topic content are developed to be used also as teaching material. This way, the Manual is connected and consistent with the **Teaching material and Toolbox** developed for the Training for target group members.

The content, structure and methodology suggested in this Manual are consistent with the needs and preferences of the **target group** members. Namely, the training programme is designed for young, literate Roma adults (age 18-30) who will soon become decision-makers regarding the issues of budgeting in their households, so the intention is to raise their level of financial literacy, which they can transfer to next generations, but also, ideally, to elder members of their families/households.

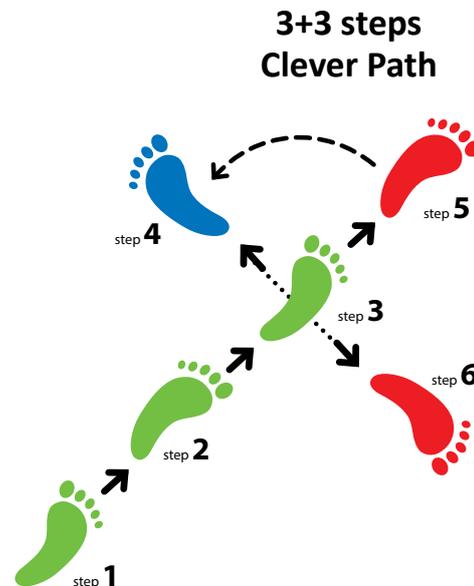
The choice of the target group is further reinforced by the facts that...

*... they are often more educated than their relatives and they might be more receptive to receiving training. Youngsters may be particularly interested in acquiring money management skills since they frequently contribute to the family income, either regularly or irregularly, but they are also becoming more and more independent in managing their own finances by being key actors in social change. (Source: WP2 Deliverable: Needs assessment Research as well as other partners feedback)*

When it comes to the methodological approach, the main aim was *to involve Roma and Sinti participants directly in the design of the course* and the selection of the topics by sharing their experiences and expressing their priorities. Also, their active involvement in implementation of the programme is crucial, as it is the only way to keep them motivated and ensure the success and effectiveness of the project, valorisation and

sustainability of its results and anticipated impact. The intention is that each trainee is aware of the specific benefits that derive from attending the course.

The basic concept is to present a financial decision making process at family level as "a clever path" that learners can walk through to better understand basic financial concepts with the ultimate objective to learn how to better handle their finances. Therefore, change of attitudes and practice is needed.



Step 1: Your Income

Step 2: Planning your expenses

Step 3: Is there money missing? Can I reconsider my purchases?

Step 4: Should I save any money?

Step 5: Borrowing Money

Step 6: How can I increase my income?

The approaches that are recommended through the proposed Toolbox are the following:

-*Brainstorming*: participants express freely and unbiased their views about a topic. Afterwards, these are gathered and are used in the learning process.

-*Teamwork*: participants form teams to work usually with the trainers as the leaders of a group (we suppose that there are at least two trainers or one trainer and one Roma mediator per group). This way, the participants can have an active role in the learning process and simultaneously learn to assess themselves. They also realize the fact that they can all have a valuable contribution to the training process respecting the other members of the team and allowing them to express their views.

-*Simulation*: trainees "imagine" and "act" as if they were present at a certain place and under specific circumstances. In this way, they feel more confident to express their views, improving the way they would act in similar, real situations.

-*Role-playing*: participants and/or trainers are "actors" in real or potentially real life situations which help them, by using verbal and non-verbal methods, in expressing their existing knowledge or views and ways of contact.



All the above will be supported by using presentations, short films, analysis of newspaper articles, leaflets, exercises, quizzes, worksheets, activities of experiential learning, field exercises, etc., and followed by group discussions.

Each session (workshop) should be finished with evaluation – we used the expression ‘closed discussion’ when the trainer will have time for evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, group work, achieving goals, the achievement of individual expectations, etc. The trainer should be flexible and able to use methods of active learning and should also be able to adjust some exercises to the structure of the group (men/women, couples, etc.), the participants’ level of literacy, other skills (e.g. related to working with tables). They should know the characteristics of the target group and establish an approach based on the participants’ needs and preferences. Trainers should explain the main concepts by providing simple explanations and regularly checking the level of understanding of the material (by asking the participants to give examples from their own experience for the newly introduced concepts) and to guide them if some misunderstandings are detected. When giving the instruction for the exercises, it is also important to make sure that each one of the participants has correctly understood what they are supposed to do and to offer help, when needed, by providing simplified and well-structured instructions (with additional examples if necessary).

- *Trainer must use methods to involve the participants and motivate them for learning.*
- *Trainer should, in addition to the proposed toolbox, retain at all times a stock of “emergency tools” stored for potential use.*
- *Trainer should try to create the feeling of “partnership” between trainers and trainees.*

We recommend that each learning session lasts 4-5 pedagogical hours and is prepared as project learning. We also suggest that **two trainers** (or one trainer and one Roma mediator) are leading the group of 12-15 participants.

The following ***fundamental principals in adult education*** are also the basis for this programme implementation:

1. ***Providing the participant-centred learning process.*** We learn better when we have an active participation in the training process. Trainees are adults, just like the trainer, so they have life experiences and prior knowledge valuable for discussing and dealing with the training topics. Furthermore, as adults they can take decisions in relation to the training process and can express their views and ideas about how the training process could be facilitated and improved.

2. ***Knowledge has a social significance.*** Participants are more interested in learning about issues related to their everyday life and taking part in a training process facing situations that they frequently encounter, so that they can identify the similarities.

3. ***The principle of integration.*** Knowledge is and remains “open”. Firstly, the training process should adapt to the living conditions and the needs of adults and secondly the training is a continuous process, even after the sessions end.

In the end, although this Manual is intended to be used primarily in the activities of the Finally project, it might be useful also for all who are considering taking or providing educational activities related to financial literacy or similar topics, or the ones who are involved in working with Roma or other vulnerable target groups. We highly recommend you to make the most of it!

*Gabi Ogulin Počrvina, MA, project manager*



## MODULE 1: HOUSEHOLD BUDGETING - PLAN AHEAD AND SPEND WISELY

### Summary of Module 1

*In Module 1, entitled Household budgeting – plan ahead and spend wisely, training participants begin their learning process with the topic “Our income”. The rationale behind this is the fact that household budgeting starts with a revision of all (regular and irregular) incomes, so its members can determine which sum is available for spending. Throughout the following topic “Needs versus Wishes”, training participants learn about prioritizing in spending, so they can fully comprehend the other side of the budget – the expenses. In the topic 3 “How to make your household budget and how to avoid budgeting drawbacks” the participants should further develop knowledge and skills gained or reinforced in previous topics on how to compose a personal and household budget. This specific benefit that derives from this module is further supplemented with skills and competences gained through discussions and exercises within the last three topics: “The importance of good spending habits”, “Shopping practices” and “Controlling spending”. This module includes numerous exercises which represent useful tools for everyday use by participants and their household members, families and friends, aimed at adopting practices of wise management of personal or household finances.*

### LESSON PLAN OF MODULE 1

<b>Summary of Module 1: Household budgeting – plan ahead and spend wisely</b>	<b>18 hours in total</b>
<b>Session 1</b>	<b>4 hours</b>
<b>Introductory session</b>	<b>2 hours</b>
<i>Introduction of the group, ice breaking</i>	<i>45 min</i>
<i>Introduction of the programme (topics, methods, organization of meetings, timetable, participants' expectations)</i>	<i>45 min</i>
<b>Topic 1. Our income</b>	<b>2 hours</b>
<i>Opening discussion about incomes</i>	<i>10 min</i>
<i>Exercise 1a: Summarizing your/family income</i>	<i>30 min.</i>
<i>Task 1: Summarizing your incomes</i>	
<i>Task 2: Summarizing your household incomes</i>	<i>30 min.</i>
<i>Task 3: Distinguishing between regular and irregular incomes</i>	<i>10 min</i>
<i>Closing discussion</i>	<i>10 min</i>
<b>Session 2</b>	<b>5 hours</b>

<b>Topic 2. Needs versus Wishes</b>	<b>2 hours</b>
<i>Opening discussion about needs and wishes</i>	15 min.
Exercise 1b: <i>How do we spend?</i>	30 min.
Exercise 1c: <i>Differentiating between needs and wishes</i>	25 min.
Exercise 1d: <i>Satisfying needs and wishes</i>	20 min.
<b>Topic 3. How to make your household budget and how to avoid budgeting drawbacks</b>	<b>3 hours</b>
<i>Opening discussion about household budget and potential drawbacks</i>	20 min
<i>Introduction to budgeting</i>	25 min
Exercise 1e: <i>Composing preliminary household budget</i>	45 min
<i>Analysing strengths and weaknesses of household budget examples</i>	25 min
<i>Closing discussion</i>	20 min
<b>Session 3</b>	<b>5 hours</b>
<b>Topic 4. The importance of good spending habits</b>	<b>2 hours</b>
<i>Opening discussion about (good) spending habits</i>	25 min
Exercise 1f: <i>Track spending</i>	35 min
Exercise 1g: <i>Revising the spending – towards wiser spending decisions and good spending habits</i>	30 min
<b>Topic 5. Shopping practices</b>	<b>3 hours</b>
<i>Opening discussion about shopping practices</i>	20 min
Exercise 1i: <i>Large vs. small shops</i>	25 min
Exercise 1j. <i>Composing a shopping list</i>	30 min
Exercise 1k. <i>Using opportunities to shop wisely</i>	35 min
<i>Closing discussion</i>	20 min
<b>Session 4</b>	<b>4 hours</b>
<b>Topic 6. Controlling spending</b>	<b>4 hours</b>
<i>Opening discussion about controlling spending</i>	25 min
Exercise 1l: <i>Simulation of shopping practices</i>	75 min
Exercise 1m: <i>Reducing spending</i>	60 min
<i>Closing discussion</i>	20 min

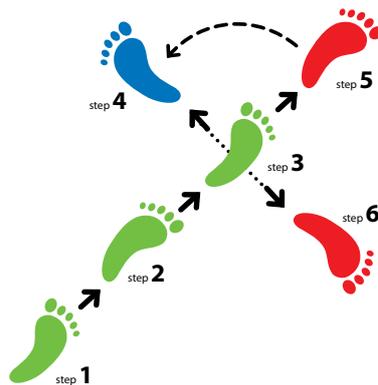
The outcomes of this session are:

- *Understanding the benefits of participating in the course.*
- *Understanding the importance of learning how to better handle personal finances.*

Participants should be attracted to join the learning process, encouraged to learn and eventually motivated to spread the word. This will secure best effectiveness and sustainability of the training, project results and anticipated impact.

In the introductory session, the trainer should address the following questions, with a talk, discussion and flexible methods for ice breaking and introduction:

- Why are we here?
- Who are we?
- How will our meetings be organised?
- What are we going to talk and learn about?
- Explanation of “3+3 steps Clever Path” for improving personal finances management and lives of training participants.



Step 1: Your Income

- What regular income do I have?
- What extra income can I get?

Step 2: Planning your expenses

- What do I need to buy?
- How much can I spend?

Step 3: Is there money missing?

- Do I have enough money to cover all expenses?
- Will there be any money left? Can I reconsider my purchases?

Step 4: Should I save any money?

- Why should I save and how should I save?

### Step 5: Borrowing Money

- How can I borrow money?
- Where can I get it from?
- At what cost?

### Step 6: How can I increase my income?

- Where and how to find a job?
- How to become self-employed?

After the introductory session, start with the first topic.

## Topic 1. Our income

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Outcomes of this topic are:

- *The training participant is able to identify different sources of family income.*
- *The training participant distinguishes new opportunities for individual/family income in relation to their family values.*
- *The training participant understands which inflows should be perceived as “available to spend”.*
- *The participant is able to define and differentiate between the terms regular and irregular income.*

Make a short introduction of the topic:

*Ask the participants what comes to their mind when they hear the word “income” and what it means to them. Ask them to give examples about “income”. Use the information to introduce the topic. Check out if the participants understand the newly presented information. If necessary, give new examples and explain again. Do the same with “budget”. Be sure that all participants understand and use those main concepts and appoint the same meaning to them.*

Budget is a tool for analysing finances. It enables users to revise the resources, to plan the expenses and manage finances appropriately, so they can fulfil their monthly obligations. The budget provides answers to two main questions:

1. *Do I spend more than I earn?*
2. *What can I afford to spend?*

Therefore, the budgeting should start with listing all of the available resources.

***In order to understand how to plan ahead and spend wisely, training participants first need to be able to review and plan the resources disposable for spending.***



**Exercise 1a: Summarizing your/family incomes**

*How much can you afford to spend every month without ending up in debts?*

In order to answer this important question, first you need to know how much you actually have at disposal every month. Do you know this sum? What is the source of it? Are you sure all potential incomes are included or did you forget any sources, e.g. pocket money? In order to get a more precise insight into your incomes, you can do a simple exercise.

**Task 1: Summarizing your incomes**

Make a table with separate rows for each source of income (e.g. salary/allowance, scholarship/grant, pocket money, student loan, etc.) you get each month. Think about last month's incomes and write down the sum of incomes coming from each source in the next column. Sum up all of the incomes and reflect shortly on **your total monthly income**.

**Note:** for the incomes received on different time-bases, e.g. yearly or weekly, recalculate and write down the monthly sums. The trainer needs to show this to the participants on multiple examples!

SOURCE OF INCOME	MONTHLY INCOME (SUM)
1.	
2.	
....	
TOTAL MONTHLY INCOME:	(1+2+...)

Our focus is on budgeting on the *level of a household or a family*. Household expenses are usually taken care of from the total household income. This income is the sum of the individual incomes of *all members of your household*.

**Task 2: Summarizing your household incomes**

Your **next task** is to calculate **the total household monthly income**.

In the table you started to draw, add separate columns for each member of the household (here parents and siblings are just an example; it can be your wife/husband, child/-ren, roommate, etc.). Add rows for different sources of income, enter sums, calculate individual incomes and sum up total monthly income on the level of household.

**Questions to think about: How can I increase our monthly incomes? How can we earn more on the level of our household?**

*\*Participants reflect on this for a while, then involve in brainstorming that results in a list of ideas for increasing individual/household incomes. Discuss with them the relation of individual/family values and possibilities for gaining additional individual/household incomes.*

SOURCE OF INCOME	Monthly income (sum) - ME	MUM	DAD	PARTNER/SISTER/BROTHER etc. <i>(add as much columns as needed)</i>
1.				
2.				
... <i>(add as much rows as needed)</i>				
	MY TOTAL INCOME:	MUM'S TOTAL INCOME:	DAD'S TOTAL INCOME:	PARTNER'S/SISTER'S/BROTHER'S TOTAL INCOME:
TOTAL MONTHLY INCOME OF THE HOUSEHOLD:	ME+MUM+DAD+PARTNER'S+SISTER/BROTHER etc.			

We can talk about two main broad categories of incomes – *regular and irregular incomes*.

*Again ask the participants to share opinions about the meaning of regular and irregular. Ask them first to explain how they understand these categories and to give examples. Explain them that it is vital to say what they think and that there are no correct or incorrect answers. It is important to come to the situation to unify the concepts the group will use during the whole course. Introduce the following new information:*

*Regular incomes* usually come frequently, orderly, in exact time or period of the month/year and a person can count on them and plan accordingly. Salaries, scholarships, child support or other incomes related to social care are (or at least should be) regular incomes.

On the other hand, *irregular incomes* are resources that are realized from time to time, occasionally. For instance, irregular income comes from an occasional work done for others, seasonal work, one-time instalment in a form of a grant or financial support. These incomes add up to the part of the individual/household budget, in which you summarize the available resources.

### **Task 3: DISTINGUISHING BETWEEN REGULAR AND IRREGULAR INCOMES**

Look at the list (table) of incomes you made. **Which of the listed incomes are regular?** Mark them by using colour or underlining.

Have you included some irregular incomes? Do you or your household family members gain some additional, irregular incomes during the year?

**HOMEWORK:** Ask the members of your household to think about their usual additional/irregular incomes. If they cannot think of the sum on the monthly level, ask them how much of these incomes they get in a year. Recalculate the sums in order to get the irregular incomes on a monthly level. Add the appropriate sum to the incomes of each household member (including participant's income), and then recalculate the total *household monthly income*.

**Questions** to reflect on and talk about in a training with other participants:

- *How much income is available for spending (on your individual as well as the household level)?*
- *What do we usually spend money on? Give some examples.*

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.



## Topic 2. Needs versus wishes

Outcomes of this topic are:

- *The training participant is able to explain the difference between needs and wishes (with examples).*
- *The training participant is competent to explain the reasons for this distinction.*
- *The training participant understands why purchasing some items could satisfy both, a need and a wish.*

Before starting the new topic, ask the training participants to go back to their lists of incomes on the level of the household and reflect again on the total sum and the sum they consider available for spending. Explain that they should use the next exercise to draw some conclusions out of it and use them in practice.

*Then, the trainer should give an example of a list of household incomes for the participants to analyse them, or the volunteers can use their own examples.*

### **Exercise 1b: How do we spend?**

Ask few volunteers to do the role play. If participants hesitate and there is no sufficient number of volunteers, trainer/s can get involved in the role play. Based on the given example of household incomes and guidelines provided, they should simulate a household decision making process on spending<sup>1</sup>. Each *household member* should act according to the personal plans for spending, and try to negotiate and make other members agree on this. Other training participants should observe and make notes or prepare comments. After the role play, the group discussion should follow, focusing on the actions of *the actors* and the reasons behind them.

Personal actions related to spending and consumption are based on **needs** and **wishes**.

**Group discussion/brainstorming: Do you consider needs and wishes to be the same thing or is there a difference? Explain your answer.**

After the training participants explain their points of view and the group discussion is finalized, explain them the difference between needs and wishes.

Usually, we talk about five basic categories of **needs**:

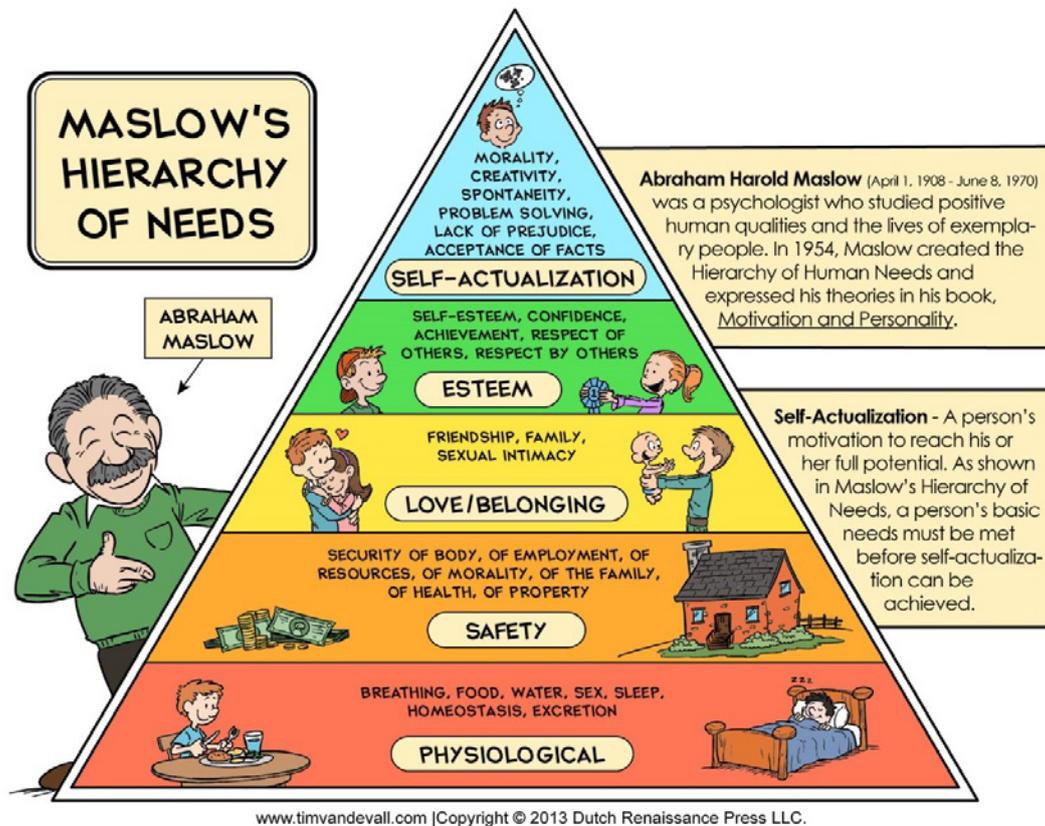
1. Physiological
2. Safety
3. Love/Belonging
4. Esteem
5. Self-actualization

**Recommendation:** *Use the following illustration to explain the basic categories of needs according to Maslow. Print out the illustration and discuss each category of needs. During the discussion, draw the pyramid step by step on the blackboard/whiteboard.*

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<sup>1</sup> The trainer should avoid giving extensive guidelines or scenarios to participants to read. Instead he/she could just give some directions.

Picture 1. Maslow's hierarchy of needs



Source: <http://timvandevall.com/wp-content/uploads/2013/11/Maslows-Hierarchy-of-Needs.jpg>

**Needs** are related to broad categories of products/services, i.e. different offerings can satisfy one need. For instance, the need for safety, more precisely home or property can be satisfied in several ways: renting an apartment or a house, buying a property, living in a dormitory, etc.

**Wishes** are determined more precisely – they correspond to a specific product/service or even a brand. For instance, the need for a drink (the thirst as a physiological need) is actualized through a wish for water, special kind of juice, etc.

### Exercise 1c: Differentiating between needs and wishes

Tell the participants to form pairs/small groups (depending on the structure of the group and the level of participants' literacy) for the next exercise. Based on what they have learned about needs and wishes, they need to:

- recognize and write down 1) needs and 2) wishes that were mentioned in the role play related to spending decision making on the household level;
- identify some examples of needs and wishes on the individual/household level.

After they finish the task, the participants should discuss their findings.



**Additional question for the group discussion:** Think of items that could satisfy both – a need and a wish.

**IMPORTANT:** Sometimes, needs are comprehended as something that is needed or even necessary. Lack of a product/service which is the object of a need is causing problems. On the other hand, wishes are related to something we can do without, but still would like to have. Explain and discuss this distinction with the participants. To ensure their comprehension of this matter, do the next exercise together.

**Exercise 1d: *Satisfying needs and wishes***

For this exercise, the participants have to find in their workbooks the page with illustrations of some products (e.g. food – bread, milk, fruit; car, house, etc.).

Their task is to recognize and write or indicate which of these products satisfy a need (and which need is that) and which satisfy a wish (what kind of a wish).

After they finish the task, facilitate group discussion where the participants can share their opinions.

### Topic 3. How to make your household budget and how to avoid budgeting drawbacks

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Outcomes of this topic are:

- *The training participant acquires skills on how to make his household budget.*
- *The training participant understands what characteristics a budget should have to avoid drawbacks.*
- *The training participant is competent to understand the reasons of a potential deficit and recalculate.*

Now, after revising the needs and wishes, the participants are ready to compose a preliminary budget. They should go back to the list of incomes obtained in the household (done within Topic 1). After knowing how much money is earned each month, the necessary expenses should be listed. The examples of expenses that need to be taken into account are:

- Home-related expenses (mortgage, rent, loan instalment etc. + electricity, heating, telephone, Internet, home-services, utilities)
- Groceries and other necessities – household items, cosmetics etc.
- Transport costs (gasoline, car maintenance, car insurance or bus ticket etc.)
- Other costs: clothing, entertainment, vacation etc.

Explain these categories briefly to the participants. (Note: *Prepare and use photos or pictures to supplement explanations with visual elements.*) Discuss them together and make sure the participants understand them. Also, discuss these two important principles:

- ***Some required expenses don't occur monthly.*** For example, car insurance or visits to the doctor. They are paid once or few times a year. However, they cannot be excluded from the list of expenses and forgotten, they need to be paid! One way to ensure enough money for these costs is to make a list of all expenses that only occur a few times a year, add up their total cost, divide it by 12, and add the result to your required monthly list of expenses. This will ensure some savings for these purposes. *Show this to the participants with some examples!*
- ***Unexpected costs*** usually create budget drawbacks. So, you should save up as much as possible for rainy days or an emergency fund. *Ask the participants to give some examples of unplanned expenses and ideas for taking care of them.*

#### ***Exercise 1e: Composing preliminary household budget***

Participants should create a table with a list and sums of household expenses for the last month. They can use the table below as a template.

*Note: For this exercise, the trainer can motivate the trainees to bring some bills which will be used as sources of information. Optionally, the trainer can prepare some actual or made-up bills.*



		Amount
Total household income		
Type of expenses	Sum	
Home-related expenses: Rent/loan instalment		
Monthly bills: electricity heating telephone Internet etc.		
Expenses related to children's needs (school, special food etc.)		
Regular shopping: Groceries Toiletries / Cosmetics		
Transport costs (gasoline, car maintenance, car insurance or bus ticket etc.)		
Clothing		
Medical treatments		
entertainment, vacation		
... (add rows if needed)		
	TOTAL:	
THE DIFFERENCE BETWEEN INCOME AND EXPENSES		

When the participants finish the exercise, with the help of a trainer, they should subtract the total expenses from the total incomes (3<sup>rd</sup> task in Exercise 1a of the Topic 1), and reflect on the situation individually – whether they are satisfied with the situation, whether there is some money saved or a deficit, and what is their plan.

After everyone finished the task, the group discussion should follow, focusing on:

1. *strengths of household budgets* – sharing the findings and experiences, and
2. *problems identified and ideas for resolving them.*

Then you should discuss potential *budgeting drawbacks* with the participants:

- First, identify the potential reasons for the drawbacks/potential deficit: *unexpected costs* occurring, delay/decrease of monthly incomes, incomplete tracking of expenses etc. (*Give some examples and ask the participants to share their examples and opinions.*)

- Then, discuss how to *avoid drawbacks*. Make sure that the participants understand the reasons of a *potential deficit* and know how to *recalculate* the budget.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

#### Topic 4. The importance of good spending habits

Outcomes of this topic are:

- *The training participant knows how to track spending.*
- *The training participant understands the importance of making wiser spending decisions.*
- *The training participant is competent to give examples of good spending habits.*

Tracking expenses is one of the key factors of effective budgeting as it helps preventing overspending, budget drawbacks and deficits. Here are some basic tips you can reflect on with the training participants:

- Start from your budget.
- Record your expenses daily, appointing them to the right category. Subtract the sum from the money available, each time you spend on something. That is how you know how much money is left available for spending.
- Avoid debts – when the available money is spent, stop creating expenses.
- Revise budget from time to time – it might turn out that your budget is unrealistic or you may need to transfer money between categories.
- At the end of the month, adjust budget for the next month. After prioritizing (debt payment, savings) go to other expenses. You might need to cut back in some areas, but you should still be able to eat every day<sup>2</sup>.

Luckily, some expenses might be reduced by making *wiser spending decisions* or *adopting good spending habits*. Participants should now revise their household monthly spending list and mark *problematic expenses*.

#### **Exercise 1f: Track spending**

Participants need to go back to the list of the identified household monthly expenses (exercise 1e). Their tasks are:

- To check if they have included all possible expenses (the trainer helps by mentioning some usual monthly/yearly expenses that might be omitted – e.g. costs related to education – fees, books, equipment).

<sup>2</sup> More on: <http://moneyfor20s.about.com/od/budgeting/ht/trackexpenses.htm>, <http://money.usnews.com/money/personal-finance/articles/2014/06/03/a-guide-to-creating-your-ideal-household-budget?page=2>, <http://www.moneysavingexpert.com/banking/Budget-planning>



- To add some expenses that might be forgotten and recalculate total expenses and the final result of the budget: extra money saved or a new deficit;
  - Mark the expenses they consider excessive, not necessary or problematic for other reason.
- After all participants finish the task, the group discussion should follow.

Additional expenses:	Sum
TOTAL:	
The result of the household budget (from previous exercise 1e)	_____
Additional expenses	-
	_____
The result	_____

NOTE: Depending on the level of literacy, other skills and participants' motivation, the exercise can be organized differently. The trainer can do this exercise together with the participants, with a specific example. He/she should write all elements on the blackboard or whiteboard and do the calculation jointly with the participants, and conclude with a discussion.

In order for participants to comprehend the importance of tracking spending, they should do the next exercise. Help them with their task.

**Exercise 1g: Revising the spending – towards wiser spending decisions and good spending habits**

Participants should think about their expenses on the previous week. Their task is to enter all items they bought in this period, the expenses related to that, and to calculate the sum. They should use the table below as a template. The trainer should have a computer with Internet access or any other possibility to check the prices of goods if the participants cannot remember them.

Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday	
Item	Cost	Item	Cost	Item	Cost	Item	Cost	Item	Cost	Item	Cost	Item	Cost
... (add as many columns as needed)													
<b>Daily total:</b>													
<b>Weekly total:</b>													

*POSSIBLE MODIFICATIONS of the exercise:* instead of tracking day-by-day expenses (if it is too hard for the participants), the trainer can use weekly expenses as the basis for this exercise.

If the participants are less literate, the trainer should bring different items or illustrations (food, cosmetics, tobacco, car, etc.). With a story of one family (it should be neutral so that everyone can identify with it), the table could be created on the blackboard/whiteboard. After that, the trainer should moderate a discussion in which the participants will share opinions on spending habits.



In order to track spending better and adopt good spending habits, participants should start with small steps – the next exercise is related to one of those habits that should become their routine.

**Homework/ Exercise 1h: Revising the spending – towards wiser spending decisions and good spending habits**

Participants should use the same table as in the previous exercise, printed on a sheet of paper. They should carry it for a week, tracking all of the expenses. When you gather a week later, the trainer should moderate a discussion in which the participants will share opinions regarding this practice. They should also share this with other members of their household.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

## Topic 5. Shopping practices

Outcomes of this topic are:

- *The training participant acquires skills to draft a typical shopping list and explain priorities.*
- *The participant understands the advantages and disadvantages of different types of shops.*
- *The participant understands the term “value for money”.*
- *The participant is competent to make wiser shopping decisions with reference to coupons, sales, promotions, etc.*

At the beginning of this topic, participants should think about previous exercises and their results. The trainer should facilitate a group discussion focused on two main questions:

- *Which expenses are identified as problematic and why?*
- *How to take care of these expenses – which should be cut off (why?), decreased or divided (how?)?*

Share some tips related to wiser spending decisions with the participants, e.g.:

- *Opportunities for saving and controlling monthly spending by contracting – for instance do you and how benefit from concluding a contract with mobile telephone service/Internet provider.*
- *Buying in special types of stores – discount grocery stores, outlets, second hand stores, etc.*



**Exercise 1i: Large vs. small shops** – discussion with advertising material

Different types of shops provide different opportunities: smaller local stores are usually near residential areas and offer a certain amount of items, while larger shops (e.g. supermarkets) are usually at the town periphery, but offer lots of items. The aim of this exercise is for participants to review these advantages and disadvantages within a discussion. The trainer should bring some advertising brochures, leaflets, catalogues etc. Participants should firstly check this advertising material. The trainer starts a discussion by asking participants which of the products presented in the materials they would buy and why. After that, another discussion follows – the participants should express opinions about the advantages and disadvantages of buying in small or large shops. The trainer should moderate the discussion and write identified advantages and disadvantages on the board.

Tell the participants about merchandising activities used to make consumers spend more<sup>3</sup> and ask them about their personal experiences related to these activities. *Use – in presentation or as printouts – pictures from the Internet source indicated in the footnote.* One of the best ways to avoid spending more than planned is to create a shopping list and stick to it. Therefore, the next exercise is about composing a shopping list.

**Exercise 1j: Composing a shopping list** (simulation)

Participants work in groups (*the structure of the group affects how we form groups or whether the trainer will adapt the exercise*). They should now play a role of household members and simulate a situation prior to shopping/going to a store. They should sit down together and negotiate shopping priorities. The result of the process should be a shopping list for one week with the items listed in an order of priority.

They should mark and explain the priorities, explain where they would shop, how they would organize going to the store (*e.g. if going to a larger store and do a larger shopping, transport costs must be included; however, as a trainer, be aware of possibilities of participants' transport, storage etc.*) what should be bought first, what to do with the rest of the money. Also, they need to talk about plan B – what happens if some important items are not bought, and what are the implications of plan changing.

After all groups finish the task, the group brainstorming guided by the trainer should follow.

Participants might also do this useful practical exercise in small groups in order to get information needed for composing a shopping list: <http://www.wikihow.com/Make-a-Shopping-List>.

When buying, it is important to really analyse the “value for money” well. The next exercise should help the participants understand this concept better.

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<sup>3</sup> More: <http://www.businessinsider.com/how-stores-make-you-spend-more-2014-1?op=1>

### **Exercise 1k: Using opportunities to shop wisely**

Different brochures with discounts or coupons from local supermarkets are provided to the participants by the trainer. The first task for them is to choose an item, for instance cheese, and compare the prices in different shops. The trainer should help them check the cost and explain different prices for different quantities/packages.

The second task is for participants to choose the item they consume often, for example potatoes. They should discover the best/cheapest option for buying this item – e.g. to buy 1 kilogram or a bigger package and explain it. (Note: the trainer must be aware that the participants perhaps do not have storage for goods and help them take this and other similar factors into account.)

The third task is related to the *coupons*. Participants should calculate the difference in price – savings could be achieved by using coupons for some items.

End the exercise by pointing out that, when comparing, participants need to keep in mind:

- *The real price per unit*, such as kilo, litre, piece etc. – usually small packages are more expensive than larger ones.
- *The quality, durability and other specifics of items* – sometimes items that are more expensive at first sight, actually last more, so they are a better deal than what seems to be a cheaper alternative – think of batteries, concentrated detergents and so on.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

## Topic 6. Controlling spending

Outcomes of this topic are:

- *The training participant understands how spending can be reduced knowing how to substitute an item with a less costly one.*
- *The participant knows how he/she can conserve resources and avoid waste.*
- *The participant is able to do without buying some items by producing them on his own.*

### **Exercise 1l: Simulation of shopping practices**

The exercise should be done in two ways simultaneously.  
Participants use sheets of paper in the workbook, on which:

1. money,
2. products (items with the prices) and



3. quantities (numbers of items) are presented.  
They cut out these illustrations.

*First:* The trainer brings real products for the simulation of a shop. Participants get the instructions and information about a defined amount of money for shopping from the trainer. Each participant comes to the shop, chooses goods and spends the amount of money, which has to be lower or the same as the amount defined by the trainer. At the cashier, the participant pays (using the money from the workbook) and discusses the purchase with the trainer.

*Second:* While some of the participants are shopping in the trainer's shop, others get instructions by another trainer using the cut sheets of paper from the workbook. The trainer gives them instructions and sets the amount of money available for purchase. Each participant has to prepare a shopping card with items necessary to buy, the amount/quantity of items (depending on the number of family members) and spend the amount of money which is lower or the same as the amount defined by the trainer. After they finish, the trainer discusses the purchase with each participant, as well as their needs and wishes etc. The exercise is repeated with a new amount of money available for purchase (with lower amount they need to decide what to exclude from the shopping list, and with a higher amount decide whether to buy larger quantities of a product, or to include another one).

#### *Exercise 1m: Reducing spending*

Participants and the trainer should go back to the list of household expenses, and with the knowledge gained in that topic, topic regarding tracking spending, good spending habits and wiser shopping practices they should do the following:

1. For each (or some) **category of the expenses**, trainer brings the products or prepares the pictures of products/services related to the categories.

*For instance:*

*Category of expenses* food/groceries, trainer brings:

5 l of milk X (the brand) for a month – total price: ...

5 l of milk Y (the brand) for a month – total price: ...

5 kg of apples – total price...

3 l of washing powder X (the brand) – total price...

3 l of washing powder Y (the brand) – total price...

2. Trainer moderates the group conversation about how spending can be reduced by substituting an item with less costly one.

Think about less costly options of items, enter the new total price based on this and *recalculate the expenses*. Note down the sum of *money saved this way*, and think about how that money could be used.

3. Look at the list of items that are regularly being bought. Is there an opportunity to produce some of them instead of spending money on buying them?

*Think about other items you usually buy but you could make them instead. Reflect on that and discuss some ideas.*

At the end of this exercise, they should all have some ideas for additional saving/ wiser spending.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

#### QUESTIONS FOR ENSURING THE COMPREHENSION OF MODULE 1:

- 1. Explain the difference between regular and irregular incomes. Give some examples of irregular incomes.*
- 2. Which types of needs do you know? (optionally according to Maslow's hierarchy)*
- 3. What is the difference between needs and wishes? Explain.*
- 4. Give some example of household expenses.*
- 5. Explain the importance of household budgeting.*
- 6. Why is it important to track spending? Explain.*
- 7. Do you know some good shopping practices that ensure wiser spending?*
- 8. Do you prefer shopping in small or large shops? Why?*
- 9. How would you explain "value for money"? Give some example.*
- 10. Give some examples of actions that can be used to reduce spending.*



## MODULE 2: SAVING FOR THE FUTURE

### Summary of Module 2

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*In Module 2, entitled Saving for the future, training participants will learn how to establish a good savings plan. The training begins with the topic Savings basics, which introduces basic terms and issues in saving. During this training course, participants will acquire knowledge on personal and financial needs and their prioritization and learn about their causality in time. The objective of this course is to make participants realize how important savings attitude is and to identify reasons for savings. The training on the next topic (Savings options) covers possible savings options that are most commonly used. Learning about short-term and long-term savings options enables participants to classify savings options according to risk, and to select appropriate ones for achieving their financial goals. Group work and discussions should result in General recommendations for saving. This topic is designed in a manner that will enable participants to think critically. By simulating real life situations, they will be able to decide which savings options are the most appropriate. The topic How to establish a savings plan will provide final rules and advice on completing a savings plan. At the end of this session, participants should have their own savings plans and should be able to explain their financial decisions.*

*In order to explain the role of financial institutions in personal financial planning, participants will have the opportunity to attend a session held by a bank clerk within the topic Savings options at formal Financial Institutions – Saving in Banks.*

## LESSON PLAN OF MODULE 2

<b>Summary of Module 2: Saving for the future</b>	<b>12 hours in total</b>
<b>Session 1</b>	<b>4 hours</b>
<b>Topic 1. Goal settings and savings basics</b>	<b>2 hours</b>
Opening discussion on saving habits	10 min.
Exercise 2a: What is your money personality?	45 min.
Exercise 2b: Make your short-term and long-term goals for saving	20 min.
Exercise 2c: Prioritizing your goals for saving	20 min.
Exercise 2d: Determining financial goals for making a savings plan	20 min.
<b>Topic 2. Ways to save</b>	<b>2 hours</b>
Exercise 2e: What do you know about saving options?	20 min.
Ways to Save: Short-term and long-term saving options	30 min.
Exercise 2f: What do you know about bank services?	30 min.
Conclusion discussion	10 min.
<b>Session 2</b>	
<b>Topic 3. General recommendations for saving</b>	<b>2 hours</b>
Opening discussion about obstacles for saving	20 min.
Exercise 2g: Savings Advisor	45 min.
Exercise 2h: Mobile applications for personal finances (optional)	20 min.
<b>Topic 4. How to establish a savings plan</b>	<b>2 hours</b>
Opening discussion about principles of savings planning	20 min.
Exercise 2i: Establish your savings plan	40 min.
Rules for establishing a good savings plan	20 min.
Conclusion discussion	10 min.
<b>Session 3</b>	
<b>Topic 5. Saving options at formal financial institutions – saving in banks</b>	<b>4 hours</b>
Opening discussion about financial institutions	10 min.
Presentation of the financial institution	20 min.
Presentation of the financial services	40 min.
Questions of the participants on bank services	30 min.
Exercise 2j: Money game	70 min.
Conclusion discussion	10 min.

## Topic 1. Goal settings and savings basics

Outcomes of this topic are:

- *The training participant knows generally what makes each goal different and understands the importance of prioritizing goals.*
- *The participant understands the importance of developing a savings attitude.*
- *The participant knows the reasons he should consider for their future saving and distinguishes between short-term, mid-term and long-term goals.*
- *The participant is able to anticipate future events and potential expenses.*

To make a short introduction to the topic, you can stimulate an opening discussion and ask the participants what they think about their saving habits. Do they think they save enough money or could they save more? Ask them, if they can recognize the motives for saving and how persistent are they. If the participants cannot save at all, ask them to imagine a situation when they would be able to save and for what they would save money.

Their opinions on their saving habits in this discussion can be confirmed by the next activity, where participants can evaluate their money personality, if you find the proposed test useful and appropriate for the target group.

### **Exercise 2a: What is your money personality?**

After a short discussion on the saving habits, participants can evaluate their savings attitude by doing a test on money personality. The test has to be done individually. However, depending on the level of the participants' understanding of the topic, you can read the questions and explain the offered answers. If you find some questions difficult or inappropriate for the target group, you can possibly omit the question.

After all participants finish, you should present them the personality type according to their answers. You can make a short presentation on the each type of spending behaviour.

The test and answers can be found at this link:

<http://www.nebraskafinancialeducation.org/wp-content/uploads/2011/09/money-personality-quiz.pdf>

Participants should think about their results and discuss their opinions within the group. You can ask them, if they are surprised by the outcome of the test or did they expect it.

Savings and investments are vital to personal financial well-being. Motives for saving are numerous, but the main are: the life-cycle motive, the precautionary ("rainy day") motive, the improvement motive, the enterprise motive, the bequest motive.<sup>4</sup> The trainer can clarify each motive and during the presentation discuss with participants,

<sup>4</sup> See more in this link: <http://www.oecd-ilibrary.org/docserver/download/5k94gxrw760v.pdf?expires=1423697680&id=id&acname=guest&checksum=4F20314AA5EA1955024B43D209B20657>

which ones describe their motives for saving best. If participants have other motives than mentioned, you can also discuss those.

Whatever the reasons, people with savings can better cope with economic shocks such as unexpected material losses or a loss of income. They can provide assets for the future and support their family members. Moreover, they are less reliant on loans to cover unexpected expenses. Savings also enable further welfare enhancing actions, such as entrepreneurial activities and access to education and training. Therefore, both, saving and investing can help you accomplish your financial goals. Some aspects of saving and investing can overlap, but there is a difference between these two activities.

*The purpose of saving is to accumulate money for the future needs* and it is very important because it assumes that a person has a plan of their earnings and expenses for the future. However, *saving money is usually related to safety* and the aim of saving is liquidity – to have money in cash. On the other hand, *investing can be defined as using money to make profit* and is usually risky; because it is considered as a long-term activity and gains cannot always be guaranteed.

Goals can be *simple* – (saving up for) buying a book for school, present for a friend, clothes for celebration, cinema tickets; *or more complex* – putting money aside to buy a house, be able to retire by age of 50 or to start and develop a business. For better, more concrete explanation you can prepare and use pictures or photos. Depending on the time and resources needed for achieving them, as well as complexity of the process, we might distinguish between *short-, mid- and long-term goals*. First, ask the participants to give examples for those goals, and then introduce new information.

A typical example of a short-term goal is buying a cinema ticket. In the case of short-term goals, expenses can be easily substituted: if you go to the cinema this month, maybe you will need to save on something else, e.g. going out with friends for a lunch or coffee. An example of a mid-term goal is buying a bicycle. Usually, for achieving this goal, you will need to spend less than usually for a certain period of time to save up some money and achieve your mid-term financial goal.

Short-term and mid-term needs that are not a part of person's regular spending plan and can be resolved by using savings. Therefore, short-term (up to one year) and mid-term (2-5 years) savings can be used for financing contingencies, an emergency fund, buying some assets or going on vacation. Contingencies are unplanned events that can cause urgent significant expenses in short time (for example job loss, reduction in income, unexpected home repair expenses or unexpected medical expenses). In order to overcome these situations, you should have a contingency budget. Contingencies require a greater amount of money in an unknown moment in the future. However, a contingency budget is different from long-term financial planning, such as retirement plan. The basis for a contingency budget is a standard household budget, where you should identify cuts needed for the contingency budget. Additionally, you could consider the sources of income in an emergency situation (for example selling property or current investments). Since a contingency budget is made to cover extreme and rare events, it should be updated constantly to account for changes in the household budget.

An emergency fund is an amount of money that a person puts aside for unplanned expenses. Your financial situation and household budget will determine the amount of money that you should keep in the emergency fund, but most experts agree that you



should keep between three and six months' worth of your living expenses. Since the purpose of this fund is safety, the fund should be liquid, so you can have your money quickly. You can discuss with participants, if they already have contingency and emergency funds. They can share their life experiences on covering unexpected losses. If it is appropriate for your target group, you can ask them to make a calculation for the emergency fund of their household.

Long-term needs are person's needs and wants in the long period of time (for example 5 or 10 years or even more). They are usually connected with life goals, such as education, buying a house or apartment, providing for a family, retirement plan and financial security. You can discuss each of the mentioned long-term needs with your participants and ask about their opinions on priorities. Since there are growing uncertainties in government pension insurance funds because of the world population aging, it might be useful (in groups, if you consider these topics appropriate) to pay special attention to retirement plans. Retirement is one of the most important life events in person's life and comfortable retirement is a process that takes years and requires persistence and planning. You can share opinions on possible solutions for retirement planning according to the specifics of the country where the training is taking place.

In order to ensure good understanding of this issue, do a short and useful exercise related to personal goal setting with the participants.

**Exercise 2b: Make your short-term and long-term goals for saving**

Savings plan assumes that you have already defined your priorities and made a list of your goals. So, now the participants should define their goals and fill in the tables individually. Depending on the level of the participants' understanding of the topic, this activity can be realized in a group discussion. You can ask each participant to suggest their own goals in the future time period and fill in the table on the blackboard. Participants should list at least three short-term, three mid-term and three long-term personal goals. For each personal goal, they should define a financial goal and a period of time to achieve it. For example: a short-term personal goal is to repair the roof on my house after the storm. This goal should be achieved in one month.

PERSONAL GOALS	AMOUNT	TIMELINE
<i>Short-term goals</i>		
<i>Mid-term goals</i>		
<i>Long-term goals</i>		



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If participants work individually, they should discuss their goals with other participants after they finish – whether they share the same goals, agree on categorizing, have some propositions on how to achieve these goals. Sharing experience on this issue can be valuable for the participants.

Not all goals are of same importance – some are more urgent than others, some are individual and some include/influence other people. Some are under the influence of a person setting them; some are depended on numerous factors. In the end, some are easily achievable and some are more complex. Usually, we cannot achieve all goals at the same time or within a short period. Therefore, we have to prioritize.

**Exercise 2c: Prioritizing your goals for saving**

This exercise is a continuation of the previous one. Participants can work individually or in a group where they discuss priorities of their goals, depending on the way you organized the previous activity. Using the same table, participants need to mark in the last column how important/urgent each goal is. If you organize a group discussion, make sure that every participant is involved and that they share their opinions, which you will note on the blackboard.

PERSONAL GOALS	AMOUNT	TIMELINE	PRIORITY
<i>Short-term goals</i>			
<i>Mid-term goals</i>			
<i>Long-term goals</i>			

After they finish, they need to analyse and discuss the way and reasons for prioritizing the goals in a specific manner. Then, all participants should do a joint brainstorming and draw some conclusions, summarize lessons on prioritizing, together with the trainer.

**Exercise 2d: Determining financial goals for making a savings plan**

This exercise is a continuation of the previous one, where participants had to determine a financial action plan for achieving their personal goals. They can work either individually or in a group, depending on the way you organized the previous exercises. If you organize a group discussion, make sure that each participant is involved and that you note their answers on the blackboard.

In order to make a financial plan for achieving their goals, the participants need to think about their financial goals that are consistent with their personal ones. For example: a short-term personal goal is to repair the roof on my house after the storm. My financial goal is to have enough money to buy the material and pay the workers to fix it (not doing



it by myself). This goal should be achieved in one month. I can achieve it by spending my emergency fund.

PERSONAL GOALS	FINANCIAL GOALS	AMOUNT	TIMELINE	PRIORITY
<i>Short-term goals</i>				
<i>Mid-term goals</i>				
<i>Long-term goals</i>				

If the participants work individually, they should analyse and discuss the way and reasons for defining financial goals in a specific manner after they finish filling in the table. You can organize brainstorming, share opinions and draw conclusions with the participants.

## Topic 2. Ways to save

Outcomes of this topic are:

- *The participant knows about some saving options.*
- *The participant understands the advantages and disadvantages of each saving option.*
- *The participant is competent to suggest possible ways of increasing his saving capacity.*

In order to make an introduction to the topic, you can start a group discussion as described in the Activity 3. This could be a good starting point for further sessions.

### **Exercise 2e: What do you know about saving options?**

Make a group discussion about possible saving options. Let the participants exchange their opinions about their saving options and reasons for using them. Do their saving options enable them enough money to achieve their short-term and long-term goals defined in the previous exercise? If not, by the end of this session, they should reconsider their goals and their saving options and align their personal goals with the financial ones.

Note their answers on the board. You can make a table where you write all saving options that participants already know and try to assess with them all advantages and disadvantages of using them. You can also discuss the purpose of using each option – handling short-term, mid-term or long-term needs. Add new options during the session and ask participants to share their opinion, even if they have never been using it. Ask

them to describe a life situation in which they will use it or not and reasons for doing so. For example, you want to buy a new bike next year and you do not have enough money. You can save a certain amount each month and keep it at home, or you can put the money that you already have on the savings bank account and receive the interest. What would be your choice and why?

The table, in which you can note the answers, can have a following format:

SAVING OPTIONS	PURPOSE	ADVANTAGES	DISADVANTAGES

Needs and savings should be timed in order to optimize a saving plan. Short-term needs are met using short-term savings that have following characteristics: liquidity and low risk. Therefore, short-term savings are usually in cash or at least a part of savings and investments that can be easily changed into cash. These funds are used only in emergency situations and the amount person saves depends on their financial situation. A typical advice is that such savings should equal three or six months of living expenses, however, it depends on the financial uncertainty. The most common way of short-term saving is to put money aside and save it at home, but this does not bring any interests. The other ways assume putting money into the bank account in the form of a short-term deposit. A person can have a deposit account, a saving account and a money market account.

The purpose of long-term savings is to achieve goals in the period of time longer than one year. Therefore, these saving options are usually riskier, but compared to short-term savings the return is higher. This kind of saving is not liquid, since it means that money is not available until the investment term ends. Some of the long-term investments are: long-term saving accounts, investments in bonds, shares, annuity insurance and life insurance.

Long-term savings accounts are bank accounts where you can save your money for the period longer than one year. It provides principal security and a modest interest rate. Depending on the type of the savings account, the account holder may not be able to withdraw money or to use it in transactions without extra fees while money is deposited. Compared to a short-term savings account, this type of saving usually offers greater interest rates.

**Exercise 2f: What do you know about bank services?**

More details on the types of accounts mentioned above will be provided by a bank clerk. However, in order to explain the use of different saving options in real life, you can make this exercise. You can explain different savings accounts in a rather simple way and introduce basic banking terms, so the presentation of the bank clerk will be understandable. You can use the materials for the training developed by a Slovak bank that can be found at this link: <http://www.nadaciaslp.sk/cvicna-banka/skolenie/bankovce>. A modified version of materials for this exercise can be found



at the end of this manual.

Depending on the level of understanding of saving options and their availability to your target group, you can briefly explain long-term securities as a type of a saving option. Investments in bonds and shares are the type of investments that involve intermediaries in the process of investment, since individuals cannot trade on the capital market. In order to invest in securities, you need to have a brokerage account and a signed contract with your broker who will represent your interest on the stock market. Lists of brokers are usually available at the web sites of a stock market. You can invest in bonds that are issued by companies and governments, and shares issued by companies. These investments are typically characterized as risky, since the return is not guaranteed. However, but risk is in some extent lower in the case of government securities. If there is more interest in this type of saving, you can give more detailed explanation using additional material<sup>5</sup>.

Annuity insurance and life insurance are types of insurance that have a savings aspect. During the period of annuity insurance, a person is paying fixed amount of money for specified period of time (for example 10 or 20 years) in order to obtain fixed or variable annuity payments at a later point in time, depending on the terms of their annuity insurance contract. Life insurance provides financial security for insured person's family after this person dies, or additional incomes at some point in time, if this person lives. Although, many life insurance policies allow you to borrow money during the period of your life insurance – this type of investment is illiquid and risk depends on the insurance company you selected. If there is more interest in this topic, you can give more detailed explanation using additional material<sup>6</sup>.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

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<sup>5</sup> For example, see: [http://www.dfr.vermont.gov/sites/default/files/primer\\_bonds.pdf](http://www.dfr.vermont.gov/sites/default/files/primer_bonds.pdf) and [http://www.dfr.vermont.gov/sites/default/files/basic\\_investing-in-stocks.pdf](http://www.dfr.vermont.gov/sites/default/files/basic_investing-in-stocks.pdf) . If you want to make a relation to the retirement plan, see:

[http://www.dfr.vermont.gov/sites/default/files/max\\_your\\_retirement.pdf](http://www.dfr.vermont.gov/sites/default/files/max_your_retirement.pdf)

<sup>6</sup> For example, see: <http://money.cnn.com/magazines/moneymag/money101/>

### Topic 3. General recommendations for saving

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Outcomes of this topic are:

- *The participant knows how to save money.*
- *The participant knows what to avoid in order to save.*
- *The participant becomes aware of the feasibility of saving.*

At the beginning of this session, the trainer should make an opening discussion and ask the participants what obstacles they face when they try to save. Participants should explain how they overcome these obstacles and whether they influence their future decisions on saving.

The objective of this topic is to involve participants in real life situations where they need to make financial decisions regarding saving. The training should be interactive and enhance expressing participants' opinions and making decisions in different situations.

#### **Exercise 2g: Savings Advisor**

Depending on the educational level and the level of understanding of saving issues of your target group, you can organize role play either by making teams of participants or by giving the trainer an active role in this play. If you decide to make teams of at least two participants, they will receive assignments on different life situations and try to find the best solution. One participant should take a role of a person looking for advice regarding a specific financial problem, while the other should take a role of a financial advisor and suggest solutions. If you decide to give an active role to the trainer, then the trainer and the participant or two trainers can take roles and simulate decision-making in real life situations.

It would be best if participants can present their life situations and decisions they make. Here is an example:

A person is working full-time. He started his first job one year ago. He pays his bills and has EUR 30 a month remaining, since he is living with his parents. Rather than spend this money, the person has decided to set it aside for the future. In the near future, he plans to buy a car. However, when he goes out with his friends, he usually spends more than he had planned. He does not have any bank accounts because he prefers cash. What saving options would you recommend to this person? What are the advantages of that saving option?

The main objective of this role play is to recognize the obstacles to save money, and accordingly set realistic goals and make financial decisions that are applicable in a real life situation.

If you organize this role play as participants' team work, teams of participants should present their situation to other teams. Then, suggestions from other participants can be considered and analysed.

You can note important conclusions about personal saving behaviour and possibilities of saving on the blackboard in order to discuss it at the end of the session and make joint conclusions.



***Exercise 2h: Mobile applications for personal finance (only if it is suitable for the group profile)***

Assuming that most of the participants use smart phones, mobile applications for personal finance can be found and used in the class. One of the applications that can be suggested is “Slamarica 2” (you can find it here: <http://www.slamarica.com/>), but participants from different countries can be advised to use other applications. For example one of the free multi-language application is Money Lover and can be downloaded from Google Play Store. There is a new version of the application for the Android mobile platform, but also a new application for Windows Phone 7. Android application Slamarica 2.0 can be immediately downloaded from the Android market. Language options are different and interface is user-friendly and works rather easily. The application enables you to track your transactions and changes on your bank accounts and generate reports based on your everyday inputs in Accounts and Transactions base.

Let the participants download the application and explain how it can be used. Afterwards, they can input some of the recent changes on their bank accounts and transactions in previous days in order to generate reports according to different criteria: incomes or expenses. This will give them a clear picture on their spending and possibilities of saving that they are not aware of. Suggest them to continue regularly to input their expenses in the application at least during the course, so they can share their opinions on their habits at the end of the course.

## Topic 4. How to establish a savings plan

Outcomes of this topic are:

- *The participant knows how to establish a savings plan.*
- *The participant understands the importance of a savings plan.*
- *The participant is able to explain why and how a savings plan can be a part of a budget plan.*

To make an introduction to this topic, you should conduct an opening discussion and ask participants what rules they are using when they save. Note the most common ones on the blackboard. Sharing experience can be of great value for participants.

Since a good savings plan is the basis for achieving personal goals, in the following exercise the participants should finally establish their savings plans.

### **Exercise 2i: Establish your savings plan**

This exercise should be conducted depending on the way you have executed the previous ones regarding goal setting. If you choose to have a group discussion, you already have a table on the blackboard that should now be filled in with participants' opinions on different above mentioned saving options. You can list saving options that have already been mentioned (for example: savings account, current account, credit card, etc.) and ask them to connect this saving options with their personal and financial goals. You can help them understand why some options are suitable for certain goals.

If participants have filled in previous tables individually, they should now fill in the columns regarding actions they will take to accomplish their goals. Participants can use a list of saving options that are already made and discuss and classify the options in two groups: a group of options that can be used for achieving specific goals and a group of options that cannot be used to achieve specific goals.

PERSONAL GOALS	FINANCIAL GOALS	AMOUNT	TIMELINE	PRIORITY	SAVING OPTIONS	
					CAN BE USED	CANNOT BE USED
<i>Short-term goals</i>						
<i>Mid-term goals</i>						
<i>Long-term goals</i>						

Give them time to consider everything they have learned in this session and implement it in their plan according to their financial situations. They can explain why some of the savings options are not applicable in their case and what their saving options were before. Have their goals changed during their lifetime? How have they managed to



finance their needs? Did they have to quit some goals and why?

Since personal goals can be changing depending on persons' age and preferences, savings plans should be set early enough to enable financing defined needs, but should also be flexible. The best way to achieve this is to follow some rules when establishing a savings plan<sup>7</sup>. Here are some proposed rules:

- Create your budget. In that way you can assess your current spending habits and control your expenditures.
- Define goals to save money and prioritize your goals. It is very important to have a clear objective of what you are saving for. Be realistic and prioritize your needs.
- Be disciplined, because saving is about discipline and persistence. Avoid spending irrational and make buying decisions prudently.
- Create an emergency fund. It is useful to have an emergency fund in order to finance unexpected expenditures in short-term and maintain the regular spending within the set budget.
- Consider services that banks and insurance companies offer and try to invest money in the long-terms. Saving money at home does not bring any return. Instead, banks offer a wide range of different services and usually pay certain interests depending on the type of account.
- Track your spending and savings. Try to track the spending because cutting down on small expenses can contribute to your savings. You can always have a list of transactions if you have a bank account, or you can use some application on personal finance management in order to make your own reports.
- Avoid whenever it is possible to borrow money in order to finance a lifestyle that you cannot afford. Instead, invest borrowed money, because it will give you additional income.
- Monitor your savings regularly and make corrections in your savings plans if necessary. You should expect that your priorities change especially in the long term, as same as your savings plan. Therefore, you should regularly monitor your savings and adapt to these changes.

You can add more rules and adjust the list to the savings attitude of the group of participants. Make sure that you briefly explain all above mentioned rules and show their implementation in real life situations, so participants can see their importance.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

You can draw conclusions on short-term, mid-term and long-term savings and the most important rules for savings. Write everything on the blackboard, because it will be a good remainder for the participants and a starting point for the bank clerk in the following session, when financial bank services will be presented.

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<sup>7</sup> For more tips, see for example: <http://www.youcandealwithit.com/borrowers/managing-money/saving/index.shtml> , <http://www.getrichslowly.org/blog/2009/03/09/25-favorite-financial-rules-of-thumb/> , <http://www.thisismoney.co.uk/money/guides/index.html>

## Topic 5. Saving options at formal financial institutions – saving in banks

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Outcomes of this topic are:

- *The participant can define what a financial institution is and the benefits of using services provided by financial institutions.*
- *The participant acquires skills to select the best financial institution for their needs and the best kind of savings account.*
- *The participant acquires skills and knowledge to select the best kind of savings account for their needs and ways of bank accounts use (money transfer, debit cards, ATM cards, checks, etc.).*

After the session on saving options, we suggest that this topic is presented by a bank employee, who should:

- present the bank as a financial institution and the offer of bank services. In that manner, participants should be able to gain a clear picture on all benefits they can have by using bank services.
- according to the already discussed participants' saving habits and saving goals, suggest the saving options offered by the bank.
- give a brief explanation on bank procedures, expenses and documents that are requested for opening a bank account or other services that participants are interested in.
- give a brief explanation on the terms of money deposit in short- and long-term period.
- give a more specific explanation on possible money transactions and, if you find it useful for the concrete target group, e-banking services.
- give a brief explanation on applications for monitoring the transactions on the bank account, if you find it appropriate for the concrete target group.

It is very important for participants to understand what a financial institution is and gain trust in the financial system. Therefore, you can suggest to the bank clerk to describe as detailed as possible the role of banks in the financial system, and emphasize all benefits the participants can gain by using financial services.

Afterwards, suggest a detailed presentation of financial services including explanation of the necessary procedures. The objective of this part of the presentation is to make financial services more affordable to the participants, since they usually think that bank procedures are too complicated for them.

It is recommendable to leave time for participants' questions and a discussion on the participants' experience in using bank services. A clerk should answer their questions and together you can make conclusions and summarize the findings, which will be valuable for their future savings decisions.



### **Exercise 2j: Money game - Romonopoly**

Propose to participants the game Romonopoly, in which the focus is on understanding different financial concepts and real life financial situations from.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

#### QUESTIONS FOR ENSURING THE COMPREHENSION OF MODULE 2:

1. *Explain the difference between short-term and long-term needs.*
2. *Explain the importance of prioritizing goals.*
3. *What is the purpose of short-term savings?*
4. *Which types of short-term saving options do you know?*
5. *What are characteristics of long-term savings?*
6. *Explain the role of investing in achieving long-term goals.*
7. *Why is contingency planning important?*
8. *Explain the relation between a budget plan and a savings plan.*
9. *Why is it important to establish a flexible savings plan?*
10. *Do you follow any rules in saving? Explain.*
11. *What is the role of banks in your financial planning activities? Can you explain some saving options offered by the banks?*

## MODULE 3: SENSIBLE BORROWING

### Summary of Module 3

Module 3, entitled *Sensible borrowing*, introduces basic concepts of borrowing in four topics. In terms of teaching approach, the module is a combination of lessons and exercises. Since the content that we introduce in this module may be rather comprehensive for low/less literate participants, we suggest that trainers approach the topics in a simple manner. The first topic, “Debt management: handle borrowing with care”, raises awareness of different sources of money to borrow, with particular stress on the risks and ethical considerations of illegal borrowing sources. This topic also introduces the notion of creditworthiness by defining an eligible loan customer. The next topic, “The cost of borrowing”, explains the nature of borrowing cost. Trainees are thought to find out what is the real cost of the money they borrow, to recognize different kinds of costs and to take them all into account. The topic entitled “Choosing a lender and a type of loan” is focused on finding differences between various types of loans available on the loan market. Finally, the last topic, “Controlling the debt” contains guidelines for avoiding debt overhang, as well as instructions for borrowers to protect their interest.

### LESSON PLAN OF MODULE 3

<b>Summary of Module 3 – Sensible borrowing</b>	<b>16 hours in total</b>
<b>Session 1</b>	<b>4 hours</b>
<b>Topic 1. Debt management: handle borrowing with care</b>	<b>4 hours</b>
<i>Opening discussion about borrowing money</i>	<i>15 min.</i>
<i>Borrowing sources</i>	<i>30 min.</i>
<i>Exercise 3a: Borrowing experiences</i>	<i>60 min.</i>
<i>Legal credit sources</i>	<i>30 min.</i>
<i>Bank requirements and procedure</i>	<i>30 min.</i>
<i>Closing discussion</i>	<i>15 min.</i>
<b>Session 2</b>	<b>4hours</b>
<b>Topic 2. The cost of borrowing</b>	<b>4 hours</b>
<i>Opening discussion about cost of borrowing</i>	<i>10 min.</i>
<i>Interest and interest rate</i>	<i>35 min.</i>

<i>Exercise 3b: Loan calculator – How to calculate interest payments</i>	<i>45 min.</i>
<i>Exercise 3c: How to calculate interest payments without the help of a loan calculator</i>	<i>45 min.</i>
<i>Other costs of borrowing</i>	<i>30 min.</i>
<i>Closing discussion</i>	<i>15 min.</i>
<b>Session 3</b>	<b>4 hours</b>
<b>Topic3. Choosing a lender and a type of loan</b>	<b>4 hours</b>
<i>Opening discussion about bank procedures</i>	<i>15 min.</i>
<i>Exercise 3d: In the bank office – understanding loan application procedure</i>	<i>45 min.</i>
<i>Type of loans</i>	<i>30 min.</i>
<i>Exercise 3e: Choosing between different borrowing sources</i>	<i>55min.</i>
<i>Exercise 3f: What do you know about loans?</i>	<i>20 min.</i>
<i>Closing discussion</i>	<i>15 min.</i>
<b>Session 4</b>	<b>4 hours</b>
<b>Topic 4. Controlling debt</b>	<b>4 hours</b>
<i>Opening discussion</i>	<i>15 min</i>
<i>How to avoid debt overhang</i>	<i>30 min.</i>
<i>Exercise 3g: Planning your family budget with money flows related to the loan</i>	<i>90 min.</i>
<i>Borrower’s rights</i>	<i>30 min.</i>
<i>Closing discussion</i>	<i>15 min.</i>

## Topic 1. Debt management: handle borrowing with care

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Outcomes of this topic are:

- *The participant understands the basic meaning of financial concepts related to borrowing money.*
- *The participant has a perspective over different sources of money to borrow, understands the risk of taking debt.*
- *The participant becomes aware of the importance of borrowing conditions.*
- *The participant understands why they are supposed to borrow prudently.*

In previous modules, we have learned that someone may save some money if they keep track of expenses, shop smart and effectively, do some planning ahead, exercise personal budgeting etc. Sometimes, you may need more money that you actually have at hand. There may be various reasons why you may need some extra money. (Ask the group what are the usual occasions they need extra money and how they provide it. Write the list on the flip chart). This will help you illustrate a conclusion that a need for borrowing appears when your income does not cover your expenses. Often, this may happen because of some unplanned events (difficult to predict), such as expensive wedding ceremonies, urgent repair of your house/apartment, buying furniture or house appliances, or some of your family members get financially fined. This may be either a pleasant or unpleasant event, but since it happens suddenly we will call it emergency borrowing. In the previous module (2), we have learned that it is advisable to put some money aside in case of emergent situations. However, if your income does not allow that, the only available solution will be borrowing.

Refer to the opening discussion to conclude that there are different ways to find the money you need for buying provisions or other consumption goods. It is important to differ between an informal and formal loan. Informal loan is arranged between parties that have no legal license to give a loan. It can be rather benign when it is arranged between family members, relatives or friends.

However, in some communities one can find a person able and willing to lend money for interest. This transaction is regularly illegal, and may put both parties in danger. The person that gives a loan asking for a high interest rate in return is known as a “loan shark”. It holds the same even if this person does not directly provide a loan to you, but instead “helps” you get a loan from a regular borrower, e.g. by applying instead of you, or giving a guarantee for you. In all cases you will owe to this person more than a bank regularly charges for the services given.

Although, some communities tolerate such dishonest business, e.g. people misuse others, take advantage of other people’s necessity, ignorance or negligence. In some extreme cases a person that is not able to repay a loan may be forced to labour services, or even loose freedom.

Unusually high interest rates have been considered ethically unacceptable for centuries. It is known as “usury”. Financial history is full of law-makers’ attempts to ban usury.



There are a lot of examples of anti-usury laws enacted all over the world, especially in the Middle Ages. Some monotheistic religions (e.g. Christianity) forbid interest when a person borrows money to buy essential goods. Even today, the so-called Islamic banking forbids earning interest even in the case when a person borrows money to finance business enterprise.

**Exercise 3a: Borrowing experiences**

For this activity you do not need any special requirements in terms of place for the activity and facilities available. This discussion should start in the beginning of the session and develop parallel with the above theoretical presentation.

1. Start explaining a scenario that you need some extra money. Explain that the need for borrowing appears in a family situation that is completely different than the one discussed in the previous module (2), when you are supposed to think about the best way to save your money for the future.
2. Ask trainees to name a few reasons why they would borrow money. Let participants reflect on this for a while, then involve them in brainstorming that results in a list of ideas for alternative ways to find the source of money.
3. Start drawing a table on the blackboard. Add separate rows for each guess in the table. Add rows for example: borrowing from family members, friends and relatives, from loan sharks, credit cooperatives, banks, etc. With the previous discussion, the participants are already directed to think about the need for borrowing and alternative sources of money to borrow. Ask them to respond on their borrowing experiences, i.e. to explain what they usually do when they need extra money, and what do they need it for.
4. You are expected to lead or articulate a discussion in order to generate a table like this one below.

<b>Source of money to borrow</b>					
Family members, relatives and friends					
“Loan sharks”					
Developing/humanitarian organization					
Credit cooperatives					
Banks					
...					

After this exercise (3a), the participants are expected to have a better perspective over borrowing alternatives. Make sure that they fully understand the difference between legal and illegal sources of money to borrow, particularly the risk behind illegal sources, e.g. the money taken from or with assistance of a “loan shark”.



There are often different legal sources of borrowing. In some developing countries, there are humanitarian or developing organizations that may give you some money. Those financial sources are usually the cheapest. Some of them will require the borrowed money to be repaid on time in order to have an interest-free loan. Some of them will work with the so called subsidized loan, meaning that your interest payment, or total loan service payments might be cut-off, if you use a loan for the right purpose. However, in order to use this money, you must prove that you fit into their customer profile (vulnerable social groups, ethnic minorities etc.). Sometimes, the money that you can get this way is not enough, or serves just as a temporary financial support.

At this moment, before we get into more specific discussions about peculiarities of different borrowing sources, please stress the most important features of a formal loan. Namely, the basic advantage of a formal loan is that both parties are legally protected. The law guarantees the contractual rights of both contractual parties. As long as they behave according to the signed contract, a borrower is free to enjoy the loan. However, if a borrower does not repay a loan, the lender will exercise its right to terminate the loan contract and recollect the loan. This procedure is regularly more costly for the borrower.

Moreover, underline the fact that bank contracts are written, they can be rather complex and confusing to the person which is not used to doing business with a bank. Thus, advise them to take someone literate along, who has basic numerical skills and whom they can trust. However, be aware that a bank will not allow negotiating about the terms of contracts. You can accept it, or leave it.

Before even applying with a bank for a loan, you must be fully aware that despite of your necessity to get the loan, a bank may turn your application down, if it considers your application not a good business deal. Any bank, or other legal borrower, will try to assess whether you are an eligible loan customer.

To be eligible as a bank loan customer means that you, as a perspective customer, fit into bank internal regulation. In their regulation, banks prescribe many requirements and procedures that any bank officer must follow when they work on your application for a loan. The regulation must not concern things like your origin, nationality, social status, educational background, etc. Otherwise, it will be treated as a discriminatory business practice, which is absolutely forbidden.

Unfortunately, a loan applicant must have:

- an identification document,
- permanent place of residence,
- or other things that many Roma people may find difficult to provide with.

Banks are often big financial organizations. However, your loan application will always be directed to a person that works with loan applicants. A loan officer is a person that you meet when going to the bank for a loan. Keep in mind that in an early phase, this person works with you to find out whether you are an acceptable loan applicant. He or she is not your enemy. The primary duty of this person is to assess whether from the bank's



point of view you deserve a loan or not. Not deserving a loan does not necessarily mean that you are a dishonest person, or that the bank distrust you. Be aware that the ideal situation for a bank is also the ideal situation for you. You both want a loan to be repaid fully and on time.

The bank will ask you to prove your ability to repay the loan. When you apply for a consumer loan, checking account with overdraft privileges, or a credit card, you may be asked to give:

- employment records,
- data on your income or assets sources, and
- a bank will also want to know if you are a financially responsible person.

There is no point of lying a bank officer, since in most countries nowadays an online data base exists that holds record of all bank customers' financial obligations. When you apply for a loan, a bank officer will check your financial standing as it is stated in a credit register/ bureau. If you have already taken too much debt, or you have some cases of not repaying credit on time in your past (bad credit history), you will be considered an ineligible client and your credit request will not be approved.

Another question that deserves to be addressed in discussion with trainees is: Can a poor person borrow from a bank? Do you have to be wealthy to be able to borrow from a bank?

If a lender is not certain about your capacity to repay, sometimes, it will ask you to pledge some assets against the loan. It is called collateral. It is also a regular way of lending for some non-bank organizations, known as pawn-brokers. They grant loans only against collateral.

Collateral is what originally belongs to you (you can prove that you are the owner) and has a certain value for the lender. The lender will not take an asset that has emotional value for you as collateral. The collateral must have a market value, i.e. it must be valuable for other people, and also it must hold its value as times goes by. If you find yourself not able to repay the loan, the lender will seize the assets pledged as collateral and sell it, in order to recollect the money that has been lent.

So, be aware that you will lose the collateral, if you violate the terms of contract.

If you have the assets in possession that a lender may accept as collateral, you may think to sell it rather than put it as collateral at bank. Sometimes, you may sell the assets at a higher price, and save the money that you will eventually pay for interest.

Probably all bank customers have good financial standing in the moment of their loan application. However, you take the loan now and repay it in the future. You never know what will happen in the future, in terms of your job, income or family situation. Thus, the question that is important in the phase of application is: What amount of money can I borrow prudently? The basic tip is simple: borrow what you can afford. Bear in mind that you always borrow against your future income. If your future/perspective income is certain, your loan service capacity will be safe. Do not count on irregular or uncertain sources of income. If your expectations are not met, you will find yourself in trouble.

### General borrowing tips:

- ✓ Do not borrow more money than needed.
- ✓ Spend borrowed money wisely, and stick to your plans.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

## Topic 2. The cost of borrowing

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Outcomes of this topic are:

- *The participant understands the meaning of borrowing cost.*
- *The participant differs between a lender and a borrower.*
- *The participant is aware of their financial obligation taken.*
- *The participant is able to find or calculate themselves the interest payment.*

Borrowed money costs, except some rare cases when you borrow from your family members, relatives and friends. In all other cases you must compensate a person if you borrow money from them.

Loan agreement is a formal agreement signed between a lender and a borrower. The party which gives a loan is a lender. The party which takes a loan is a borrower. In most countries only banks are legally allowed to give a loan. In some other countries there are also saving and loan associations, credit cooperatives, as well as other credit organizations (non-bank organizations).

What you should repay to the lender in addition to principal amount given is known as interest payment. Interest payment is the most important cost of borrowing.

Interest rate (nominal or contractual interest rate) is a number that tells you how much of interest you should pay for a loan in percentage terms, monthly or annually. Many borrowers are more interested in knowing the exact amount of money they are to pay above the principal amount. The best way to find it out is using the so called loan calculator. Many banks have such an application built in their web pages.

### ***Exercise 3b: Loan calculator – How to calculate interest payment***

This activity is supposed to be of demonstration type. For this activity you will need an available computer and Internet connection. Thus, the place of activity should preferably be a classroom.

1. Google a bank name for which you already know that has a loan calculator built into its official web page. The calculator has different active cells in which you must enter



values. Often, you will decide upon a loan amount, term of loan, and possibly the way you are supposed to secure the loan repayment with depositing some money to the bank.

2. Start with entering data in the right cells. The calculator itself gives results. Result is most often given in a form of total amount of money they should repay at the end of a loan period, or the amount of annuity. The result is sensitive to any change in data entered in active cells. It is highly recommended to proceed with this exercise in a case study manner, with parameters to change (provisory or taken by real bank offers). For example, an introductory example may be done with the following values:

- LOAN amount: 1,000
- Interest rate (if applicable): 3%, 5%, 7%
- Loan term (in years): 1, 3, 5
- Total monthly (annual) payment (variable to be discussed)

3. Then invite participants to do the same.

4. Discuss with them how the changed entries generate changes in the level of financial liability (total monthly/annual payments), so as to have comprehension of dependence between the terms of loan and the level of financial liability.

The exercise (3b) above is a good one for understanding how the choice of a loan may influence your total financial liability. However, it is not suitable for informal loan types. Sometimes, the (online) loan calculators do not allow changing of interest rate, since they are built to be used for concrete loan offers. For discussions of informal loans (e.g. usury) we must do the calculations ourselves, i.e. without the help of a loan calculator. The next exercise (3c) will help a trainer do that.

### ***Exercise 3c: How to calculate interest payment without the help of a loan calculator***

For this activity you will need no available computer and Internet connection. The only facility you will need at hand is a personal calculator. This exercise can be a substitution for the previous exercise, in case that a trainer has no access to Internet, but more preferably, it could be a supplement to the exercise above. It is highly recommended to go with this exercise in a case study manner, with parameters to change.

1. Start with an example of calculating loan obligations, according to the following instructions:

- LOAN amount: it should be a round number
- Interest rate: it should correspond as much as possible to real life experiences. Thus, ask the participants to give you the information about interest rate that they usually pay in case of usury.
- Loan term: for the sake of simplicity, i.e. in order to avoid complicated calculations, we suggest using 1 year.
- Apply the following formula:

$$\text{ANNUAL REPAYMENT} = \text{LOAN AMOUNT} \times (1 + \text{INTEREST RATE})$$

Example:

- LOAN amount = 1000

- Interest rate (annual) = 50% = 0.5

$$\text{ANNUAL REPAYMENT} = 1000 \times (1 + 0.5) = 1000 \times 1.5 = 1500$$

Make sure that participants understand that their total financial obligations related to the loan contain the amount of principal (the amount of money given to them) and the amount of interest payable. In this example, the interest payable increases annual repayment for 500.

2. Then invite participants to do the same, but this time with different numbers.

Calculate the next two exercises, or according to the group needs, add some more exercises by changing the numbers.

You urgently need 220/630 euros. You have borrowed from the borrower, who requires you to pay back in two/four months not only 220 euros, but with interest 330/740 euros.

- a) How many euros does the borrower earn with your loan?
- b) Calculate the interest rate.

3. Discuss with them how the changed entries generate changes in the level of financial liability, so as to have comprehension of dependence between the terms of loan and the level of financial liability.

4. Discuss with them about the consequences of not being able to pay money back to the usurer in full and on time.

Many provisions of a typical loan contract may affect the borrowing costs. In many cases, accepting a loan means your obligation to pay some more money, besides the very interest payment. For example, you may be asked to pay some fees or commissions. Those levies are also borrowing costs.

Loan term, or period of repayment, is another important element in the loan contract. The amount of interest that you pay to your lender basically depends on three things: interest rate, amount of money that you have borrowed, and the period for which the loan is granted. The longer this period the higher the interest.

Effective interest rate is a number that tells you how much your loan really costs. Apart of nominal interest rate, the effective interest rate takes many other things into account, e.g. fees and commissions, the way that bank calculates your annuities, compensatory balances, etc. Thus, always look at the effective interest rate.

There are some more rules:

- The higher the nominal interest rates the higher the effective interest rates, other things being equal.
- The more frequent repayment the higher the borrowing costs, since after each repayment you effectively use a smaller amount of money.



- Different currencies have different interest rates. Banks charge higher interest rates when they lend in a currency that may lose its value against the other currencies. Thus, what looks cheaper at first glance may eventually turn into an expensive alternative. It would be wrong for an average bank customer to try guessing what is to be cheaper at the end. Banks are better in doing business with different currencies, so that probably all foreseeable changes in relative value of one currency to the other are already built in their interest rates. The best way is to borrow the currency which you will need to pay your expenses. That way, you will avoid paying extra money when converting one currency into another.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

### Topic 3. Choosing a lender and a type of loan

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Outcomes of this topic are:

- *The participant becomes familiar with the options available for borrowing money from legal sources*
- *The participant understands the bank office procedure.*
- *The participant is able to find the best borrowing alternative.*

You may think of a bank as an intermediary that buys money from some people and sells money to the other people. Put in that way, the banking business looks very simple, but there may be many banks, and many different types of loans.

In order to find the best offer for your loan, you must do the same thing that you do when you shop for goods. You should visit as many banks as possible, take their offers and do some comparisons among them. When you are sure that you will need money from a bank and you have found the best offer, apply immediately. The approval of your loan will take some time.

#### **Exercise 3d: In the bank office – understanding loan application procedure**

In terms of desirable place of activity, this exercise needs no special requirements. This is supposed to be a role play. It is highly recommended that each participant tries this role play himself.

Start with asking a participant to play the role of a client and you take a role of a bank officer. Start with already given parameters for this role play. The game should contain several steps:

Step 1: The client introduces himself to the bank officer. Let the client be 30 years old,

male, full time employed with regular monthly income. He is supposedly married, with 3 children (2 at school), with the unemployed spouse.

Step 2: The bank officer asks him to explain the reasons for applying.

Step 3: The client may respond that he needs to take a loan for renovation of the premises where he lives with his family. The client has calculated that he would need 5,000 for the renovation. He has seen a TV ad of a promotional bank offer, and he has heard from friends and colleagues that they offer good conditions compared to other banks.

Step 3: The client presents some basic facts and documents about his financial standing. For instance, the client may respond that his regular monthly income is 850 euro (or what is appropriate for each country), and additional income in the family comes from children allowances (105 euro per a month).

Step 4: The bank officer presents a bank offer for a loan. The officer has to present to the client the offer of his bank (based on a real bank offer) and explain the advantages of the product, borrowers' obligations and the requirements he has to meet to be an eligible client.

Step 5: The client is studying the bank offer, and asks questions about the offer.

Step 6: If the terms are acceptable, the client will start a formal application, and wait for approval.

When both parties have agreed upon the terms of loan, and the loan is finally approved, the money will be transferred to customers' current account, paid out in cash, or made available to the client in other ways.

For a person that faces a loan officer for the first time in their life, a bank offer may look confusing. A bank will offer different kinds of products and services to you. You must differentiate between them. The next exercise will help you find a way out of rather confusing bank offers.

### ***Exercise 3e: Choosing between different borrowing sources***

For this activity you do not need any special requirements. You can use a classroom or any closed space equipped with a facility to write on (e.g. portable blackboard). Moreover, in order to have a fruitful debate, have at hand bank leaflets. You will gain more if you have available leaflets from multiple banks. The best type of this exercise is a case study.

1. This is an exercise that continues with the activity started in exercise 3a. Since participants have already made a table with a list of alternative sources of money to borrow, they now should fill in the column regarding key differences between the alternatives. We already have a shortlist of alternatives. For this exercise, some alternatives are supposed to be further developed. For instance, the row entitled "banks" or the row entitled "credit cooperatives" should be divided into several rows,



each for different credit organization. However, if the differences in terms of borrowing conditions between banks you have chosen to study are rather meaningless, please feel free to skip this part, and be focused on comparing only between different types of lenders.

2. Name columns to the right in the following order: type of a loan (if applicable), cost of borrowing (interest payable etc.), requirements to get a loan, duration of procedures, and protection of borrower's rights.

3. Instruct the participants, but avoid limiting them in the process of generating ideas. Write down all ideas on the table. Compare different sources of money to borrow according to the criteria defined in the columns. For example, concerning the borrowing cost criterion, possible answers may be ranks (the highest, medium, the lowest etc.), or exact numbers of interest rate. For requirements to get the money, answers are concerning: request for formal application (yes/no), request to prove employment status (yes/no), or request to prove good financial standing, income generation (yes/no), etc. For duration of procedure, answers are descriptive assessments (immediately, fast, medium, long-lasting procedure), or, if possibly, assessments of duration in days or months, and finally, for protection of borrower rights, answers are: there is/there is no protection, with explanation of statements (right to sue in the court of law, right to complain to the bank regulatory agency, etc.).

4. Simulate choosing between alternatives working in pairs or small groups. For any choice made, ask the group leader to define reasons behind the choice as precisely as possible. Depending on the composition of the entire group, you can perform the exercise together with the participants.

5. Try to rank the alternatives. Understand a practical meaning of comparisons, **refinancing the loan!** If a better loan is available, use it to pay back the worse existing one. You will be eventually better off.

Source of money to borrow	Type of loan	Cost of borrowing	Requirements to get the money	Duration of procedure	Protection of borrower's rights
Family members, relatives and friends					
"Loan sharks"					
Developing/humanitarian organization					
Credit cooperative					
Bank A	Consumer loans				
Bank A	Debit card with overdraft				

Banks A	Credit cards				
Bank B	Consumer loans				
Bank B	Debit card with overdraft privilege				
Banks B	Credit cards				
....					

Some types of loans are quite easily available. The procedure for applying is simplified. You can go into a bank unit, approach a bank clerk, sign some papers and get out with money in your pocket (cash loan, easy cash, etc.). The types of loan that you can get easily are usually the most expensive ones.

**Exercise 3f: What do you know about loans?**

In order to explain the use of the different borrowing options in real life you can use this exercise. For the training, you can use the materials developed by a Slovak bank that can be found on this link: <http://www.nadaciaslp.sk/cvicna-banka/skolenie/bankovce>. The modified version of these materials for this exercise can be found at the end of this manual.

The most flexible way of borrowing money from a bank for a customer is a bank credit card. It is actually a right to take money from a bank up to a certain limit – as long as the credit card is valid. There are two basic types of bank cards: credit and debit cards. A credit card is regularly used for bank customers to borrow money. Opposite to that, a debit card is filled with your own money, the money that you already put in a bank (deposit at a bank). Very often, banks allow their debit card to be used by a customer to borrow money. They call it over-drafting privilege. It means that you can pay in excess of the money you have on the account. Using a debit card this way, it is essentially borrowing money from a bank. However, the cost may be excessively high. Bank cards are intended primarily for paying bills when buying goods and services. Moreover, both credit and debit cards may be used to take cash from bank teller machines (ATM) or a bank officer, but when using credit cards for that purpose, you will be charged extra.

Please, be aware that banks treat credit cards as a kind of product available only to their best borrowers. Your financial standing is supposed to be above average to get it from a bank. If you do not have a regular income or a permanent employment, or you have already taken an excessive amount of debt, your application for a credit card may be easily turned down.



### Bank card tips:

- ✓ Read carefully and find the right figures in a bank loan offer or a loan contract before you sign it.
- ✓ Avoid over-drafting your debit card/checking account.
- ✓ If you need cash, take it from your debit card. Bank charge extra cost if you take some money from your credit card (e.g. using bank teller machines).
- ✓ If you need cash, take it from ATMs that belong to your bank. Bank charge extra if you take the money from an ATM that does not belong to your bank.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

## Topic 4. Controlling debt

Outcomes of this topic are:

- *The participant is aware of a risk of not being able to repay the loan.*
- *The participant knows how to behave to meet the loan requirements.*
- *The participant is aware of their rights, and whom to contact for getting advice on protecting their rights.*

A loan agreement is a formal financial obligation. Be aware that money taken from a lender must be fully repaid on time. Being overdue with a loan is a most common way of violating the rules of your contract. Being late in paying the loan back to your bank may be a consequence of simple negligence. In order to avoid debt overhang, the easiest thing you should do is to keep track of your credit and debit transactions. Banks regularly send monthly reports to their customer's. However, when you are able to see the report, it may already be late.

However, in majority of cases it is not your (un)willingness what makes you unable to repay the loan. You strive to be on time, to align your income with your expenditures, but it does not happen. Plan carefully, and do not push to the limits. Always count on an unpredictable event and leave a margin for it.

### **Exercise 3g: Planning your family budget with money flows related to the loan**

Type of exercise: Playing games with cards

This activity is a game with cards. There are no special requirements in terms of the place of activity; it could be a classroom or any other space.

This activity is planned to be an exercise that would sum up already acquired knowledge about family budgeting and new knowledge about borrowing money. This time, in the game that participants are already familiar with, some new elements should be added.

1. Invent a card for each type of family income or expenditure. Write down on the card the name or preferably a picture that symbols the type appropriately. Have at hand artificial money bills.

2. Proceed with the figures that you already have calculated for your family income and planned expenditures (monthly or annual). Try to differ between regular and irregular income sources, as well as your necessary and unnecessary expenditures.

3. New cards enter the game: loan amount and loan annuities payable. Make sure that participants understand the difference between the sum of money that they will get from a bank (loan amount) and the sum of money they are obliged to pay back (loan annuities payable). The first amount increases money available to spend or invest at the moment, the second will decrease the sum of money that you will have available for spending or investing in the future. If possible, use the exact data delivered by a loan calculator. If not, do some simple calculations to find the right figure for interest payable (as explained in exercise 3c).

3. Play the game within groups of participants. The participants will get artificial money bills for income and use them to pay expenses. Please, stress that the income must come first. Thus, introduce at least two different moments of time, e.g. contemporary and future moment of time. The game will start without the borrowed money.

Repeat the game, but now with borrowing. Make sure that they understand that the borrowed money will probably help a borrower finance some expenditures that would otherwise not be possible, but when time for paying loan back comes, the borrower might postpone some already planned expenditures. Let the participants check whether they will have enough money available in the future to pay the loan back to the bank. Underline the fact that the obligation to pay back may force a borrower to sacrifice some basic needs.

4. Implement an exercise with the participants on borrowing money from relatives with no interest. For example: Your car broke down. The mechanic told you that the repair costs are too high, considering that a repaired car would only be worth 500 EUR. You want to buy a new car. You will check the ads for used cars and checked the used cars at dealerships. The mechanic would buy your car for 400 EUR. For the car that you are interested in you still need 700 EUR. You do not have any savings as you are living month to month. Yours and your partner's monthly income together is 900 EUR.

- a) Calculate, according to the mentioned incomes and outcomes of the family (make assumptions), the amount of the monthly payment.
- b) Calculate in how many months you would be able to pay the loan.

To rearrange a bathroom, a 4-member family (with two school age children) needs 2000 EUR. They already have 500 EUR in savings. They will borrow from relatives without interest payments.

- a) How much money do they still need to borrow?
- b) What would be their monthly payment, if they would repay the loan in 12 months?
- c) Do you think that they will be able to pay the monthly payment, if their family income is 1200 EUR per month? For easier assessment, we suggest to make a list of monthly incomes and expenses and propose a solution for the family.



In most countries a borrower is treated as a weaker contractual party and is legally protected. It means that you will have some rights that your bank does not have. Banks are considered well equipped, professional organizations that do business with money for profit. They know much more than you do. However, being legally protected does not mean that a borrower may neglect his/her contractual duties.

Among the most important rights granted to the borrower are:

- A right to be fully informed.
- A right to terminate contract in case that your bank change something in it.
- A right to start a complaint procedure in case of bank misconduct.

The borrower is granted several rights, e.g. to be fully informed about the terms of contract. It is your legal right to ask for any information related to your contract.

In some countries you also have a right to give up the contract without any explanation, for some time after it has been signed. If you find that the contract does not suit you, use this right on time.

If a bank changes some terms of your contract, you are granted a right to terminate the contract. Actually, you must be informed by your bank that the terms will be changed. Read carefully the new terms proposed by your bank. If the new terms put you in less favourable condition, do not accept them.

Modern banking laws regulate how banks can behave, or regulate banks' conduct. If you think that a bank violates the contract, and harms your interest, the right thing to do is to complain about it. The complaint about a bank conduct is also regulated. You should firstly address a bank officer. If the bank does not respond, the next step should be to ask the bank regulatory agency for help.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

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### QUESTIONS FOR ASSESSING THE COMPREHENSION OF MODULE 3:

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- 1. Explain the difference between legal and illegal borrowing sources.*
- 2. What are the basic features of “usury”, and why do you think this practice may be ethically unacceptable?*
- 3. What will a bank ask you to present as proof that you are an eligible loan customer? Give some examples.*
- 4. Do you need to have some assets in possession in order to be able to borrow money? Why?*
- 5. Many things that a bank may charge when granting a loan actually increase your borrowing costs. Give some examples.*
- 6. Explain the importance of an effective interest rate.*
- 7. How does the amount of interest payable depend on interest rate, loan amount and term of loan? Explain.*
- 8. Name and explain some borrower’s rights.*
- 9. When you borrow money from a bank you must think about your regular income. Please give some examples of your regular income.*



## NATIONAL MODULES 4: INCREASING YOUR INCOME

### MODULE 4: INCREASING YOUR INCOME (SERBIA)

#### Summary of Module 4

*The main purpose of this module is to help participants increase their personal and family income by improving their competences and skills needed to find a job in the paid employment sector, or to become self-employed. The topic entitled Searching for job deals with a need to be active in the job searching process and with a need to match professional competences with the labour market requirements. Completing this topic, participants will learn how to actively seek for a job in the labour market. The second topic is aimed at improving skills and competences needed to start one's own business. Starting from reasons to be self-employed, this topic continues with themes like – how to generate business idea and how to assess its profitability, how to find a support for starting a business and how to register it. The module contains exercises which are designed to practically explore the content of the module.*

#### LESSON PLAN OF MODULE 4

<b>Summary of Module 4 – Increasing your income</b>	<b>10 hours in total</b>
<b>Session 1</b>	
<b>Topic 1. Searching for a job</b>	<b>5 hours</b>
<i>Opening discussion – active job searching</i>	<i>20 min</i>
<i>Exercise 4a: Registering in job openings database and key word database searching</i>	<i>55 min</i>
<i>Exercise 4b: Preparing a CV</i>	<i>55 min</i>
<i>Opening discussion – Competence improvement</i>	<i>15 min</i>
<i>Presentation of various educational and training programmes</i>	<i>20 min</i>
<i>Closing discussion</i>	<i>15 min</i>
<b>Session 2</b>	
<b>Topic 2. Self-employment</b>	<b>5 hours</b>
<i>Opening discussion – self-employment – Why?</i>	<i>10 min</i>
<i>Exercise 4c: Why do I want to be self-employed?</i>	<i>35 min</i>
<i>Exercise 4d: Labour market discrimination</i>	<i>20 min</i>
<i>Opening discussion – self-employment – How?</i>	<i>10 min</i>
<i>Exercise 4e: What is my business idea and can it be profitable?</i>	<i>45 min</i>

<i>Exercise 4f: Can I get support for my business?</i>	<i>20 min</i>
<i>Exercise 4g: Registering my business</i>	<i>40 min</i>
<i>Exercise 4h: Success story</i>	<i>30 min</i>
<i>Closing discussion</i>	<i>15 min</i>



## Topic 1. Searching for a job

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Outcomes of the topic are:

- *The participant will learn about the importance of active job searching.*
- *The participant will be aware of sources of job related information, further educational and training possibilities.*
- *The participant will learn to write a CV.*

So far we have discussed: how to plan a family budget, how to set long term and short term financial goals and how to achieve them, how to borrow money and make reasonable and informed choices according to our needs and resources. The last step that should be discussed refers to the possible ways to increase the potential income. Ask participants to name a few ideas for increasing the income – generally speaking, not only in their own situation.

One of the preferable ways to increase personal and family income is to be employed in the so called paid employment sector. Unfortunately, very often the path between a wish and a concrete paid job is a long one. Finding a job means matching supply and demand in the labour market. Job seekers are the supply part, while the prospective employers are the demand part of the labour market. Sources of information about labour demand can be various. All of them can be viewed as informal and formal ones. Informal sources of information are job seeker's social networks – their family, relatives, friends, neighbours. Informal sources are especially useful for finding the so called hidden job openings – job openings that are not publicly advertised or that would be available in the near future. Formal sources are different databases of job openings that can be found on the internet, job ads in the media, or job fairs. Additionally, in most of the labour markets there are agencies functioning as professional intermediaries between labour demand and supply. The main function of these agencies is to match the labour demand and supply – to link the job seeker with potential employers.

**Tip:** *You can increase your chance of finding a job if you use a wide spectrum of sources of information about job openings. In addition to formal sources (media, internet, employment agencies), use your family, friends, colleagues, etc.*

**Beware:** *National employment agency and private agencies for employment mediation cannot charge for services they offer to unemployed individuals.*

Present available internet databases of job openings in your country. Some examples for Serbia: <http://www.nsz.gov.rs/live/trazite-posao/svi-poslovi>, [http://www.nsz.gov.rs/live/dokumenti/pdf\\_arhiva\\_poslova\\_cid394](http://www.nsz.gov.rs/live/dokumenti/pdf_arhiva_poslova_cid394), <http://www.lakodoposla.com/>, <http://www.infostud.com/>

### **Exercise 4a: Registering in job openings database and key word database searching**

One of the possible approaches is to divide all participants into two groups – *paid employed* and *self-employed* (according to their preferences). If that is the case, assist participants from the paid employed group to register in one of these bases. Otherwise,

all participants should register. For example in Serbia: <http://www.nsz.gov.rs/app/public/candidate/registration.html>

Explain the benefits of registering – customised search for job (adjusted to their qualifications and preferences), employers can access their CVs and make a contact with them, they can get notifications about job openings.

Practice job database search – key word searching (city, qualification, position, employer and similar).

Alternatively, if you find that the e-registration is not suitable for your group of participants, you can emphasize conditions and benefits of registering at a certain professional employment agency.

Present professional employment agencies in your country. A list of agencies that have permits to work in Serbia can be found at: [http://www.nsz.gov.rs/live/nudite-posao/agencije-za-posredovanje-u-zaposljavanju/spisak\\_agencija\\_za\\_zapo\\_ljavanje\\_kojima\\_je\\_izdata\\_dozvola\\_za\\_rad\\_cid\\_170](http://www.nsz.gov.rs/live/nudite-posao/agencije-za-posredovanje-u-zaposljavanju/spisak_agencija_za_zapo_ljavanje_kojima_je_izdata_dozvola_za_rad_cid_170)

Example for Serbia: Individuals who are jobseekers and those who would like to change their current job can register at the local National Employment Agency (NEA) office. Registration process is fast and requires basic documents (identity card, education and qualifications certificates, work card). Registration is a prerequisite for using the unemployment benefits, such as professional counselling in the job searching process, information on vacancies (information can be given by the employment counsellor or they can be searched through the self-service system in local offices, in the publication *Poslovi*, at the notice boards in the local offices or on the NEA web page), mediation between jobseekers and employers, training for active job search, vocational and motivational training, financial benefits and subsidies for self-employment.

Useful and detailed guidelines for active job searching can be found in National Employment Agency's publication: Workshop for active job searching ([http://www.nsz.gov.rs/live/digitalAssets/0/319\\_radna\\_sveska\\_atp1.pdf](http://www.nsz.gov.rs/live/digitalAssets/0/319_radna_sveska_atp1.pdf)).

This Workshop covers themes, such as identifying your professional competencies, writing a CV, cover letter and job application, searching for job activities (networking, establishing contacts, interviews), how to maintain employment.

It may be useful to invite someone from the employment agency who would explain the registration procedure and the unemployment benefits. In a conversation with the participants, an agency representative can answer the questions that participants may have. If you cannot provide participation of an employment agency's officer, you may use materials that most of these agencies have (brochures, leaflets), or you can organize a visit to the local employment agency's office.

#### **Exercise 4b: Preparing a CV**

Additionally (depending on the structure of the group), you can assist participants of the paid employed group to fill in a template of their CV (European CV format, for example) – <http://www.nsz.gov.rs/live/trazite-posao/dok-trazite-posao/evropski-format-cv.cid316> (Serbian language).



## Competence improvement

For a job seeker to become an employee, it is necessary that their competences are adjusted to job requirements. A mismatch between competences and job requirements can often limit the chances of finding a job.

Help participants understand how to improve their education and skills. Present them certain educational and training programmes available in your country. Example for Serbia: National Employment Agency organizes various programmes of further education and training – training for labour market, professional practice, acquiring and improving of practical skills, clubs for active job searching, retraining (<http://www.nsz.gov.rs/live/trazite-posao/dok-trazite-posao>, <http://www.nsz.gov.rs/live/trazite-posao/edukacija>).

It would be useful to invite a representative of a certain educational and training agency to explain the specifics of the programmes – requirements a participant should meet, the duration and the content of the programmes, competences that will be gained.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

## Topic 2. Self-employment

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Outcomes of the topic are:

- *The participant learns where to look for a business idea.*
- *The participant is able to determine whether a business idea is feasible and profitable.*
- *The participant is aware of the support that they can expect, and they will know how to find it.*
- *The participant understands the process of business registration.*

### **SELF-EMPLOYMENT – WHY?**

As a source of primary or additional family income, self-employment (or entrepreneurship) is a way for economic empowerment of individuals that are marginalized in the labour market.

**Motives.** Greater earnings can be a decisive reason for occupational choice of the self-employed. Apart from (or in addition to) this pecuniary incentive, the possibility of being one's own boss, independence in the work place, desire for autonomy, flexible working hours are some of the non-pecuniary motives for becoming an entrepreneur. All of these factors depict a certain reward that an individual expects from entrepreneurial activities. On the opposite side of the spectrum, entrepreneurship can be observed from a much different aspect given the fact that there can be certain negative factors that push an individual into entrepreneurship. For minority ethnic groups, one of the most cited push factors is the labour market discrimination. For individuals who are restricted to relatively low-paid jobs, entrepreneurship can be an attractive occupational choice. In extreme cases of the labour market discrimination, for minorities members who are prevented from getting a job in the paid employment entrepreneurship can be the only way of gaining income.

**Risks.** Besides attractive features of entrepreneurship, one should be aware of a greater risk that is often related to entrepreneurship and of the fact that in most cases entrepreneurs must bear this risk on their own. Prospective entrepreneurs should always bear in mind that business can fail, that there is a high probability of no profit at the beginning, that there may be a need to accept low profit margin just to stay in the business, etc.

**Opportunity/necessity entrepreneurs.** As motives to start an entrepreneurial activity can differ, a general distinction between opportunity and necessity entrepreneurs can be made. In this dualistic picture of entrepreneurship, entrepreneurs who start their business activity because other employment options are absent (or unsatisfactory), those who are driven into entrepreneurship by poverty and survival are necessity-driven entrepreneurs. In contrast, opportunity-driven entrepreneurs are those who see the entrepreneurial activity as a way to exploit a certain business opportunity.



#### **Exercise 4c: Why do I want to be self-employed?**

Assist members of the self-employed group to write down their reasons for choosing the self-employment option. These reasons should be grouped into a financial (material) and non-financial group of motives.

Let the two groups (paid employed and self-employed) have a mini debate about pros and cons of their selected option of employment. A possible design of the debate: one member of the paid employed group should explain the most significant reason for choosing this option. Then, one member of the self-employed group should state a contra argument, and vice versa.

Discuss the motives, and jointly mark each of them as a push or pull factor for self-employment. Discuss the balance between these groups of motives – identify the dominant group. Each participant should then answer the question: Am I a necessity or an opportunity entrepreneur?

#### **Exercise 4d: Labour market discrimination**

Discuss the labour market discrimination: What does it mean? Two hypothetical and simplified labour market situations should be presented to the participants. They should then mark one as an example of the labour market discrimination.

##### **Situation A:**

Two candidates apply for a job. According to their CVs, candidate X, which is an ethnical minority woman, has completed high school and has no previous experience in the field. Candidate Y is an ethnical majority man with a bachelor's degree and 5 years of work experience in the field. Eventually, candidate Y got the job.

##### **Situation B:**



Two candidates apply for a job. According to their CVs, both of them have the same degrees and previous work experiences in the field. In fact, the only difference between them is their ethnical background and their gender. Candidate X is an ethnical minority woman, while candidate Y is an ethnical majority man. Eventually, candidate Y got the job.

What are the self-perceived reasons for the discrimination – in general? Have they experienced this type of discrimination, or do they know anyone who has?

#### **SELF-EMPLOYMENT – HOW?**

Basically, an individual can become an entrepreneur by setting up a new venture or by taking over an existing one. As the majority of the entrepreneurs have started their own new business, the focus shall be on the start-up mode of entry into the entrepreneurship.

Entrepreneurship is often analysed as a process that involves activities associated with identifying business opportunities and creating organizations to pursue them. Activity of starting up a new business venture begins with a new idea generation and business opportunity recognition and ends with a registration of a new business organization.

**From a business idea to a business opportunity.** Generating a business idea is a starting point for every entrepreneur. Although it is possible for entrepreneurs to first decide to start their own business, and then search for viable business ideas, business ideas are essentially the foundation of the entrepreneurial process.

Sources of business ideas can be: previous work experience, hobby and personal interest, someone else's idea, friends and relatives. The vast majority of new business owners came from the same sector in which they were previously employed.

**Tip:** *Learn from your previous work experience – do what you know how to do, analyse your environment and search for ideas from your friends, relatives, neighbours, businessmen.*

Business ideas can arise from observing certain unmet or inadequately met customers' need, from inventing new technological solutions, from identifying specific market niche, etc. Nevertheless, most entrepreneurs start with an idea that does not introduce anything new in the market. *Most new businesses started with old ideas.* This should not discourage prospective entrepreneurs, given the fact that it is easier and less risky to enter the existing market than to create a new one.

**Tip:** *Do not worry if your business is not innovative, since most of them are not. Just try to do better than your competitors, or at least as good as them.*

As the risk to fail is very high, at this point it is crucial to test the vitality of the business idea and to translate it from an idea to a profitable business opportunity. Business potential of a business idea is determined by external and internal factors.

**Tip:** *Before investing any money, it is necessary to examine the business potential of the business idea you have.*

#### **Exercise 4e: What is my business idea and can it be profitable?**

Members of the self-employed group should propose their business ideas.

Discuss the sources of the ideas, the originality (novelty) of the ideas, the similarity of the ideas with the previous work experience.

Let the participants think about different scenarios: to start a business in the field in which they (or their family) have/have not the experience, to start a business in the local/regional/national market. Which of these scenarios are riskier, and which are potentially more profitable? Why?

Choose one of the proposed ideas and then ask participants to further describe this business idea by answering the following questions:

**Products/services** – What problem do I solve for my customers? What products and/or services will I provide? Is there a possibility to introduce more new products/services?

**Customers** – Who is my typical (target) customer? Why? What are their main characteristics – age, gender, education, location, revenues, etc.?

**Competition** – Is there someone else in the market that provides these products/services? Why are my products/services better than other same or similar products/services in the market? What are my weaknesses compared to the known competitors? How can I make my products/services different from the competition – as



seen through the eyes of my customers? Can I learn anything from others' experience in the business?

**Supply** – Where will I buy the products I need? Why did I choose a certain supplier – price, quality, location, etc.?

**Price, distribution, promotion** – How will I form a selling price? Would it be different from competitors' price? If there is a need for distribution of products – how will I do it? How will I communicate with my target customers? How will I advertise and promote my business?

**Business premises and location** – Do I own premises or do I need to rent? Where will my business be located? What are the positive and negative aspects of my location?

**Equipment** – What equipment do I need? Which equipment do I own, and which do I need to buy/rent?

**Finance** – What sum of financial resources do I need to start a business? How will I provide that sum – own/family/friend resources, bank, state support?

**Human resources** – Am I going to be the only employee? If not, how many employees do I have to hire? What competencies do they need to have? How will they be paid?

For starting a business, an entrepreneur must provide resources – material, human, financial. One of the biggest problems for most of the entrepreneurs is to secure funding for their start-ups. Main sources of financing start-up activities are personal assets of the owner and their family. Besides these, there are other formal (banks, state support programmes) and informal (friends, relatives) sources of finance.

#### **Exercise 4f: Can I get support for my business?**

Point out certain institutions that are dealing with entrepreneurial financial support (for example: *National Employment Agency* – <http://www.nsz.gov.rs/live/trazite-posao/dok-trazite-posao/programi/pokreni-sopstveni-posao.cid205>, *Development Fund of the Republic of Serbia* – <http://www.fondzarazvoj.gov.rs/uputstva/pocetnici.html>). Additionally, find a national internet portal that offers information about the institutions and programmes of financial and other support (one such portal in the Republic of Serbia is *Entrepreneurial Service* – <http://www.preduzetnickiservis.rs/lista-programa/>). Select from the registry a programme/institution that supports start-up activities and discuss the details with the participants – what are the requirements, do they meet them, what should they do, etc.

Informal entrepreneurs exist in every economy. In addition of being illegal, operating “off-the-books” has other disadvantages as well. Advantages of starting the business or transferring the existing one into the formal sector refer to regular health and pension insurance, access to formal sources of finance, new markets, educational and training programmes, legal certainty, etc.

When taking steps in business registration, entrepreneurs should first choose a legal form of their endeavour. Doing this, one should be aware of the (dis)advantages of every legal form there is. Basically, the differences between available legal forms refer to needed capital, number of owners, the degree of personal liability, VAT treatment.

#### Exercise 4g: Registering my business

Present the comparative display of the main differences between legal forms (example for Serbia can be found at:

<http://www.banat.rs/dokumenta/kako%20da%20zaponem%20biznis.pdf>).

Then ask participants to choose one legal form and to explain why they have made that choice.

	Entrepreneur	Limited Liability Company
VAT treatment	Can be out of the VAT system.	In all cases they are in the VAT system.
Scope of the personal liability	Entrepreneur is liable for all business obligations with his/her entire assets.	Owner(s) are not liable for the company's obligations.

#### **Registration process: step by step – Case of Serbia**

1. Registration at the Serbian Business Registers Agency; 2. Creating a business seal; 3. Getting a bank account (List of banks in Serbia: [http://www.nbs.rs/export/sites/default/internet/latinica/50/50\\_2.html](http://www.nbs.rs/export/sites/default/internet/latinica/50/50_2.html)); 4. Opening a taxpayer card.

As a practical illustration of a registration process, the participants can fill in one official application form for establishing and registering new entrepreneurial venture (case of the Serbian Business Registers Agency: *Application forms* available at: <http://www.apr.gov.rs/Portals/0/preduzetnici/JRPPS%20PR%20-%20Osnivanje%20T.pdf>).

#### **Exercise 4h: Success story.**

It is highly recommended to invite one successful entrepreneur – preferable a member of the Roma community. He/she should tell his/her success story and answer participants' questions. Moderate the conversation in such way that the problems and tips for their solution are highlighted.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.



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#### QUESTIONS FOR ASSESSING THE COMPREHENSION OF MODULE 4:

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1. *Where can you find information about job openings?*
2. *What are hidden job openings and how can you reach them?*
3. *What are the benefits of registering in a job openings database?*
4. *What topics should your CV contain?*
5. *Explain the differences between opportunity and necessity entrepreneurs.*
6. *What are the questions you need to answer in order to assess the profitability of your business idea?*
7. *Can you count on a certain support when starting a business? Explain.*
8. *What are the main differences between different legal forms of business?*
9. *List the main steps in the process of business registration.*

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## MODULE 4: INCREASING YOUR INCOME (BULGARIA)

### SUMMARY OF MODULE 4

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*The main purpose of this module is to help participants increase their personal and family income by improving their competences and skills needed to find a job in the paid employment sector, or to become self-employed. The topic entitled Searching for job deals with a need to be active in the job searching process and with a need to match the professional competences with the labour market requirements. Completing this topic, participants will learn how to actively seek for a job in the labour market. The second topic is aimed at improving skills and competences needed to start one's own business. Starting from reasons to be self-employed, this topic continues with themes like – how to generate business idea and how to assess its profitability, how to find a support for starting a business and how to register it. The module contains exercises which are designed to practically explore the content of the module.*

## LESSON PLAN OF MODULE 4

<b>Module 4 – Increasing your income</b>	<b>10 pedagogical hours</b>
<b>Topic 1. Searching for a job</b>	<b>5 pedagogical hours</b>
Opening discussion – <i>active job searching</i>	20 min
Exercise 4a. <i>Registering in job openings database and key word database searching</i>	55 min
Exercise 4b. <i>Preparing a CV</i>	75 min
Opening discussion – <i>Competence improvement</i>	15 min
Presentation of various educational and training programmes	30 min
Closing discussion	15 min
<b>Topic 2. Self-employment</b>	<b>5 pedagogical hours</b>
Opening discussion – <i>self-employment – Why?</i>	10 min
Exercise 4c. <i>Why do I want to be self-employed?</i>	35 min
Exercise 4d. <i>Labour market discrimination</i>	20 min
Opening discussion – <i>self-employment – How?</i>	10 min
Exercise 4e. <i>What is my business idea and can it be profitable?</i>	45 min
Exercise 4f. <i>Can I get support for my business?</i>	20 min
Exercise 4g. <i>Registering my business</i>	40 min
Exercise 4h. <i>Success story</i>	30 min
Closing discussion	15 min

## Topic 1. searching for A job

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Outcomes of the topic are:

- *The participant will learn about the importance of active job searching.*
- *The participant will be aware of sources of job related information, further educational and training possibilities.*
- *The participant will learn to write a CV.*

So far we have discussed: how to plan the family budget, how to set long term and short term financial goals and how to achieve them, how to borrow money and make reasonable and informed choices according to our needs and resources. The last step that should be discussed refers to the possible ways to increase the potential income. Ask participants to name a few ideas for increasing the income – generally speaking, not only in their own situation.

One of the preferable ways to increase personal and family income is to be employed in the so called paid employment sector. Unfortunately, very often the path between a wish and a concrete paid job is a long one. Finding a job means matching supply and demand in the labour market. Job seekers are the supply part, while the prospective employers are the demand part of the labour market. Sources of information about labour demand can be various. All of them can be viewed as informal and formal ones. Informal sources of information are job seeker's social networks – their family, relatives, friends, neighbours. Informal sources are especially useful for finding the so called hidden job openings – job openings that are not publicly advertised or that would be available in the near future. Formal sources are different databases of job openings that can be found on the internet, job ads in the media, or job fairs. Additionally, in most of the labour markets there are agencies functioning as professional intermediaries between labour demand and supply. The main function of these agencies is to match the labour demand and supply – to link the job seeker with potential employers.

**Tip:** *You can increase your chance of finding a job if you use a wide spectrum of sources of information about job openings. In addition to formal sources (media, internet, employment agencies), use your family, friends, colleagues, etc.*

**Beware:** *National employment agency and private agencies for employment mediation cannot charge for services they offer to unemployed individuals.*

Present available internet databases of job openings in your country. Some examples for Bulgaria: [www.jobs.bg](http://www.jobs.bg); [www.jobtiger.bg](http://www.jobtiger.bg);

### **Exercise 4a. Registering in job openings database and key word database searching**

One of the possible approaches is to divide all participants into two groups – *paid employed* and *self-employed* (according to their preferences). If that is the case, assist participants from the paid employed group to register in one of these bases. Otherwise, all participants should register. For example in Bulgaria: <http://www.az.government.bg/pages/informaciya-za-registraciya-na-tarseshto-rabota-lice/>

Explain the benefits of registering – customised search for job (adjusted to their qualifications and preferences), employers can access their CVs and make a contact with them, they can get notifications about job openings.

Practice job database search – key word searching (city, qualification, position, employer and similar).

Alternatively, if you find that the e-registration is not suitable for your group of participants, you can emphasize conditions and benefits of registering at a certain professional employment agency.

Present professional employment agencies in your country. A list of agencies that have permits to work in Bulgaria can be found at:

[http://www.az.government.bg/intermediaries/intermediary\\_activity/bulgaria/](http://www.az.government.bg/intermediaries/intermediary_activity/bulgaria/)

Example for Bulgaria: Individuals who are jobseekers and those who would like to change their current job can register at the local National Employment Agency (NEA) office. Registration process is fast and requires basic documents (identity card, education and qualifications certificates, work card). Registration is a prerequisite for using the unemployment benefits, such as professional counselling in the job searching process, information on vacancies (information can be given by the employment counsellor or they can be searched through the self-service system in local offices, at the notice boards in the local offices or on the NEA web page), mediation between jobseekers and employers, training for active job search, vocational and motivational training, financial benefits and subsidies for self-employment.

It may be useful to invite a Roma labour mediator from the specialized programmes of the NEA who would explain the registration procedure, the unemployment benefits and *the specialized programme for activation of permanently unemployed Roma adults*:  
<http://www.az.government.bg/pages/nacionalna-programa-aktivirane-na-neaktivni-lica;>

<http://www.az.government.bg/pages/nacionalna-programa-ospoz>

In a conversation with the participants, an agency representative can answer the questions that participants may have. If you cannot provide participation of an employment agency's officer, you may use materials that most of these agencies have (brochures, leaflets), or you can organize a visit to the local employment agency's office.

#### **Exercise 4b. Preparing a CV**

Additionally (depending on the structure of the group), you can assist participants of the paid employed group to fill in a template of their CV (European CV format, for example) – <http://europass.cedefop.europa.eu/bg/documents/curriculum-vitae/templates-instructions> (Bulgarian language).

#### **Competence improvement**

For job seeker to become an employee, it is necessary that their competences are adjusted to job requirements. A mismatch between competences and job requirements can often limit the chances of finding a job.

Help participants understand how to improve their education and skills. Present them certain educational and training programmes available in your country. Example for Bulgaria:



National Employment Agency organizes various programmes of further education and training – training for labour market, professional practice, acquiring and improving of practical skills, clubs for active job searching, retraining (<http://www.az.government.bg/pages/proekt-bgcpo>).

It would be useful to invite a representative of a certain educational and training agency to explain the specifics of the programmes – requirements a participant should meet, the duration and the content of the programmes, competences that will be gained.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations etc.

## Topic 2. self-employment

Outcomes of the topic are:

- *The participant learns where to look for a business idea.*
- *The participant is able to determine whether a business idea is feasible and profitable.*
- *The participant is aware of the support that they can expect, and they will know how to find it.*
- *The participant understands the process of business registration.*

### SELF-EMPLOYMENT – WHY?

As a source of primary or additional family income, self-employment (or entrepreneurship) is a way for economic empowerment of individuals that are marginalized in the labour market.

**Motives.** Greater earnings can be a decisive reason for occupational choice of the self-employed. Apart from (or in addition to) this pecuniary incentive, the possibility of being one's own boss, independence in the work place, desire for autonomy, flexible working hours are some of the non-pecuniary motives for becoming an entrepreneur. All of these factors depict a certain reward that an individual expects from entrepreneurial activities. On the opposite side of the spectrum, entrepreneurship can be observed from a much different aspect given the fact that there can be certain negative factors that push an individual into entrepreneurship. For minority ethnic groups, one of the most cited push factors is the labour market discrimination. For individuals who are restricted to relatively low-paid jobs, entrepreneurship can be an attractive occupational choice. In extreme cases of the labour market discrimination, for minorities members who are prevented from getting a job in the paid employment entrepreneurship can be the only way of gaining income.

**Risks.** Besides attractive features of entrepreneurship, one should be aware of a greater risk that is often related to entrepreneurship and of the fact that in most cases entrepreneurs must bear this risk on their own. Prospective entrepreneurs should always bear in mind that business can fail, that there is a high probability of no profit at the beginning, that there may be a need to accept low profit margin just to stay in the business, etc.

**Opportunity/necessity entrepreneurs.** As motives to start an entrepreneurial activity can differ, a general distinction between opportunity and necessity entrepreneurs can be made. In this dualistic picture of entrepreneurship, entrepreneurs who start their business activity because other employment options are absent (or unsatisfactory), those who are driven into entrepreneurship by poverty and survival are necessity-driven entrepreneurs. In contrast, opportunity-driven entrepreneurs are those who see the entrepreneurial activity as a way to exploit a certain business opportunity.

#### **Exercise 4c: Why do I want to be self-employed?**

Assist members of the self-employed group to write down their reasons for choosing the self-employment option. These reasons should be grouped into a financial (material) and non-financial group of motives.

Let the two groups (paid employed and self-employed) have a mini debate about pros and cons of their selected option of employment. A possible design of the debate: one member of the paid employed group should explain the most significant reason for choosing this option. Then, one member of the self-employed group should state a contra argument, and vice versa.

Discuss the motives, and jointly mark each of them as a push or pull factor for self-employment. Discuss the balance between these groups of motives – identify the dominant group. Each participant should then answer the question: Am I a necessity or an opportunity entrepreneur?

#### **Exercise 4d. Labour market discrimination**

Discuss the labour market discrimination: What does it mean? Two hypothetical and simplified labour market situations should be presented to the participants. They should then mark one as an example of the labour market discrimination.

##### **Situation A:**

Two candidates apply for a job. According to their CVs, candidate X, which is an ethnical minority woman, has completed high school and has no previous experience in the field. Candidate Y is an ethnical majority man with a bachelor's degree and 5 years of work experience in the field. Eventually, candidate Y got the job.

##### **Situation B:**



Two candidates apply for a job. According to their CVs, both of them have the same degrees and previous work experiences in the field. In fact, the only difference between them is their ethnical background and their gender. Candidate X is an ethnical minority woman, while candidate Y is an ethnical majority man. Eventually, candidate Y got the job.

What are the self-perceived reasons for the discrimination – in general? Have they experienced this type of discrimination, or do they know anyone who has?



## SELF-EMPLOYMENT – HOW?

Basically, an individual can become an entrepreneur by setting up a new venture or by taking over an existing one. As the majority of the entrepreneurs have started their own new business, the focus shall be on the start-up mode of entry into the entrepreneurship.

Entrepreneurship is often analysed as a process that involves activities associated with identifying business opportunities and creating organizations to pursue them. Activity of starting up a new business venture begins with a new idea generation and business opportunity recognition and ends with a registration of a new business organization.

**From a business idea to a business opportunity.** Generating a business idea is a starting point for every entrepreneur. Although it is possible for entrepreneurs to first decide to start their own business, and then search for viable business ideas, business ideas are essentially the foundation of the entrepreneurial process.

Sources of business ideas can be: previous work experience, hobby and personal interest, someone else's idea, friends and relatives. The vast majority of new business owners came from the same sector in which they were previously employed.

**Tip:** *Learn from your previous work experience – do what you know how to do, analyse your environment and search for ideas from your friends, relatives, neighbours, businessmen.*

Business ideas can arise from observing certain unmet or inadequately met customers' need, from inventing new technological solutions, from identifying specific market niche, etc. Nevertheless, most entrepreneurs start with an idea that does not introduce anything new in the market. *Most new businesses started with old ideas.* This should not discourage prospective entrepreneurs, given the fact that it is easier and less risky to enter the existing market than to create a new one.

**Tip:** *Do not worry if your business is not innovative, since most of them are not. Just try to do better than your competitors, or at least as good as them.*

As the risk to fail is very high, at this point it is crucial to test the vitality of the business idea and to translate it from an idea to a profitable business opportunity. Business potential of a business idea is determined by external and internal factors.

**Tip:** *Before investing any money, it is necessary to examine the business potential of the business idea you have.*

### **Exercise 4e: What is my business idea and can it be profitable?**

Members of the self-employed group should propose their business ideas.

Discuss the sources of the ideas, the originality (novelty) of the ideas, the similarity of the ideas with the previous work experience.

Let the participants think about different scenarios: to start a business in the field in which they (or their family) have/have not the experience, to start a business in the local /regional/national market. Which of these scenarios are riskier, and which are potentially more profitable? Why?

Choose one of the proposed ideas and then ask participants to further describe this business idea by answering the following questions:

**Products/services** – What problem do I solve for my customers? What products and/or services will I provide? Is there a possibility to introduce more new products/services?

**Customers** – Who is my typical (target) customer? Why? What are their main characteristics – age, gender, education, location, revenues, etc.?

**Competition** – Is there someone else in the market that provides these products/services? Why are my products/services better than other same or similar products/services in the market? What are my weaknesses compared to the known competitors? How can I make my products/services different from the competition – as seen through the eyes of my customers? Can I learn anything from others' experience in the business?

**Supply** – Where will I buy the products I need? Why did I choose a certain supplier – price, quality, location, etc.?

**Price, distribution, promotion** – How will I form a selling price? Would it be different from competitors' price? If there is a need for distribution of products – how will I do it? How will I communicate with my target customers? How will I advertise and promote my business?

**Business premises and location** – Do I own premises or do I need to rent? Where will my business be located? What are the positive and negative aspects of my location?

**Equipment** – What equipment do I need? Which equipment do I own, and which do I need to buy/rent?

**Finance** – What sum of financial resources do I need to start a business? How will I provide that sum – own/family/friend resources, bank, state support?

**Human resources** – Am I going to be the only employee? If not, how many employees do I have to hire? What competencies do they need to have? How will they be paid?

For starting a business, an entrepreneur must provide resources – material, human, financial. One of the biggest problems for most of the entrepreneurs is to secure funding for their start-ups. Main sources of financing start-up activities are personal assets of the owner and their family. Besides these, there are other formal (banks, state support programmes) and informal (friends, relatives) sources of finance.

#### **Exercise 4f: Can I get support for my business?**

Point out certain institutions that are dealing with entrepreneurial financial support (for example: *Bulgarian National Employment Agency* – <http://www.az.government.bg:7777/internal.asp?CatId=14/02/01&WA=Projects/Mer/Mer49.htm&BM=9>,

<http://www.az.government.bg:7777/internal.asp?CatId=14/02/01&WA=Projects/Mer/Mer474849.htm&BM=9>

Select from the registry a programme/institution that supports start-up activities and discuss the details with the participants – what are the requirements, do they meet them, what should they do, etc.

Informal entrepreneurs exist in every economy. In addition of being illegal, operating “off-the-books” has other disadvantages as well. Advantages of starting the business or transferring the existing one into the formal sector refer to regular health and pension



insurance, access to formal sources of finance, new markets, educational and training programmes, legal certainty, etc.

When taking steps in business registration, entrepreneur should first choose a legal form of their endeavour. Doing this, one should be aware of the (dis)advantages of every legal form there is. Basically, the differences between available legal forms refer to needed capital, number of owners, the degree of personal liability, VAT treatment.

#### Exercise 4g: Registering my business

Present the comparative display of the main differences between legal forms. Example for Bulgaria can be found at:

<http://pravatami.bg/2150>;

<http://www.smetkoplan.com/%D1%80%D0%B0%D0%B7%D0%BB%D0%B8%D0%BA%D0%B8-%D0%BC%D0%B5%D0%B6%D0%B4%D1%83-%D0%B5%D1%82-%D0%B8-%D0%B5%D0%BE%D0%BE%D0%B4>

Then ask participants to choose one legal form and to explain why they have made that choice.

	Entrepreneur	Limited Liability Company
VAT treatment	Can be out of the VAT system.	In all cases they are in the VAT system.
Scope of the personal liability	Entrepreneur is liable for all business obligations with his/her entire assets.	Owner(s) are not liable for the company's obligations.

#### **Registration process: step by step – Bulgaria**

1. Registration at the Commercial register under the Ministry of Justice, Bulgarian Registry Agency for LTD – steps and documents required: <http://pravatami.bg/2780>;

For sole proprietor – steps and documents required: <http://pravatami.bg/2150>

3. Getting a bank account (List of banks in Bulgaria: [http://www.bnb.bg/banksupervision/bscreditinstitution/bsciregistrers/bs\\_ci\\_reg\\_banklist\\_bg](http://www.bnb.bg/banksupervision/bscreditinstitution/bsciregistrers/bs_ci_reg_banklist_bg)

As a practical illustration of a registration process, the participants can fill in one official application form for establishing and registering new entrepreneurial venture (case of the Bulgarian Registry Agency: *Application forms* available at: <http://pravatami.bg/wp-content/uploads/2013/08/%D0%94%D0%B5%D0%BA%D0%BB%D0%B0%D1%80%D0%B0%D1%86%D0%B8%D1%8F-%D0%BF%D0%BE-%D1%87%D0%BB,-13-%D0%B0%D0%BB,-4-%D0%97%D0%A2%D0%A0.pdf>.

#### **Exercise 4h: Success story.**

It is highly recommended to invite one successful entrepreneur – preferable a member of the Roma community. He/she should tell his/her success story and answer participants' questions. Moderate the conversation in such way that the problems and tips for their solution are highlighted.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

#### QUESTIONS FOR ASSESSING THE COMPREHENSION OF MODULE 4:

- 1. Where can you find information about job openings?*
- 2. What are hidden job openings and how can you reach them?*
- 3. What are the benefits of registering in a job openings database?*
- 4. What topics should your CV contain?*
- 5. Explain the differences between opportunity and necessity entrepreneurs.*
- 6. What are the questions you need to answer in order to access the profitability of your business idea?*
- 7. Can you count on a certain support when starting a business? Explain.*
- 8. What are the main differences between different legal forms of business?*
- 9. List the main steps in the process of business registration.*



## SOURCES OF BULGARIAN MODULE

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## MODULE 4: INCREASING YOUR INCOME (SLOVAKIA)

### Summary of Module 4

The main purpose of this module is to help participants increase their personal and family income by improving their competences and skills needed to find a job in the paid employment sector, or to become self-employed. The topic entitled Searching for job deals with a need to be active in the job searching process and with a need to match professional competences with the labour market requirements. Completing this topic, participants will learn how to actively seek for a job in the labour market. The second topic is aimed at improving skills and competences needed to start one's own business. Starting from reasons to be self-employed, this topic continues with themes like – how to generate business idea and how to assess its profitability, how to find a support for starting a business and how to register it. The module contains exercises which are designed to practically explore the content of the module.

### LESSON PLAN OF MODULE 4

<b>Summary of Module 4 – Increasing your income</b>	<b>10 hours in total</b>
<b>Session 1</b>	
<b>Topic 1. Searching for a job</b>	<b>5 hours</b>
<i>Opening discussion – active job searching</i>	20 min
<i>Exercise 4a: Registering in job openings database and key word database searching</i>	55 min
<i>Exercise 4b: Preparing a CV</i>	75 min
<i>Opening discussion – Competence improvement</i>	15 min
<i>Presentation of various educational and training programmes</i>	30 min
<i>Closing discussion</i>	15 min
<b>Session 2</b>	
<b>Topic 2. Self-employment</b>	<b>5 hours</b>
<i>Opening discussion – self-employment – Why?</i>	10 min
<i>Exercise 4c: Why do I want to be self-employed?</i>	35 min
<i>Exercise 4d: Labour market discrimination</i>	20 min
<i>Opening discussion – self-employment – How?</i>	10 min
<i>Exercise 4e: What is my business idea and can it be profitable?</i>	45 min
<i>Exercise 4f: Can I get support for my business?</i>	20 min
<i>Exercise 4g: Registering my business</i>	40 min
<i>Exercise 4h: Success story</i>	30 min
<i>Closing discussion</i>	15 min

## Topic 1. Searching for A job

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Outcomes of the topic are:

- *The participant will learn about the importance of active job searching.*
- *The participant will be aware of sources of job related information, further educational and training possibilities.*
- *The participant will learn to write a CV.*

So far we have discussed: how to plan a family budget, how to set long term and short term financial goals and how to achieve them, how to borrow money and make reasonable and informed choices according to our needs and resources. The last step that should be discussed refers to the possible ways to increase the potential income. Ask participants to name a few ideas for increasing the income – generally speaking, not only in their own situation.

One of the preferable ways to increase personal and family income is to be employed in the so called paid employment sector. Unfortunately, very often the path between a wish and a concrete paid job is a long one. Finding a job means matching supply and demand in the labour market. Job seekers are the supply part, while the prospective employers are the demand part of the labour market. Sources of information about labour demand can be various. All of them can be viewed as informal and formal ones. Informal sources of information are job seeker's social networks – their family, relatives, friends, neighbours. Informal sources are especially useful for finding the so called hidden job openings – job openings that are not publicly advertised or that would be available in the near future. Formal sources are different databases of job openings that can be found on the internet, job ads in the media, or job fairs. Additionally, in most of the labour markets there are agencies functioning as professional intermediaries between labour demand and supply. The main function of these agencies is to match the labour demand and supply – to link the job seeker with potential employers.

**Tip:** *You can increase your chance of finding a job if you use a wide spectrum of sources of information about job openings. In addition to formal sources (media, internet, employment agencies), use your family, friends, colleagues, etc.*

**Beware:** *National employment agency and private agencies for employment mediation cannot charge for services they offer to unemployed individuals.*

Present available internet databases of job openings in your country. Some examples for Slovakia:

Internet guide to labour market: <https://www.istp.sk/volne-pracovne-miesta>. Support for recruitment and professional counselling services afforded by the Office of Labour, Social Affairs and Family. This project is being implemented with support from the European Social Fund under the Operational Programme Employment and Social Inclusion (Internet guide to labour market, 2015a).

Other national databases of job vacancies:

<http://kariera.zoznam.sk/>

<http://www.profesia.sk/>

#### Exercise 4a: Registering in job openings database and key word database searching

One of the possible approaches is to divide all participants into two groups – *paid employed* and *self-employed* (according to their preferences). If that is the case, assist participants from the paid employed group to register in one of these bases. Otherwise, all participants should register. For example in Slovakia: <https://istp.sk/registracia.php>

Explain the benefits of registering – customised search for job (adjusted to their qualifications and preferences), employers can access their CVs and make a contact with them, they can get notifications about job openings.

Practice job database search – key word searching (city, qualification, position, employer and similar).

Alternatively, if you find that the e-registration is not suitable for your group of participants, you can emphasize conditions and benefits of registering at a certain professional employment agency.

Present professional employment agencies in your country. A list of agencies that have permits to work in Slovakia can be found at: <http://www.zoznam.sk/katalog/Spravodajstvo-informacie/prevadzkovatelia-portalov/prevadzkovatelia-pracovnych-portalov/>

Example for Slovakia: Individuals who are jobseekers and those who would like to change their current job can register at the local Office of Labour, Social Affairs and Family.

The Office of Labour, Social Affairs and Family specifies the conditions of registration on the web: [http://www.upsvar.sk/sluzby-zamestnanosti/informacie-pre-obcanov-pri-evidovani-sa-na-urade-psvr/podmienky-evidencie.html?page\\_id=12926](http://www.upsvar.sk/sluzby-zamestnanosti/informacie-pre-obcanov-pri-evidovani-sa-na-urade-psvr/podmienky-evidencie.html?page_id=12926)

Jobseekers are citizens who can work, want to work and are looking for a job and registering at jobseekers office, and who:

- are not employees,
- are not in the employment agreement on work performed outside employment or are not gainfully employed on the basis of a legal relationship under a special regulation,
- do not operate or perform self-employment,
- are not gainfully employed in an EU country or abroad (Central Office of Labour, Social Affairs and Family, 2015a).

Registration is a prerequisite for using the unemployment benefits, such as: professional counselling in the job searching process, information on vacancies (information can be given by the employment counsellor or they can be searched through the self-service system in local offices, or on a web page), mediation between jobseekers and employers, training for active job search, vocational and motivational training, financial benefits and subsidies for self-employment.

Useful and detailed guidelines for active job searching can be found on a web site of the Central and local Office of Labour, Social Affairs and Family: <http://www.upsvar.sk/sluzby->



[zamestnanosti/informacie-pre-obcanov-pri-evidovani-sa-na-urade-psvr.html?page\\_id=12924](http://www.upsvar.sk/zamestnanosti/informacie-pre-obcanov-pri-evidovani-sa-na-urade-psvr.html?page_id=12924).

On the website of the Central Office of Labour, Social Affairs and Family [http://www.upsvar.sk/sluzby-zamestnanosti/informacne-a-poradenske-sluzby/publikacie-podnikanie-a-zamestnanie.html?page\\_id=317970](http://www.upsvar.sk/sluzby-zamestnanosti/informacne-a-poradenske-sluzby/publikacie-podnikanie-a-zamestnanie.html?page_id=317970) there are also available publications from the Operational Programme Employment and Social Inclusion. These publications include topics, such as the economic environment, terms of business, employment services, introduction to business, duties of the entrepreneur and employer, business and civil rights and institutional support. All publications are also printed at each office of Labour, Social Affairs and Family (Central Office of Labour, Social Affairs and Family, 2015b).

Department of this office is also the Information and Advisory Centre: [http://www.upsvar.sk/sluzby-zamestnanosti/informacne-a-poradenske-sluzby/informacno-poradenske-stredisko.html?page\\_id=12826](http://www.upsvar.sk/sluzby-zamestnanosti/informacne-a-poradenske-sluzby/informacno-poradenske-stredisko.html?page_id=12826)

*Information and Advisory Centre (IAC)* is a department of the Office of Labour, Social Affairs and Family, which have computers with internet and printer available to clients. Clients in the IAC can find information about the labour market, job vacancy, you can prepare and print documents necessary for recruitment, resume, cover letter, and so on. They will find patterns and instructions how to write a resume, job application, cover letter. In the IAC you will find a wide range of information (in electronic and printed form) on labour market, instruments of active labour market policies that facilitate the return of the candidates on the labour market, literature, newsletters and overview secondary schools and universities.

It may be useful to invite someone from the employment agency who would explain the registration procedure and the unemployment benefits. In a conversation with the participants, an agency representative can answer the questions that participants may have. If you cannot provide participation of an employment agency's officer, you may use materials that most of these agencies have (brochures, leaflets), or you can organize a visit to the local employment agency's office (Central Office of Labour, Social Affairs and Family, 2015c).

#### **Exercise 4b: Preparing a CV**

Additionally (depending on the structure of the group), you can assist participants of the paid employed group to fill in a template of their CV (European CV format, for example) – <https://www.istp.sk/europsky-zivotopis?gclid=CKOwl5q6h8UCFZTLtAodVRMAGw> (Slovak language) – online European CV format and print version on [https://istp.sk/na\\_stiahnutie/151-2\\_pdfsam\\_europass.pdf](https://istp.sk/na_stiahnutie/151-2_pdfsam_europass.pdf) (Internet guide to labour market, 2015b).

Internet guide to labour market offers clear and simple instructions how to create a CV, job applications and a cover letter.

- What's good to know about a CV? (Internet guide to labour market, 2015c)
- What's good to know about a job application? (Internet guide to labour market, 2015d)
- What's good to know about a cover letter? (Internet guide to labour market, 2015e).

## Competence improvement

For a job seeker to become an employee, it is necessary that their competences are adjusted to job requirements. A mismatch between competences and job requirements can often limit the chances of finding a job.

Help participants understand how to improve their education and skills. Present them certain educational and training programmes available in your country. Example for Slovakia: Office of Labour, Social Affairs and Family organizes various programmes of further education and training – training for labour market, professional practice, acquiring and improving of practical skills, clubs for active job searching, retraining [http://www.upsvar.sk/sluzby-zamestnanosti/nastroje-aktivnych-opatreni-na-trhu-prace/vzdelavanie-a-priprava-pre-trh-prace.html?page\\_id=13314](http://www.upsvar.sk/sluzby-zamestnanosti/nastroje-aktivnych-opatreni-na-trhu-prace/vzdelavanie-a-priprava-pre-trh-prace.html?page_id=13314) (Central Office of Labour, Social Affairs and Family, 2015d)

It would be useful to invite a representative of a certain educational and training agency to explain the specifics of the programmes – requirements a participant should meet, the duration and the content of the programmes, competences that will be gained.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.



## Topic 2. Self-employment

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Outcomes of the topic are:

- *The participant learns where to look for a business idea.*
- *The participant is able to determine whether a business idea is feasible and profitable.*
- *The participant is aware of the support that they can expect, and they will know how to find it.*
- *The participant understands the process of business registration.*

### SELF-EMPLOYMENT – WHY?

As a source of primary or additional family income, self-employment (or entrepreneurship) is a way for economic empowerment of individuals that are marginalized in the labour market.

**Motives.** Greater earnings can be a decisive reason for occupational choice of the self-employed. Apart from (or in addition to) this pecuniary incentive, the possibility of being one's own boss, independence in the work place, desire for autonomy, flexible working hours are some of the non-pecuniary motives for becoming an entrepreneur. All of these factors depict a certain reward that an individual expects from entrepreneurial activities. On the opposite side of the spectrum, entrepreneurship can be observed from a much different aspect given the fact that there can be certain negative factors that push an individual into entrepreneurship. For minority ethnic groups, one of the most cited push factors is the labour market discrimination. For individuals who are restricted to relatively low-paid jobs, entrepreneurship can be an attractive occupational choice. In extreme cases of the labour market discrimination, for minorities members who are prevented from getting a job in the paid employment entrepreneurship can be the only way of gaining income.

**Risks.** Besides attractive features of entrepreneurship, one should be aware of a greater risk that is often related to entrepreneurship and of the fact that in most cases entrepreneurs must bear this risk on their own. Prospective entrepreneurs should always bear in mind that business can fail, that there is a high probability of no profit at the beginning, that there may be a need to accept low profit margin just to stay in the business, etc.

**Opportunity/necessity entrepreneurs.** As motives to start an entrepreneurial activity can differ, a general distinction between opportunity and necessity entrepreneurs can be made. In this dualistic picture of entrepreneurship, entrepreneurs who start their business activity because other employment options are absent (or unsatisfactory), those who are driven into entrepreneurship by poverty and survival are necessity-driven entrepreneurs. In contrast, opportunity-driven entrepreneurs are those who see the entrepreneurial activity as a way to exploit a certain business opportunity.

#### Exercise 4c: Why do I want to be self-employed?

Assist members of the self-employed group to write down their reasons for choosing the self-employment option. These reasons should be grouped into a financial (material) and non-financial group of motives.

Let the two groups (paid employed and self-employed) have a mini debate about pros and cons of their selected option of employment. A possible design of the debate: one member of the paid employed group should explain the most significant reason for choosing this option. Then, one member of the self-employed group should state a contra argument, and vice versa.

Discuss the motives, and jointly mark each of them as a push or pull factor for self-employment. Discuss the balance between these groups of motives – identify the dominant group. Each participant should then answer the question: Am I a necessity or an opportunity entrepreneur?

#### Exercise 4d: Labour market discrimination

Discuss the labour market discrimination: What does it mean? Two hypothetical and simplified labour market situations should be presented to the participants. They should then mark one as an example of the labour market discrimination.

##### Situation A:

Two candidates apply for a job. According to their CVs, candidate X, which is an ethnical minority woman, has completed high school and has no previous experience in the field. Candidate Y is an ethnical majority man with a bachelor's degree and 5 years of work experience in the field. Eventually, candidate Y got the job.

##### Situation B:



Two candidates apply for a job. According to their CVs, both of them have the same degrees and previous work experiences in the field. In fact, the only difference between them is their ethnical background and their gender. Candidate X is an ethnical minority woman, while candidate Y is an ethnical majority man. Eventually, candidate Y got the job.

What are the self-perceived reasons for the discrimination – in general? Have they experienced this type of discrimination, or do they know anyone who has?

#### SELF-EMPLOYMENT – HOW?

Basically, an individual can become an entrepreneur by setting up a new venture or by taking over an existing one. As the majority of the entrepreneurs have started their own new business, the focus shall be on the start-up mode of entry into the entrepreneurship.

Entrepreneurship is often analysed as a process that involves activities associated with identifying business opportunities and creating organizations to pursue them. Activity of starting up a new business venture begins with a new idea generation and business opportunity recognition and ends with a registration of a new business organization.

**From a business idea to a business opportunity.** Generating a business idea is a starting point for every entrepreneur. Although it is possible for entrepreneurs to first decide to start



their own business, and then search for viable business ideas, business ideas are essentially the foundation of the entrepreneurial process.

Sources of business ideas can be: previous work experience, hobby and personal interest, someone else's idea, friends and relatives. The vast majority of new business owners came from the same sector in which they were previously employed.

**Tip:** *Learn from your previous work experience – do what you know how to do, analyse your environment and search for ideas from your friends, relatives, neighbours, businessmen.*

Business ideas can arise from observing certain unmet or inadequately met customers' need, from inventing new technological solutions, from identifying specific market niche, etc. Nevertheless, most entrepreneurs start with an idea that does not introduce anything new in the market. *Most new businesses started with old ideas.* This should not discourage prospective entrepreneurs, given the fact that it is easier and less risky to enter the existing market than to create a new one.

**Tip:** *Do not worry if your business is not innovative, since most of them are not. Just try to do better than your competitors, or at least as good as them.*

As the risk to fail is very high, at this point it is crucial to test the vitality of the business idea and to translate it from an idea to a profitable business opportunity. Business potential of a business idea is determined by external and internal factors.

**Tip:** *Before investing any money, it is necessary to examine the business potential of the business idea you have.*

#### **Exercise 4e: What is my business idea and can it be profitable?**

Members of the self-employed group should propose their business ideas.

Discuss the sources of the ideas, the originality (novelty) of the ideas, the similarity of the ideas with the previous work experience.

Let the participants think about different scenarios: to start a business in the field in which they (or their family) have/have not the experience, to start a business in the local/regional/national market. Which of these scenarios are riskier, and which are potentially more profitable? Why?

Choose one of the proposed ideas and then ask participants to further describe this business idea by answering the following questions:

**Products/services** – What problem do I solve for my customers? What products and/or services will I provide? Is there a possibility to introduce more new products/services?

**Customers** – Who is my typical (target) customer? Why? What are their main characteristics – age, gender, education, location, revenues, etc.?

**Competition** – Is there someone else in the market that provides these products/services? Why are my products/services better than other same or similar products/services in the market? What are my weaknesses compared to the known competitors? How can I make my products/services different from the competition – as seen through the eyes of my customers? Can I learn anything from others' experience in the business?

**Supply** – Where will I buy the products I need? Why did I choose a certain supplier – price, quality, location, etc.?

**Price, distribution, promotion** – How will I form a selling price? Would it be different from competitors' price? If there is a need for distribution of products – how will I do it? How will I communicate with my target customers? How will I advertise and promote my business?

**Business premises and location** – Do I own premises or do I need to rent? Where will my business be located? What are the positive and negative aspects of my location?

**Equipment** – What equipment do I need? Which equipment do I own, and which do I need to buy/rent?

**Finance** – What sum of financial resources do I need to start a business? How will I provide that sum – own/family/friend resources, bank, state support?

**Human resources** – Am I going to be the only employee? If not, how many employees do I have to hire? What competencies do they need to have? How will they be paid?

For starting a business, an entrepreneur must provide resources – material, human, financial. One of the biggest problems for most of the entrepreneurs is to secure funding for their start-ups. Main sources of financing start-up activities are personal assets of the owner and their family. Besides these, there are other formal (banks, state support programmes) and informal (friends, relatives) sources of finance.

#### **Exercise 4f: Can I get support for my business?**

Point out certain institutions that are dealing with entrepreneurial financial support (for example in Slovakia: Office of Labour, Social Affairs and Family (Central Office of Labour, Social Affairs and Family, 2015e) - [http://www.upsvar.sk/sluzby-zamestnanosti/informacne-a-poradenske-sluzby/kde-hladat-informacie-o-podnikani.html?page\\_id=206298](http://www.upsvar.sk/sluzby-zamestnanosti/informacne-a-poradenske-sluzby/kde-hladat-informacie-o-podnikani.html?page_id=206298) and online courses for Basics of Enterprise (Central Office of Labour, Social Affairs and Family, 2015f) - [http://www.upsvar.sk/sluzby-zamestnanosti/informacne-a-poradenske-sluzby/kde-hladat-informacie-o-podnikani/on-line-kurzy-o-zakladoch-podnikania.html?page\\_id=233751](http://www.upsvar.sk/sluzby-zamestnanosti/informacne-a-poradenske-sluzby/kde-hladat-informacie-o-podnikani/on-line-kurzy-o-zakladoch-podnikania.html?page_id=233751)).

Additionally, find a national internet portal that offers information about institutions and programmes of financial and other support (one such portal in Slovakia is *Entrepreneurship portal*: <http://www.podnikajte.sk>). Select from the registry a programme/institution that supports start-up activities and discuss the details with the participants – what are the requirements, do they meet them, what should they do, etc.

Informal entrepreneurs exist in every economy. In addition of being illegal, operating “off-the-books” has other disadvantages as well. Advantages of starting the business or transferring the existing one into the formal sector refer to regular health and pension insurance, access to formal sources of finance, new markets, educational and training programmes, legal certainty, etc.

When taking steps in business registration, entrepreneurs should first choose a legal form of their endeavour. Doing this, one should be aware of the (dis)advantages of every legal form there is. Basically, the differences between available legal forms refer to needed capital, number of owners, the degree of personal liability, VAT treatment.



#### Exercise 4g: Registering my business

Present the comparative display of the main differences between legal forms (example for Slovakia can be found at: <http://www.podnikajte.sk/start-podnikania/c/42/category/pravne-formy/article/prave-formy-podnikania.xhtml>) (Editors of Podnikajte.sk, 2010a).

Then ask participants to choose one legal form and to explain why they have made that choice.

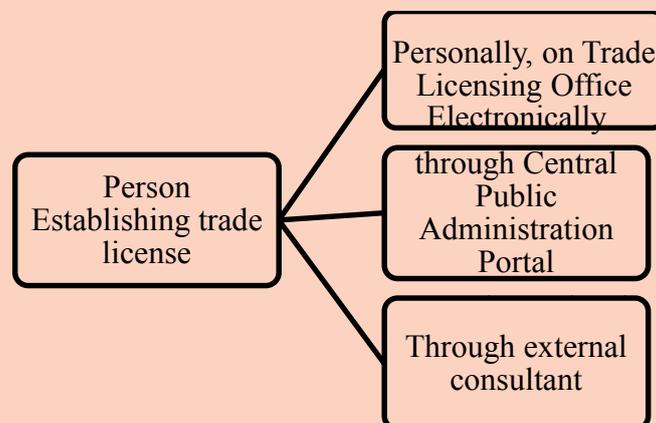
	Entrepreneur	Limited Liability Company
VAT treatment	Can be out of the VAT system.	In all cases they are in the VAT system.
Scope of the personal liability	Entrepreneur is liable for all business obligations with his/her entire assets.	Owner(s) are not liable for the company's obligations.

#### ***Registration process: step by step – Case of Slovakia***

##### **Business plan**

A business plan is a guide for beginning of a business. After start-up business, it is a useful monitoring tool for monitoring the operation. Quality of workmanship plan forces the entrepreneur to think through important aspects of the business and provides a realistic picture of its business, history, development plans, assumptions, the results obtained, control mechanism. <http://www.podnikajte.sk/financie/c/35/category/podnikatelsky-plan/article/niekolko-rad-na-zaciatok.xhtml> (Editors of Podnikajte.sk, 2010b).

##### **Notification options of trade license**



### Process of registration

**Write application** - submit on the point of contact at the district office, Department for Business

#### **Certify**

deed to the property where you do business  
or  
consent of the property owner

#### **Certify**

documents providing proof of professional competence (certificate of apprenticeship)

ask the tax office for registration of income tax by the end of the calendar month

within eight days since the inception of business submit an application on health insurance in the health insurance

Source: Modified by - [www.podnikajte.sk](http://www.podnikajte.sk)

#### **Exercise 4h: Success story.**

It is highly recommended to invite one successful entrepreneur – preferable a member of the Roma community. He/she should tell his/her success story and answer participants' questions. Moderate the conversation in such way that the problems and tips for their solution are highlighted.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.



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QUESTIONS FOR ASSESSING THE COMPREHENSION OF MODULE 4:

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1. *Where can you find information about job openings?*
2. *What are hidden job openings and how can you reach them?*
3. *What are the benefits of registering in a job openings database?*
4. *What topics should your CV contain?*
5. *Explain the differences between opportunity and necessity entrepreneurs.*
6. *What are the questions you need to answer in order to access the profitability of your business idea?*
7. *Can you count on a certain support when starting a business? Explain.*
8. *What are the main differences between different legal forms of business?*
9. *List the main steps in the process of business registration.*

## SOURCES OF SLOVAK MODULE

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## MODULE 4: INCREASING YOUR INCOME (SLOVENIA)

### Summary of Module 4

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*The main purpose of this module is to help participants increase their personal and family income by improving their competences and skills needed to find a job in the paid employment sector, or to become self-employed. The topic entitled Searching for job deals with a need to be active in the job searching process and with a need to match professional competences with the labour market requirements. Completing this topic, participants will learn how to actively seek for a job in the labour market. The second topic is aimed at improving skills and competences needed to start one's own business. Starting from reasons to be self-employed, this topic continues with themes like – how to generate business idea and how to assess its profitability, how to find a support for starting a business and how to register it. The module contains exercises which are designed to practically explore the content of the module.*

## LESSON PLAN OF MODULE 4

<b>Summary of Module 4 – Increasing your income</b>	<b>10 hours in total</b>
<b>Session 1</b>	
<b>Topic 1. Searching for a job</b>	<b>5 hours</b>
Opening discussion – <i>active job searching</i>	10 min
Exercise 4a: <i>Job advertisements in newspapers</i>	25 min
Exercise 4b: <i>Registering in job openings database and key word database searching</i>	55 min
Exercise 4c: <i>Preparing a CV</i>	75 min
Opening discussion – <i>Competence improvement</i>	15 min
Presentation of various educational and training programmes	30 min
Closing discussion	15 min
<b>Session 2</b>	
<b>Topic 2. Self-employment</b>	<b>5 hours</b>
Opening discussion – <i>self-employment – Why?</i>	10 min
Exercise 4d: <i>Why do I want to be self-employed?</i>	35 min
Exercise 4e: <i>Labour market discrimination</i>	20 min
Opening discussion – <i>self-employment – How?</i>	10 min
Exercise 4f: <i>What is my business idea and can it be profitable?</i>	45 min
Exercise 4g: <i>Can I get support for my business?</i>	20 min
Exercise 4h: <i>Registering my business</i>	40 min
Exercise 4i: <i>Success story</i>	30 min
Closing discussion	15 min

## Topic 1. Searching for a job

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Outcomes of the topic are:

- *The participant will learn about the importance of active job searching.*
- *The participant will be aware of sources of job related information, further educational and training possibilities.*
- *The participant will learn to write a CV.*

So far we have discussed: how to plan a family budget, how to set long term and short term financial goals and how to achieve them, how to borrow money and make reasonable and informed choices according to our needs and resources. The last step that should be discussed refers to the possible ways to increase the potential income. Ask participants to name a few ideas for increasing the income – generally speaking, not only in their own situation.

One of the preferable ways to increase personal and family income is to be employed in the so called paid employment sector. Unfortunately, very often the path between a wish and a concrete paid job is a long one. Finding a job means matching supply and demand in the labour market. Job seekers are the supply part, while the prospective employers are the demand part of the labour market. Sources of information about labour demand can be various. All of them can be viewed as informal and formal ones. Informal sources of information are job seeker's social networks – their family, relatives, friends, neighbours. Informal sources are especially useful for finding the so called hidden job openings – job openings that are not publicly advertised or that would be available in the near future. Formal sources are different databases of job openings that can be found on the internet, job ads in the media, or job fairs. Additionally, in most of the labour markets there are agencies functioning as professional intermediaries between labour demand and supply. The main function of these agencies is to match the labour demand and supply – to link the job seeker with potential employers.

**Tip:** *You can increase your chance of finding a job if you use a wide spectrum of sources of information about job openings. In addition to formal sources (media, internet, employment agencies), use your family, friends, colleagues, etc.*

**Beware:** *National employment agency and private agencies for employment mediation cannot charge for services they offer to unemployed individuals.*

### Exercise 4a: Job advertisements in newspapers

The teacher brings a variety of newspapers and the participants are looking for the publication of job vacancies. Each participant finds employment for a job that he/she would like to do or where she/he has more employment opportunities (e.g. work in the production, cleaning, etc.).

After that, the teacher instructs the participants to analyse the job vacancy and fill in a table.



The teacher may also have pre-prepared clippings of vacancy notices distributed (depending on the interests and education level) among participants.

Apply for a job. Stick a job ad you want to apply for.

Fill in the table.

Workplace	Requirements	My job suitability

After that, the teacher leads a discussion on job vacancies, what are the job requirements, suitability for participant recruitment.

#### **Exercise 4b: Registering in job openings database and key word database searching**

The next step is followed by a presentation of opportunities to seek employment through job portals. From the lower set of portals, the teacher selects some of the most suitable, presents them to the participants and teaches them about browsing search engines (city, region, occupation, level of education, etc.). The learning/teaching process takes place in the computer lab.

#### Job searching portals

Zavod RS za zaposlovanje <a href="http://www.ess.gov.si">http://www.ess.gov.si</a>	Manpower <a href="https://candidate.manpower.com/wps/portal/SICampus/Slovenia-Jobs/Search-Jobs/">https://candidate.manpower.com/wps/portal/SICampus/Slovenia-Jobs/Search-Jobs/</a>
Adecco <a href="http://www.adecco.si">http://www.adecco.si</a>	Moje delo.com <a href="http://www.mojedelo.com">http://www.mojedelo.com</a>
Agencija M servis <a href="http://www.mservis.si/kadrovska-agencija">http://www.mservis.si/kadrovska-agencija</a>	MojaZaposlitev.si <a href="http://www.mojazaposlitev.si">http://www.mojazaposlitev.si</a>
Atama <a href="http://www.atama.si">http://www.atama.si</a>	Trenkwaldner <a href="https://www.trenkwaldner.com/si/Zaiskalce.html">https://www.trenkwaldner.com/si/Zaiskalce.html</a>
careerjet.si <a href="http://www.careerjet.si">http://www.careerjet.si</a>	Trummer <a href="http://www.trummer.eu/si/">http://www.trummer.eu/si/</a>

Dela.si <a href="http://www.dela.si">http://www.dela.si</a>	Zaposlitev.info <a href="http://www.zaposlitev.info">http://www.zaposlitev.info</a>
Idejnik.si <a href="http://www.idejnik.si">http://www.idejnik.si</a>	Zaposlitev.net <a href="http://www.zaposlitev.net/delo.php">http://www.zaposlitev.net/delo.php</a>
Kadis <a href="http://sl.kadis.si">http://sl.kadis.si</a>	Zaposlitev.ws <a href="http://delo.zaposlitev.ws">http://delo.zaposlitev.ws</a>

Explain the benefits of registering – customised search for job (adjusted to their qualifications and preferences), employers can access their CVs and make a contact with them, they can get notifications about job openings. *If there is interest in the group, they can register into one of the job openings databases to get notifications on available jobs (via a phone or email). Stress that there is free Internet access available for them in adult education centres (centres for independent learning), libraries, etc.*

Alternatively, if you find that the e-registration is not suitable for your group of participants, you can emphasize conditions and benefits of registering at a certain professional employment agency. Present professional employment agencies in your country: Manpower, Addeco, Trenkwalder, etc.

Individuals who are jobseekers can register at the local National Employment Agency (NEA) office. In Slovenia, a list of local offices can be found at <http://www.ess.gov.si>.

Registration process is fast and requires basic documents (identity card, education and qualifications certificates). Registration is a prerequisite for using the unemployment benefits, such as: professional counselling in the job searching process, information on vacancies (information can be given by the employment counsellor or they can be searched through the self-service system in local offices, at the notice boards in the local offices or on the NEA web page), mediation between jobseekers and employers, training for active job search, vocational and motivational training, financial benefits and subsidies for self-employment.

It may be useful to invite someone from the National Employment Agency (NEA) office who would explain the registration procedure and the unemployment benefits. In a conversation with the participants, an agency representative can answer the questions that participants may have. If you cannot provide a participation of an employment agency's officer, you can organize a visit to the local employment agency's office.

#### **Exercise 4c: Preparing a CV**

According to the group, the trainer chooses the most appropriate CV template and offers help in filling in the résumé (Europass or any other).

<http://www.mojazaposlitev.si/kariera/zivljenjepis-cv/>

<https://esvetovanje.ess.gov.si/KakoKandidiramNaDelovnaMesta/Zivljenjepis/>

[http://www.europass.si/europass\\_zivljenjepis.aspx](http://www.europass.si/europass_zivljenjepis.aspx)



<http://europass.cedefop.europa.eu/sl/documents/curriculum-vitae/templates-instructions>  
(Slovenian language)

## Competence improvement

For a job seeker to become an employee, it is necessary that their competences are adjusted to job requirements. A mismatch between competences and job requirements can often limit the chances of finding a job.

Help participants understand how to improve their education and skills. Present them certain educational and training programmes available in your country.

National Employment Agency organizes various programmes of further education and training – training for labour market, professional practice, acquiring and improving of practical skills, clubs for active job searching, retraining, etc.

[http://www.ess.gov.si/iskalci\\_zaposlitve/programi/usposabljanje\\_in\\_izobrazevanje/institutici\\_onalno\\_usposabljanje](http://www.ess.gov.si/iskalci_zaposlitve/programi/usposabljanje_in_izobrazevanje/institutici_onalno_usposabljanje) (See also the list of programmes and providers of institutional trainings.)

*Free information and counselling of adult education (a network of 14 counselling centres for adult education across Slovenia):*

<http://isio.acs.si/sredisca/>

*Presentation of the system of the national vocational qualifications:*

<http://www.nrpslo.org/>

<http://www.npk.si/>

[http://www.ess.gov.si/iskalci\\_zaposlitve/programi/usposabljanje\\_in\\_izobrazevanje/priprave\\_npk\\_tpk](http://www.ess.gov.si/iskalci_zaposlitve/programi/usposabljanje_in_izobrazevanje/priprave_npk_tpk)

*Overview of the offer for adult education:*

<http://pregled.acs.si/>

*Project learning for younger adults:*

<http://www.acs.si/pum>

[http://www.ess.gov.si/iskalci\\_zaposlitve/programi/usposabljanje\\_in\\_izobrazevanje/pum](http://www.ess.gov.si/iskalci_zaposlitve/programi/usposabljanje_in_izobrazevanje/pum)

*Booklet with information and contacts:*

*Moja Kariera – Information for children, pupils, students, young and adults, parents, and professionals.*

[http://www.mojaizbira.si/sites/www.mojaizbira.si/files/upload/mojaizbiramojakariera\\_web.pdf](http://www.mojaizbira.si/sites/www.mojaizbira.si/files/upload/mojaizbiramojakariera_web.pdf)

It would be useful to invite a representative of a certain guidance and counselling centre or educational and training centre to explain the specifics of the programmes – requirements a participant should meet, the duration and the content of the programmes, competences that will be gained.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

## Topic 2. Self-employment

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Outcomes of the topic are:

- *The participant learns where to look for a business idea.*
- *The participant is able to determine whether a business idea is feasible and profitable.*
- *The participant is aware of the support that they can expect, and they will know how to find it.*
- *The participant understands the process of business registration.*

### SELF-EMPLOYMENT – WHY?

As a source of primary or additional family income, self-employment (or entrepreneurship) is a way for economic empowerment of individuals that are marginalized in the labour market.

**Motives.** Greater earnings can be a decisive reason for occupational choice of the self-employed. Apart from (or in addition to) this pecuniary incentive, the possibility of being one's own boss, independence in the work place, desire for autonomy, flexible working hours are some of the non-pecuniary motives for becoming an entrepreneur. All of these factors depict a certain reward that an individual expects from entrepreneurial activities. On the opposite side of the spectrum, entrepreneurship can be observed from a much different aspect given the fact that there can be certain negative factors that push an individual into entrepreneurship. For minority ethnic groups, one of the most cited push factors is the labour market discrimination. For individuals who are restricted to relatively low-paid jobs, entrepreneurship can be an attractive occupational choice. In extreme cases of the labour market discrimination, for minorities members who are prevented from getting a job in the paid employment entrepreneurship can be the only way of gaining income.

**Risks.** Besides attractive features of entrepreneurship, one should be aware of a greater risk that is often related to entrepreneurship and of the fact that in most cases entrepreneurs must bear this risk on their own. Prospective entrepreneurs should always bear in mind that business can fail, that there is a high probability of no profit at the beginning, that there may be a need to accept low profit margin just to stay in the business, etc.

**Opportunity/necessity entrepreneurs.** As motives to start an entrepreneurial activity can differ, a general distinction between opportunity and necessity entrepreneurs can be made. In this dualistic picture of entrepreneurship, entrepreneurs who start their business activity because other employment options are absent (or unsatisfactory), those who are driven into entrepreneurship by poverty and survival are necessity-driven entrepreneurs. In contrast, opportunity-driven entrepreneurs are those who see the entrepreneurial activity as a way to exploit a certain business opportunity.



#### Exercise 4d: Why do I want to be self-employed?

Assist members of the self-employed group to write down their reasons for choosing the self-employment option. These reasons should be grouped into a financial (material) and non-financial group of motives.

Let the two groups (paid employed and self-employed) have a mini debate about pros and cons of their selected option of employment. A possible design of the debate: one member of the paid employed group should explain the most significant reason for choosing this option. Then one member of the self-employed group should state a contra argument, and vice versa.

Discuss the motives, and jointly mark each of them as a push or pull factor for self-employment. Discuss the balance between these groups of motives – identify the dominant group. Each participant should then answer the question: Am I a necessity or an opportunity entrepreneur?

#### Exercise 4e: Labour market discrimination

Discuss the labour market discrimination: What does it mean? Two hypothetical and simplified labour market situations should be presented to the participants. They should then mark one as an example of the labour market discrimination.

##### Situation A:

Two candidates apply for a job. According to their CVs, candidate X, which is an ethnical minority woman, has completed high school and has no previous experience in the field. Candidate Y is an ethnical majority man with a bachelor's degree and 5 years of work experience in the field. Eventually, candidate Y got the job.

##### Situation B:



Two candidates apply for a job. According to their CVs, both of them have the same degrees and previous work experiences in the field. In fact, the only difference between them is their ethnical background and their gender. Candidate X is an ethnical minority woman, while candidate Y is an ethnical majority man. Eventually, candidate Y got the job.

What are the self-perceived reasons for the discrimination – in general? Have they experienced this type of discrimination, or do they know anyone who has?

### SELF-EMPLOYMENT – HOW?

Basically, an individual can become an entrepreneur by setting up a new venture or by taking over an existing one. As the majority of the entrepreneurs have started their own new business, the focus shall be on the start-up mode of entry into the entrepreneurship.

Entrepreneurship is often analysed as a process that involves activities associated with identifying business opportunities and creating organizations to pursue them. Activity of starting up a new business venture begins with a new idea generation and business opportunity recognition and ends with a registration of a new business organization.

**From a business idea to a business opportunity.** Generating a business idea is a starting point for every entrepreneur. Although it is possible for entrepreneurs to first decide to start

their own business, and then search for viable business ideas, business ideas are essentially the foundation of the entrepreneurial process.

Sources of business ideas can be: previous work experience, hobby and personal interest, someone else's idea, friends and relatives. The vast majority of new business owners came from the same sector in which they were previously employed.

**Tip:** *Learn from your previous work experience – do what you know how to do, analyse your environment and search for ideas from your friends, relatives, neighbours, businessmen.*

Business ideas can arise from observing certain unmet or inadequately met customers' need, from inventing new technological solutions, from identifying specific market niche, etc. Nevertheless, most entrepreneurs start with an idea that does not introduce anything new in the market. *Most new businesses started with old ideas.* This should not discourage prospective entrepreneurs, given the fact that it is easier and less risky to enter the existing market than to create a new one.

**Tip:** *Do not worry if your business is not innovative, since most of them are not. Just try to do better than your competitors, or at least as good as them.*

As the risk to fail is very high, at this point it is crucial to test the vitality of the business idea and to translate it from an idea to a profitable business opportunity. Business potential of a business idea is determined by external and internal factors.

**Tip:** *Before investing any money it is necessary to examine the business potential of the business idea you have.*

#### **Exercise 4f: What is my business idea and can it be profitable?**

Members of the self-employed group should propose their business ideas.

Discuss with the whole group the sources of the ideas, the originality (novelty) of the ideas, the similarity of the ideas with the previous work experience.

Let the participants think about different scenarios: to start a business in the field in which they (or their family) have/have not the experience, to start a business in the local/regional/national market. Which of these scenarios are riskier, and which are potentially more profitable? Why?

Choose one of the proposed ideas and then ask participants to further describe this business idea by answering the following questions:

**Products/services** – What problem do I solve for my customers? What products and/or services will I provide? Is there a possibility to introduce more new products/services?

**Customers** – Who is my typical (target) customer? Why? What are their main characteristics – age, gender, education, location, revenues, etc.?

**Competition** – Is there someone else in the market that provides these products/services? Why are my products/services better than other same or similar products/services in the market? What are my weaknesses compared to the known competitors? How can I make my products/services different from the competition – as seen through the eyes of my customers? Can I learn anything from others' experience in the business?

**Supply** – Where will I buy the products I need? Why did I choose a certain supplier – price, quality, location, etc.?



**Price, distribution, promotion** – How will I form a selling price? Would it be different from competitors' price? If there is a need for distribution of products – how will I do it? How will I communicate with my target customers? How will I advertise and promote my business?

**Business premises and location** – Do I own premises or do I need to rent? Where will my business be located? What are the positive and negative aspects of my location?

**Equipment** – What equipment do I need? Which equipment do I own, and which do I need to buy/rent?

**Finance** – What sum of financial resources do I need to start a business? How will I provide that sum – own/family/friend resources, bank, state support?

**Human resources** – Am I going to be the only employee? If not, how many employees do I have to hire? What competencies do they need to have? How will they be paid?

For starting a business, an entrepreneur must provide resources – material, human, financial. One of the biggest problems for most of the entrepreneurs is to secure funding for their start-ups. Main sources of financing start-up activities are personal assets of the owner and their family. Besides these, there are other formal (banks, state support programmes) and informal (friends, relatives) sources of finance.

#### **Exercise 4g: Can I get support for my business?**

Point out certain institutions that are dealing with entrepreneurial financial support, despite the fact that financial support has not been provided in recent years (only as an example):

**Slovenian National Employment Agency** – [http://www.ess.gov.si/iskalci\\_zaposlitve/programi](http://www.ess.gov.si/iskalci_zaposlitve/programi)

**Entities innovative environment** - <http://www.podjetniski-portal.si/ustanavljam-podjetje/inovativno-okolje/Evidenca-subjektov-inovativnega-okolja>

**Cambers** - <http://www.ozs.si/Za%C4%8Dlane/Internacionalizacija/Financiranje%20podjetij.aspx>

Select from the registry a programme/institution that supports start-up activities and discuss the details with the participants – what are the requirements, do they meet them, what should they do, etc.

Informal entrepreneurs exist in every economy. In addition of being illegal, operating “off-the-books” has other disadvantages as well. Advantages of starting the business or transferring the existing one into the formal sector refer to regular health and pension insurance, access to formal sources of finance, new markets, educational and training programmes, legal certainty, etc.

When taking steps in business registration, entrepreneurs should first choose a legal form of their endeavour. Doing this, one should be aware of the (dis)advantages of every legal form there is. Basically, the differences between available legal forms refer to needed capital, number of owners, the degree of personal liability, VAT treatment.

#### **Exercise 4h: Registering my business**

Present the comparative display of the main differences between legal forms (example for Slovenia can be found at:

<http://www.podjetniski-portal.si/ustanavljam-podjetje>; <http://www.podjetniski-portal.si/ustanavljam-podjetje/oblika-podjetja>

Then ask participants to choose one legal form and to explain why they have made that choice.

	Entrepreneur	Limited Liability Company
VAT treatment	Can be out of the VAT system.	In all cases they are in the VAT system.
Scope of the personal liability	Entrepreneur is liable for all business obligations with his/her entire assets.	Owner(s) are not liable for the company's obligations.

#### **Registration process: step by step – Slovenia**

1. Registration at Vstopna točka VEM. List can be found on <http://evem.gov.si/info/tocke-vem/>
2. Steps and documents required: <http://www.podjetniski-portal.si/ustanavljam-podjetje/registracija-podjetja>
3. Getting a bank account (List of banks in Slovenia) <https://www.bsi.si/nadzor-bank.asp?Mapald=521>

As a practical illustration of a registration process, the participants can fill in one official application form for establishing and registering new entrepreneurial venture. *Application forms* available at: [http://www.ajpes.si/Registri/Poslovni\\_register/Vpis\\_podjetnika/e-VEM\\_storitve](http://www.ajpes.si/Registri/Poslovni_register/Vpis_podjetnika/e-VEM_storitve)

#### **Exercise 4i: Success story**

It is highly recommended to invite one successful entrepreneur – preferable a member of the Roma community. He/she should tell his/her success story and answer participants' questions. Moderate the conversation in such way that the problems and tips for their solution are highlighted.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.



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#### QUESTIONS FOR ASSESSING THE COMPREHENSION OF MODULE 4:

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1. *Where can you find information about job openings?*
2. *What are hidden job openings and how can you reach them?*
3. *What are the benefits of registering in a job openings database?*
4. *What topics should your CV contain?*
5. *Explain the differences between opportunity and necessity entrepreneurs.*
6. *What are the questions you need to answer in order to assess the profitability of your business idea?*
7. *Can you count on a certain support when starting a business? Explain.*
8. *What are the main differences between different legal forms of business?*
9. *List the main steps in the process of business registration.*

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## MODULE 4: INCREASING YOUR INCOME (ITALY)

### Summary of Module 4

The main purpose of this module is to help participants increase their personal and family income by improving their competences and skills needed to find a job in the paid employment sector, or to become self-employed. The topic entitled Searching for job deals with a need to be active in the job searching process and with a need to match professional competences with the labour market requirements. Completing this topic, participants will learn how to actively seek for a job in the labour market. The second topic is aimed at improving skills and competences needed to start one's own business. Starting from reasons to be self-employed, this topic continues with themes like – how to generate business idea and how to assess its profitability, how to find a support for starting a business and how to register it. The module contains exercises which are designed to practically explore the content of the module.

### LESSON PLAN OF MODULE 4

<b>Summary of Module 4 – Increasing your income</b>	<b>10 hours in total</b>
<b>Session 1</b>	
<b>Topic 1. Searching for a job</b>	<b>6 hours</b>
<i>Opening discussion – active job searching, the local labour market: map of companies</i>	40 min
<i>Exercise 4a: Preparing a CV</i>	55 min
<i>Exercise 4b: Presenting oneself to a company in order to find a job</i>	75 min
<i>Opening discussion– Competence improvement and valorisation</i>	15 min
<i>Presentation of various educational and training programmes</i>	40 min
<i>Exercise 4c: Labour market discrimination</i>	20 min
<i>Closing discussion</i>	15 min
<b>Session 2</b>	
<b>Topic 2. Self-employment</b>	<b>4 hours</b>
<i>Opening discussion – self-employment – Why?</i>	10 min
<i>Exercise 4d: Why do I want to be self-employed?</i>	35 min
<i>Opening discussion – self-employment – How?</i>	10 min
<i>Exercise 4e: What is my business idea and can it be profitable?</i>	45 min
<i>Exercise 4f: How to open a small business</i>	40 min
<i>Exercise 4g. Success story</i>	30 min
<i>Closing discussion</i>	15 min

## Topic 1. Searching for a job

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Outcomes of the topic are:

- *The participant will learn about the importance of active job searching.*
- *The participant will be aware of sources of job related information, further educational and training possibilities.*
- *The participant will learn to write a CV.*

So far we have discussed how to plan the family budget. The last step that should be discussed refers to the possible ways to increase the income. Ask participants to name a few ideas for increasing the income – generally speaking, not only in their own situation.

One of the preferable ways to increase personal and family income is to be employed in the so called paid employment sector. Unfortunately, very often the path between a wish and a concrete paid job is a long one. Finding a job means matching supply and demand in the labour market. Job seekers are the supply part, while the prospective employers are the demand part of the labour market. Sources of information about labour demand can be various. All of them can be viewed as informal and formal ones. Informal sources of information are job seekers' social networks – their family, relatives, friends, neighbours. Informal sources are especially useful for finding the so called hidden job openings – job openings that are not publicly advertised or that would be available in the near future. Formal sources are different databases of job openings that can be found on the internet, job ads in the media, the centre for employment, work cooperatives and direct presentation to companies. Additionally, in most of the labour markets there are agencies functioning as professional intermediaries between labour demand and supply. Main function of these agencies is to match the labour demand and supply to link the job seeker with potential employers. For persons who have difficulties in finding a job, the social services may develop occupational programmes, but due to the resource shortage and the temporary character of these programmes, they are less likely to lead to stable incomes and also to be able to guarantee occupation for a large number of persons, as many participants have already experienced in their past (e.g. tirocini formativi offerti grazie a programmi europei).

**Tip:** *You can increase your chance of finding a job if you use a wide spectrum of sources of information about job openings. In addition to formal sources (media, internet, employment agencies), use your family, friends, colleagues, etc.*

**Beware:** *National employment agency and private agencies for employment mediation cannot charge for services they offer to unemployed individuals.*

Explain the situation of the local labour market using the statistics produced by the Labour market observatory in the province where you are conducting the training. This should include the employment rates, the trends over the previous years and the main employment sectors. Below you can find an example for Piacenza Province.

Students can find information on the local labour market on the website of at the information desks of the Employment centre in your province (Centro per l'impiego). Include the addresses and phone numbers.

If you can, invite someone from the employment agency who would explain the registration procedure and the unemployment benefits. In a conversation with the participants, an agency representative can answer the questions that participants may have. If you cannot provide participation of an employment agency's officer, you may use materials that most of these agencies have (brochures, leaflets), or you can organize a visit to the local employment agency's office.

**The local labour market:** work with Google maps in the classroom in order to present a map of the city pointing to the biggest companies in the area, in the major local fields of activity.



The labour market in Piacenza province indicates that the ones who are mostly active in paid labour are adults between 45 and 54 years old. Only 15% of young people under 24 years old are employed, but this is also because most of them are still studying. Employment levels rise for people aged 25-34 up to 74%. This means that 26% of all young people in this age group in the Province are still unemployed.

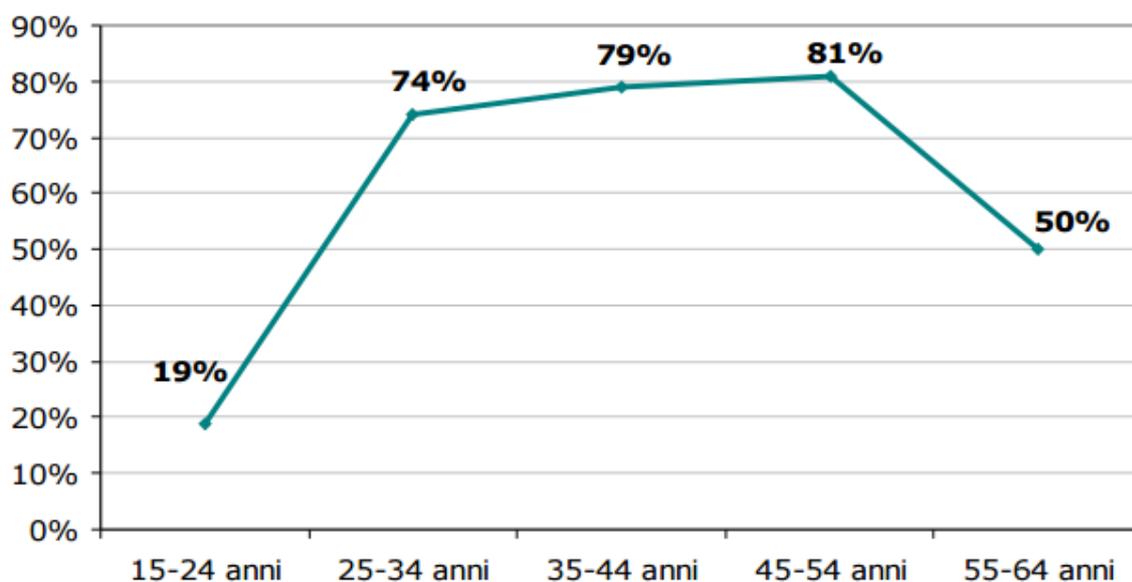


Figure 1. Employment rate by age groups in 2013. Source: Piacenza Province, Labour Market Observatory (2013)

The labour market observatory (2013) shows that the employment rate has gradually decreased since 2009. Most young people under 30 years are employed with fixed-term contracts (4 times more than open-ended contracts). In Piacenza Province, the sectors that show higher employment rates is the construction industry, followed by transportation and industry, especially the engineering sector. For women, the percentages change, as the highest employment rates are in the field of transportation and storage (Piacenza Province, 2015).

You can ask the Employment Centre of Piacenza Province for information on: job search, self-employment, internships and apprenticeships, job placement for disabled persons, trainings, unemployment, subsidies given to employers for hiring persons at risk of exclusion from the labour market.

Currently in Piacenza the project Garanzia Giovani is active, which foresees the possibility for young people under 30, who do not study nor work, to acquire new labour skills.

The province website also has a list of job openings that can be accessed here:

<http://lavoro.provincia.pc.it/pagina.asp?IDpag=55&idbox=7&idvocebox=90>

It also includes a list of private job agencies that can be active in the province.

In order to search for a job, you can also use national websites or periodical such as:

<http://lavoro.corriere.it/>

[www.infojobs.it](http://www.infojobs.it)

[www.oggiilavoro.com](http://www.oggiilavoro.com)

#### **Exercise 4a: Preparing a CV.**

The first thing you need to prepare, before starting to search for a job, is the CV. Assist participants of the paid employed group to fill in a template of their CV (European CV format, for example). Provide a CV format in Italian (example in the workbook).

Work with the participants in order to identify relevant competences, not only linked to the previous work activities but to any other experiences that might prove relevant (e.g. hobbies, work experience supporting the family, community volunteering, etc.).

Explain that job search can take a lot of time, and can be very frustrating, but given the critical situation of employment in the country, it is important to try as many channels as possible and not to give up when the first negative answers arrive.

#### **Exercise 4b: Presenting oneself to a company**

Choose one important company in the area and simulate the preparation for a presentation.

- Accompany participants to prepare themselves by acquiring information on the company and on the desired job.
- Show them how to identify the location and how to prepare their arrival on time (transportation, schedules, how to ask for information once they get there).
- Ask them “what would you wear?” and discuss the best options together.
- Role-plays for presentations of oneself, pointing out to one’s qualities, talking about weaknesses, showing self-confidence and interest. The trainer can be the interviewee while other participants are observers and give feedback in the end (some are instructed to observe the non-verbal behaviour, others to focus on the verbal interaction).

The interviewee might make questions on the following points:

- Professional and school career
  - Desires, aspirations, plans for the future
  - Personal interests and engagement in various activities
  - Personal questions on family, children, work-family balance, etc.
- Ask the students to prepare a question for the employer showing their interest in the company and the job they are applying for.



## Competence improvement

In order for a job seeker to become an employee it is necessary that their competences are adjusted to the job requirements. A mismatch between competences and job requirements can often limit the chances of finding a job.

Help participants to identify their current skills and to understand how to improve their education and skills.

Present them certain educational and training programmes available in their province. Use the website of the Employment centre.

It would be useful to invite a representative of certain educational and training agency to explain the specifics of the programmes requirements that participant should meet, the duration and the content of the programmes, competences that will be gained.

## Labour market discrimination

One of the most important issues for minority groups such as Roma and Sinti is the labour market discrimination.

The mechanisms of ethnic discriminations in access to employment can be very diverse and often are difficult to prove.

### Exercise 4c: Labour market discrimination

Discuss the labour market discrimination: What does it mean? Two hypothetical and simplified labour market situations should be presented to the participants. They should then mark one as an example of the labour market discrimination.

#### Situation A:

Two candidates apply for a job. According to their CVs, candidate X, which is an ethnical minority woman, has completed high school and has no previous experience in the field. Candidate Y is an ethnical majority man with a bachelor's degree and 5 years of work experience in the field. Eventually, candidate Y got the job.

#### Situation B:

Two candidates apply for a job. According to their CVs, both of them have the same degrees and previous work experiences in the field. In fact, the only difference between them is their ethnical background and their gender. Candidate X is an ethnical minority woman, while candidate Y is an ethnical majority man. Eventually, candidate Y got the job.

What are the self-perceived reasons for the discrimination in general? Have they experienced this type of discrimination, or do they know anyone who has?

The Italian law forbids any kind of discrimination based on ethnic origin and the National Office Against Racial Discrimination offers support to people who have been victims of discrimination. Inform students on possibilities for pressing charges against ethnic discrimination, starting with the green number of the National Office Against Racial Discrimination where they can:

- Report acts, events and procedures of discrimination and unequal treatment.
- Offer immediate support to victims of discrimination offering information, orientation and psychological support.
- Accompany victims of discrimination in the legal process when they decide to press legal charges against the discriminatory practice.

The Italian number (free of charge) is: **800 90 10 10**.

The reports can also be made online: [http://www.unar.it/unar/portal/?page\\_id=201](http://www.unar.it/unar/portal/?page_id=201)

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations etc.



## Topic 2. Self-employment

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Outcomes of the topic are:

- *The participant learns where to look for a business idea.*
- *The participant is able to determine whether a business idea is feasible and profitable.*
- *The participant is aware of the support that they can expect, and they will know how to find it.*
- *The participant understands the process of business registration.*

### SELF-EMPLOYMENT WHY?

As a source of primary or additional family income, self-employment (or entrepreneurship) is a way for economic empowerment of individuals that are marginalized in the labour market.

**Motives.** Greater earnings can be a decisive reason for occupational choice of the self-employed. Apart from (or in addition to) this pecuniary incentive, the possibility of being one's own boss, independence in the work place, desire for autonomy, flexible working hours are some of the non-pecuniary motives for becoming an entrepreneur. All of these factors depict a certain reward that an individual expects from entrepreneurial activities. On the opposite side of the spectrum, entrepreneurship can be observed from a much different aspect given the fact that there can be certain negative factors that push an individual into entrepreneurship. For minority ethnic groups, one of the most cited push factors is the labour market discrimination. For individuals who are restricted to relatively low-paid jobs, entrepreneurship can be an attractive occupational choice. In extreme cases of the labour market discrimination, for minorities members who are prevented from getting a job in the paid employment entrepreneurship can be the only way of gaining income.

**Risks.** Besides attractive features of entrepreneurship, one should be aware of a greater risk that is often related to entrepreneurship and of the fact that in most cases entrepreneurs must bear this risk on their own. Prospective entrepreneurs should always bear in mind that business can fail, that there is a high probability of no profit at the beginning, that there may be a need to accept low profit margin just to stay in the business, etc.

**Opportunity/necessity entrepreneurs.** As motives to start an entrepreneurial activity can differ, a general distinction between opportunity and necessity entrepreneurs can be made. In this dualistic picture of entrepreneurship, entrepreneurs who start their business activity because other employment options are absent (or unsatisfactory), those who are driven into entrepreneurship by poverty and survival are necessity-driven entrepreneurs. In contrast, opportunity-driven entrepreneurs are those who see the entrepreneurial activity as a way to exploit a certain business opportunity.

#### Exercise 4d. Why do I want to be self-employed?

Assist members of the self-employed group to write down their reasons for choosing the self-employment option. These reasons should be grouped into a financial (material) and non-financial group of motives.

Let the two groups (paid employed and self-employed) have a mini debate about pros and cons of their selected option of employment. A possible design of the debate: one member of the paid employed group should explain the most significant reason for choosing this option. Then, one member of the self-employed group should state a contra argument, and vice versa.

Discuss the motives, and jointly mark each of them as a push or pull factor for self-employment. Discuss the balance between these groups of motives – identify the dominant group. Each participant should then answer the question: Am I a necessity or an opportunity entrepreneur?

## SELF-EMPLOYMENT – HOW?

Basically, an individual can become an entrepreneur by setting up a new venture or by taking over an existing one. As the majority of the entrepreneurs have started their own new business, the focus shall be on the start-up mode of entry into the entrepreneurship.

Entrepreneurship is often analysed as a process that involves activities associated with identifying business opportunities and creating organizations to pursue them. Activity of starting up a new business venture begins with a new idea generation and business opportunity recognition and ends with a registration of a new business organization.

**From a business idea to a business opportunity.** Generating a business idea is a starting point for every entrepreneur. Although it is possible for entrepreneurs to first decide to start their own business, and then search for viable business ideas, business ideas are essentially the foundation of the entrepreneurial process.

Sources of business ideas can be: previous work experience, hobby and personal interest, someone else's idea, friends and relatives. The vast majority of new business owners came from the same sector in which they were previously employed.

**Tip:** *Learn from your previous work experience – do what you know how to do, analyse your environment and search for ideas from your friends, relatives, neighbours, businessmen.*

Business ideas can arise from observing certain unmet or inadequately met customers' need, from inventing new technological solutions, from identifying specific market niche, etc. Nevertheless, most entrepreneurs start with an idea that does not introduce anything new in the market. *Most new businesses started with old ideas.* This should not discourage prospective entrepreneurs, given the fact that it is easier and less risky to enter the existing market than to create a new one.

**Tip:** *Do not worry if your business is not innovative, since most of them are not. Just try to do better than your competitors, or at least as good as them.*

As the risk to fail is very high, at this point it is crucial to test the vitality of the business idea and to translate it from an idea to a profitable business opportunity. Business potential of a business idea is determined by external and internal factors.

**Tip:** *Before investing any money it is necessary to examine the business potential of the business idea you have.*



#### **Exercise 4e: What is my business idea and can it be profitable?**

Members of the self-employed group should propose their business ideas.

Discuss the sources of the ideas, the originality (novelty) of the ideas, the similarity of the ideas with the previous work experience.

Let the participants think about different scenarios: to start a business in the field in which they (or their family) have/have not the experience, to start a business in the local/regional/national market. Which of these scenarios are riskier, and which are potentially more profitable? Why?

Choose one of the proposed ideas and then ask participants to further describe this business idea by answering the following questions:

**Products/services** – What problem do I solve for my customers? What products and/or services will I provide? Is there a possibility to introduce more new products/services?

**Customers** – Who is my typical (target) customer? Why? What are their main characteristics – age, gender, education, location, revenues, etc.?

**Competition** – Is there someone else in the market that provides these products/services? Why are my products/services better than other same or similar products/services in the market? What are my weaknesses compared to the known competitors? How can I make my products/services different from the competition – as seen through the eyes of my customers? Can I learn anything from others' experience in the business?

**Supply** – Where will I buy the products I need? Why did I choose a certain supplier – price, quality, location, etc.?

**Price, distribution, promotion** – How will I form a selling price? Would it be different from competitors' price? If there is a need for distribution of products – how will I do it? How will I communicate with my target customers? How will I advertise and promote my business?

**Business premises and location** – Do I own premises or do I need to rent? Where will my business be located? What are the positive and negative aspects of my location?

**Equipment** – What equipment do I need? Which equipment do I own, and which do I need to buy/rent?

**Finance** – What sum of financial resources do I need to start a business? How will I provide that sum – own/family/friend resources, bank, state support?

**Human resources** – Am I going to be the only employee? If not, how many employees do I have to hire? What competencies do they need to have? How will they be paid?

For starting a business, an entrepreneur must provide resources – material, human, financial. One of the biggest problems for most of the entrepreneurs is to secure funding for their start-ups. Main sources of financing start-up activities are personal assets of the owner and their family. Besides these, there are other formal (banks, state support programmes) and informal (friends, relatives) sources of finance.

Informal entrepreneurs exist in every economy. In addition of being illegal, operating off-the-books has other disadvantages as well. Advantages starting the business or transferring the existing one into the formal sector refer to regular health and pension insurance, access to formal sources of finance, new markets, educational and training programs, legal

certainty, etc. If your group is active in the informal sector, discuss the benefits and costs starting with the conclusions of the previous exercise, in a practical and concrete manner, introducing topics such as social security and insurances.

When taking steps in business registration, entrepreneur should first choose a legal form of their endeavour. Doing this, one should be aware of the (dis)advantages of every legal form there is. Basically, the differences between available legal forms refer to needed capital, number of owners, the degree of personal liability, VAT treatment.

**Exercise 4f: Opening a business – how?** Invite a representative from the local chamber of commerce in order to explain the main procedures in opening one's own business. Explain the main obligations of a small business owner and the opportunities of the local market. Point out certain institutions that are dealing with entrepreneurial financial support (for example: *Camera di Commercio* (insert the local office address and website).

The Chamber of Commerce offers support to entrepreneurs in all the procedures related to starting and managing their own business. It also offers training on various topics related to entrepreneurship.

**Exercise 4g: Success story.**

It is highly recommended to invite one successful entrepreneur preferable a member of the Roma community. He/she should tell his/her success story and answer participants' questions. Moderate the conversation in such way that the problems and tips for their solution are highlighted.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.



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#### QUESTIONS FOR ASSESSING THE COMPREHENSION OF MODULE 4:

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1. *Where can you find information about job openings?*
2. *What are hidden job openings and how can you reach them?*
  3. *What are the benefits of registering in a job openings database?*
  4. *What topics should your CV contain?*
5. *Explain the differences between opportunity and necessity entrepreneurs.*
6. *What are the questions you need to answer in order to access the profitability of your business idea?*
7. *Can you count on a certain support when starting a business? Explain.*
8. *What are the main differences between different legal forms of business?*
9. *List the main steps in the process of business registration.*

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## MODULE 4: INCREASING YOUR INCOME (GREECE)

### Summary of Module 4

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*The main purpose of this module is to help participants to increase their personal and family income by improving their competences and skills needed to find a job in the paid-employment sector, or to become self-employed. Topic entitled Searching for job deals with the need to be active in the job searching process and with a need to match the professional competences with the labour market requirements. Completing this topic participants will learn how to actively seek for a job in the labour market. Second topic is aimed at improving the skills and competences needed to start own business. Starting from reasons to be self-employed, this topic continues with themes like – how to generate business idea and how to assess its profitability, how to find a support for starting a business and how to register it. Module contains exercises which are designed to practically explore the content of the module.*

## LESSON PLAN OF MODULE 4

<b>Summary of Module 4 – Increasing your income</b>	<b>10 hours in total</b>
<b>Session 1</b>	
<b>Topic 1. Searching for a job</b>	<b>5 hours</b>
<i>Opening discussion – active job searching</i>	<i>15min</i>
<i>Exercise 4a: Registering in job openings database and key word database searching</i>	<i>55 min</i>
<i>Formal and informal sources of information for job openings (newspapers, public announcements, friends, relatives etc)</i>	<i>20min</i>
<i>Exercise 4b: Preparing a CV</i>	<i>75 min</i>
<i>What to do before start seeking for information</i>	<i>20min</i>
<i>How to respond to an advertisement</i>	<i>25min</i>
<i>Presentation of various educational and training programmes</i>	<i>30 min</i>
<i>Closing discussion</i>	<i>15 min</i>
<b>Session 2</b>	
<b>Topic 2. Self-employment</b>	<b>5 hours</b>
<i>Opening discussion – self-employment – Why?</i>	<i>10 min</i>
<i>Exercise 4c: Why do I want to be self-employed?</i>	<i>35 min</i>
<i>Exercise 4d: Labour market discrimination</i>	<i>20 min</i>
<i>Opening discussion – self-employment – How?</i>	<i>10 min</i>
<i>Exercise 4e: What is my business idea and can it be profitable?</i>	<i>45 min</i>
<i>Exercise 4f: Can I get support for my business?</i>	<i>20 min</i>
<i>The different funding instruments in Greece</i>	<i>20 min</i>
<i>Different types of business legal forms in Greece</i>	<i>20 min</i>
<i>Exercise 4g: Registering my business</i>	<i>40 min</i>
<i>Requirements for running a business in Greece (staff, taxes etc)</i>	<i>35 min</i>
<i>Exercise 4h: Success story</i>	<i>30 min</i>
<i>Closing discussion</i>	<i>15 min</i>

## Topic 1. Searching for a job

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Outcomes of the topic are:

- *Participants will learn the importance of active job searching.*
- *Participants will be aware of the sources of job related information, further educational and training possibilities.*
- *Participants will learn how to write a CV.*

So far we have discussed: how to plan the family budget, how to set long terms and short term financial goals and how to achieve them, how to borrow money and make reasonable and informed choice according to our needs and resources. The last step that should be discussed refers to the possible ways to increase the potential income. Ask participants to name few ideas for increasing the income –talking in general, not only in their own situation.

One of the preferable ways to increase personal and family income is to be employed in the so called paid-employment sector. Unfortunately, very often the path between a wish and a concrete paid job is a long one. Finding a job means matching supply and demand in the labour market. Job seekers are the supply part, while the prospective employers are the demand part of the labour market. Sources of information about labour demand can be various. All of them can be viewed as informal and formal ones. Informal sources of information are job seeker’s social networks – his/her family, relatives, friends, neighbours. Informal sources are especially useful for finding so called hidden job openings – job openings that are not publicly advertised or that would be available in the near future. Formal sources are different databases of job openings that can be found on the internet, job ads in the media, job fairs. Additionally, in most of the labour markets there are agencies functioning as professional intermediaries between labour demand and supply. Main function of these agencies is to match the labour demand and supply – to link the job seeker with the potential employers.

**Tip:** *You can increase your chance of finding a job if you use a wide spectrum of sources of information about job openings. In addition to formal sources (media, internet, employment agencies), use your family, friends, colleagues, ...*

**Beware:** *National employment agency and private agencies for employment mediation cannot charge for services they offer to the unemployed individuals.*

### **Sources of available information**

The most popular and easy way to find information is the Yellow Pages. All companies can be found there along with their addresses, telephone numbers and market segment they belong to.

Companies are assorted in activity sector per region in the Yellow Pages, a fact that will facilitate you to locate them easily.

A more detailed catalogue of companies is published by ICAP, from time to time. This catalogue is sold to shops but can be also found by the potential employees in the web, where professional unions are registered.

You can also find job registered advertisements in the OAED bureaus, (National Organization for Unemployment), in the mass media, in the Web, in the entrances of some shops, in the



main entrances of the local Town Halls, in the entrances of Public Services as well as in K.E.K. (Vocational Training Centers).

Very popular nowadays is the searching of job openings on the Internet (list of relevant websites is presented further in the document)

**Before starting seeking for information, make sure that:**

- ✓ You are aware of what kind of information you are asking for
- ✓ You know where to use this information
- ✓ You have taken into consideration what you can learn from your environment
- ✓ You write down all available information
- ✓ When you don't find the information needed, you know where to search to find similar information
- ✓ You dispose some money to seek for information

**Try to always bear in mind that a piece of information is a fact and could come from:**

- ✓ A friend
- ✓ An article in the press
- ✓ An advertisement
- ✓ A classified advertisement
- ✓ A fact
- ✓ The web
- ✓ A company's executive
- ✓ A date
- ✓ A list
- ✓ Competences needed

Besides, before asking for information, be sure that this will be really useful as well as why you are searching for it, a fact that will allow you to explain to the person you are talking with why you ask questions.

In case you are searching for a job by using the available sources of information, you should be aware that companies seeking for employees register classified advertisements in newspapers or the web or through employment agencies in ways as:

- Identifying a specific profile of the candidate (what kind of qualifications he/she should have)
- Offering more details about the company's activities
- Declaring the job's requirements

In order to better analyse the classified advertisements and make the proper choice for yourself what you should do is:

- To choose the appropriate means of communication for you (press, multimedia, internet)
- To locate the jobs you may be interested in
- To choose the proper advertisements.
- There are two main criteria that you have to bear in mind in order to assort the advertisements that you find: The objective criteria describe facts, such as the sort of knowledge that you possess in an accredited way (a driver's license etc.)

- The subjective criteria are based on personal estimations and can be doubted (being a communicative person, dealing effectively with teams, managing effectively time and stress, etc.)

The mistakes that you should avoid are:

- ✓ To browse the advertisements in a passive way, hoping that the good one will attract you at once.
- ✓ To ignore the advertisements that is short.
- ✓ To take into consideration the detailed requirements as far as it concerns the qualifications and the previous professional experience.
- ✓ To choose advertisements without keeping in mind if you possess the objective criteria.
- ✓ To decline an advertisement registered for the second time.
- ✓ To delay to respond.

### Before looking at the advertisements you should prepare yourself

1. Find a web page or some newspapers that contain job advertisements
2. Read carefully all the advertisements
3. Circle all the advertisements that may interest you and to which you fit in the criteria
4. Make a list of the information that each advertisement contains in the way listed below:

Information	Company's situation and criteria	Comments	Subjective criteria	Comments
Concerning the company	A company with 50 employees .....		An innovative person	
Concerning the job description	A person that will be employed in the maintenance of.....		Position with outlook	
Concerning the candidates profile	Diploma in ...		A decisive person	

### Before choosing the advertisements you may fit in you must ask yourself:

What am I looking for?

Who am I?

What do I know to do?

What can I offer?

At the time you are sure about your answers and you know what you are looking for you have to match your personal data with the requirements of the advertisement and then you will have more chance to find the appropriate job for you.



Besides, in order to eliminate the case of a mistake, do not hesitate to ask the point of view of a person of your environment who you trust more.

## **How to respond to an advertisement**

### **1. Write a letter**

Your CV describes your work experience (previous jobs you had), your accredited knowledge (studies) and your competences. Still, it is not enough.

When you respond to a company, it is more than obvious that you are interested in the particular job. For that reason, a proper respond to an advertisement should allow to the selectors of the company to:

- ✓ Properly understand the exact reasons of your nomination
- ✓ Really desire to meet you and get to know you better
- ✓ Be convinced that you are the appropriate person for the job

For these reasons, what you need to do in order to get prepared to respond to the company's advertisement is:

- ✓ To carefully analyse the advertisement in order to understand what is the most significant element and what is less significant one as well as what is your strong point that will assist you to approach better the candidate's profile.
- ✓ To dedicate time to find information about this job in this particular company you are interested in
- ✓ To seek for the best arguments in order to support your nomination as well as the qualifications you have and could stand for some qualifications that you don't have.

Then, you have to write down a respond letter that should contain:

- ✓ Data as your full name as sender, company's name as receiver and the concerning advertisement
- ✓ Introduction which will be a summary of the qualifications as described in the advertisement
- ✓ Your motives
- ✓ Your qualifications
- ✓ A meeting proposition
- ✓ A polite closing phrase

### **2. Make a telephone call**

The telephone may be proved a precious tool for seeking for a job, provided that you take into consideration some specific rules:

- ✓ Take advantage of the first 20 seconds
- ✓ Greet politely and give some information about you briefly
- ✓ Make sure that you talk to the right person
- ✓ Explain as soon as possible the reason why you call
- ✓ Provoke the interest of the person you are talking with
- ✓ Prove that you know some information about the company you are calling
- ✓ Show that you know and understand the situation, the needs and the problems that concern the company
- ✓ Make the person you are talking to answer at once by making the proper question

- ✓ Pay attention to the tone of the answering person
- ✓ In case you understand that you are disturbing at the time, propose an alternative time to contact them.
- ✓ Don't get to details. Save them for the oral conversation, when they invite you to visit them.
- ✓ Close the discussion by taking an initiative.

### How to submit spontaneous nomination

All available working places are not necessarily registered in the Press or in the Web. One of two employments out of five, take place after a spontaneous nomination. This is the so called "hidden market" which is the opposite to the "open market" which is the case of the companies that register their working vacancies and ask for employees.

For this reason, you have to ask yourself if you have an access to companies where the employments take place silently and try to find people to introduce you accordingly.

- ✓ Below you will find some tips for spontaneous nomination:
- ✓ Choose the means of communication that fits more to your personality to contact with the company (send a letter, telephone, mail)
- ✓ Adjust to the company's habits
- ✓ Get to know the needs of the company
- ✓ Keep contact and follow up your nomination

What to avoid:

Avoid an access that is not friendly to the company's culture

Avoid focusing only on yourself

Don't forget the obligations undertaken to them (to visit them on a particular day)

Avoid being aggressive

Avoid taking more time than needed

Present available internet databases of job openings in your country. Some examples for Greece: [www.skywalker.gr](http://www.skywalker.gr), [www.kariera.gr](http://www.kariera.gr), [www.jobfind.gr](http://www.jobfind.gr), [www.ergasia.gr](http://www.ergasia.gr), [www.xe.gr/jobs](http://www.xe.gr/jobs), [www.proson.gr](http://www.proson.gr), [www.proslipsis.gr](http://www.proslipsis.gr)

#### Exercise 4a. Registering in job openings database and key word database searching

One of the possible approaches is to divide all participants into two groups – *paid-employed* and *self-employed* one (according to their preferences). If that is the case, assist participants from the paid-employed group to register in one of these bases. Otherwise, all participants should register. For example in Greece: <http://www.kariera.gr>

Explain them the benefits of registering – customised search for job (adjusted to their qualifications and preferences), employers can access their CVs and make a contact with them, they can get notifications about job openings.



Practice job database search – key word searching (city, qualification, position, employer and similar).

Alternatively, if you find that the e-registration is not suitable for your group of participants, you can emphasize conditions and benefits of registering at certain professional employment agency.

Present professional employment agencies in your country. There is a big distinction between private employment agencies and the public employment agency (OAED)

Example for Greece: OAED, through its local branches is able to support actively unemployed people who are seeking for a job through:

- Counselling Services
- Training Services
- Support of apprenticeships
- Promotion of candidates' CV to interested enterprises
- Matching of Work Supply and Demand with the support of Employment Counsellors and through the new OAED portal.

OAED is very well situated in order to support Roma communities since it places special emphasis to vulnerable population groups.

A service of CV matching as well as useful information on job seeking and on available job, training and apprenticeship positions can be found in the portal [www.oaed.gr](http://www.oaed.gr)

It may be useful to invite someone from the employment agency who would explain the registration procedure and the unemployment benefits. Through a conversation with the participants, agency representative can answer the questions that participants may have. If you cannot provide a participation of an employment agency's officer, you may use materials that most of these agencies have (brochures, leaflets), or you can organize a filed visit to the local employment agency's office.

#### **Exercise 4b. Preparing a CV.**

According to the group, the trainer chooses the most appropriate CV template and offers help in filling the resume (Europass or any other, please look Annex 4a Greek). <https://europass.cedefop.europa.eu/el/documents/curriculum-vitae> (Greek language)

#### **Compiling a CV**

A Curriculum Vitae (C.V.) contains all your competences you may have, your professional experience developed during your training and professional career as well as information concerning you personally.

A CV targets to attract the interest of a company, create positive impressions about you and convince that you are the appropriate person for the nomination.

A CV should be adjusted to each company that is forwarded, therefore it should be changed accordingly.

The European CV format is the one that is widely used and is written in all European languages.

This CV can be found in the following web address:

<http://www.cedefop.eu.int/transparency/cv.asp>.

### **Organizing a CV**

The most known and effective techniques of organizing a CV is the chronological method, the opposite chronological method and the operational method.

According the chronological method, all elements listed in our CV should be listed chronologically which means that we first start to write down our first diploma going on forward. The same should be written for our professional data etc.

In the opposite method we first start to write down the most recent diplomas, professional position going on backwards.

The operational method is used for effectively presenting of our professional activities and potentials. This way, we can stress our competences that match with the requirements of the position we are interested in.

### **Quality criteria of a CV**

We have to bear in mind that a CV is addressed to people that do not know us.

Therefore, it should be honest and sincere. It should contain all our competences without any excesses. It should also have a personality itself.

We should not forget that an employer will have to look at thousands of CVs.

We, also, have to bear in mind that our CV should be always updated and contain all information. Besides, it should be simple, clear, concise and grammatically correct.

### **The structure of a CV**

The structure of a CV is consisted of specific parts:

1. The personal data
2. The studies
3. The personal and professional training
4. The professional experience
5. The foreign languages
6. The IT knowledge
7. The personal interests
8. The recommendations

In the Workbook you will find a CV drawn according to the European Standards.

### **Competence improvement**

In order for job seeker to become an employee it is necessary that his/her competences are adjusted to the job requirements. Mismatch between competences and job requirements can often limit the chances of finding a job.

Help participants to understand how to improve their education and skills. Present them certain educational and training programs available in your country. Example for Greece: National Employment Agency (OAED) organizes various programs of further education and training – training for labour market, professional practice, acquiring and improving of practical skills, clubs for active job searching, retraining ([http://www.oaed.gr/index.php?option=com\\_content&view=article&id=633&Itemid=634&lang=en](http://www.oaed.gr/index.php?option=com_content&view=article&id=633&Itemid=634&lang=en))).

It would be useful to invite representative of certain educational and training agency to explain the specifics of the programs – requirements that participant should fulfil, the duration and the content of the programs, competences that will be gained.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

## Topic 2. Self-employment

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Outcomes of the topic are:

- *Participants will learn where to look for a business idea.*
- *Participants will be able to determine whether the business idea is feasible and profitable.*
- *Participants will be aware of the support that they can expect, and they will know how to find it.*
- *Participants will understand the process of business registration.*

### SELF-EMPLOYMENT – WHY?

As a source of primary or additional family income, self-employment (or entrepreneurship) is a way for economic empowerment of individuals that are marginalized in the labour market.

**Motives.** Greater earnings can be a decisive reason for occupational choice of the self-employed. Apart from (or in addition to) this pecuniary incentive, the possibility of being one's own boss, independence in the work place, desire for autonomy, flexible working hours are some of the non-pecuniary motives for becoming an entrepreneur. All these factors depict certain reward that an individual expects from the entrepreneurial activity. On the opposite side of the spectrum, entrepreneurship can be seen from a much different aspect given the fact that there can be certain negative factors that push an individual into the entrepreneurship. For minority ethnic groups one of the most cited of these push factors is the labour market discrimination. For individuals that are restricted to relatively low-paid jobs entrepreneurship can be attractive occupational choice. In the extreme case of the labour market discrimination, for minorities members who are prevented from getting a job in the paid employment – entrepreneurship can be the only way for gaining certain income.

**Risks.** Besides attractive features of entrepreneurship, one should be aware of the greater risk that is often related to the entrepreneurship and of the fact that in most cases entrepreneur must bear this risk on his own. Prospective entrepreneurs should always bear

in mind that business can fail, that there is a high probability of no profit at the beginning, that there may be a need to accept low profit margin just to stay in the business, etc.

**Opportunity/necessity entrepreneurs.** As motives to start an entrepreneurial activity can differ, a general distinction between opportunity and necessity entrepreneurs can be made. In this dualistic picture of entrepreneurship entrepreneurs who start their business activity because other employment options are absent (or unsatisfactory), those who are driven into the entrepreneurship by poverty and survival are necessity-driven entrepreneurs. In contrast, opportunity-driven entrepreneurs are those who see the entrepreneurial activity as a way to exploit certain business opportunity.

#### **Exercise 4c. Why do I want to be self-employed?**

Assist members of the self-employed group to write down their reasons for choosing the self-employment option. These reasons should be grouped into the financial (material) and non-financial group of motives.

Let the two groups (paid-employed and self-employed) have a mini debate about pros and cons of their selected option of employment. Possible design of the debate: one member of the paid-employed group should explain the most significant reason for choosing this option. Then one member of the self-employed group should state a contra argument, and vice versa.

Discuss the motives, and jointly mark each of them as push or pull factor for self-employment. Discuss the balance between these groups of motives – identify the dominant group. Each participant should then answer the question: Am I a necessity or an opportunity entrepreneur?

#### **Exercise 4d. Labour market discrimination**

Discuss the labour market discrimination: What does it mean? Two hypothetical and simplified labour market situations should be presented to the participants. They should then mark one as an example of the labour market discrimination.

##### **Situation A:**

Two candidates apply for a job. According to their CVs, candidate X, which is an ethnical minority woman, has completed high school and has no previous experience in the field. Candidate Y is an ethnical majority man with bachelor degree and 5 years work experience in the field. Eventually, candidate Y got the job.

##### **Situation B:**



Two candidates apply for a job. According to their CVs, both of them have same degree and previous work experience in the field. In fact, the only difference between them is their ethnical background and their gender. Candidate X is an ethnical minority woman, while candidate Y is an ethnical majority man. Eventually, candidate Y got the job.

What are the self-perceived reasons for the discrimination – in general? Whether they have experienced this type of discrimination, or do they know anyone who has?



## SELF-EMPLOYMENT – HOW?

Basically, an individual can become an entrepreneur by setting up a new venture or by taking over an existing one. As the majority of the entrepreneurs have started their own new business, the focus shall be on the start-up mode of entry into the entrepreneurship.

Entrepreneurship is often analyzed as a process that involves activities associated with identifying business opportunities and creating organizations to pursue them. Activity of starting up a new business venture begins with a new idea generation and business opportunity recognition and ends with a registration of a new business organization.

**From business idea to business opportunity.** Generating a business idea is a starting point for every entrepreneur. Although it is possible for entrepreneurs first to decide to start their own business, and then to search for viable business ideas, business ideas are essentially the foundation of the entrepreneurial process.

Sources of business ideas can be: previous work experience, hobby and personal interest, someone else's idea, friends and relatives. The vast majority of new business owners came from the same sector in which they were previously employed.

**Tip:** *Learn from your previous work experience – do what you know how to do, analyze your environment and search for ideas from your friends, relatives, neighbours, businessmen.*

Business ideas can arise from observing certain unmet or inadequately met customers' need, from inventing new technological solutions, from identifying specific market niche, etc. Nevertheless, most entrepreneurs start with an idea that does not introduce anything new in the market – *Most new business started with old ideas*. This should not discourage prospective entrepreneurs, given the fact that it is easier and less risky to enter the existing market than to create a new one.

**Tip:** *Do not worry if your business is not innovative, the most of them are not. Just try to do better than your competitors, or at least as good as them.*

As the risk to fail is very high, at this point it is crucial to test the vitality of the business idea and to translate it from an idea to a profitable business opportunity. Business potential of a business idea is determined by external and internal factors.

**Tip:** *Before investing any money it is necessary to examine the business potential of the idea for business that you have.*

### **Exercise 4e: What is my business idea and can it be profitable?**

Members of the self-employed group should propose their business ideas.

Discuss the sources of the ideas, the originality (novelty) of the ideas, the similarity of the ideas with the previous work experience.

Let the participants think about different scenarios: to start the business in the field in which they (or their family) have/have not experience, to start the business in the local /regional/national market. Which of these scenarios are more risky, and which are potentially more profitable? Why?

Choose one of the proposed ideas and then ask participants to further describe this business idea by answering the following questions:

**Products/services** – What problem do I solve for my customers? What products and/or services will I provide? Is there a possibility to introduce more new products/services?

**Customers** – Who is my typical (target) customer? Why? What are their main characteristics – age, gender, education, location, revenues, etc.?

**Competition** – Is there someone else in the market that provides these products/services? Why my products/services are better than other same or similar products/services in the market? What are my weaknesses compared to known competitors? How can I make my products/services different from the competition – as seen through the eyes of my customers? Can I learn anything from others' experience in the business?

**Supply** – Where will I buy the products I need? Why did I choose certain supplier – price, quality, location, etc?

**Price, distribution, promotion** – How will I form a selling price? Would it be different from competitors' price? If there is a need for distribution of products – how will I do it? How will I communicate with my target customers? How will I advertise and promote my business?

**Business premises and location** – Do I own premises or do I need to rent? Where will my business be located? What are the positive and negative aspects of my location?

**Equipment** – What equipment do I need? Which equipment do I own, and which do I need to buy/rent?

**Finance** – What sum of financial resources do I need to start a business? How will I provide that sum – own/family/friend resources, bank, state support?

**Human resources** – Am I going to be the only employee? If not, how many employees do I have to hire? What competencies do they need to have? How will they be paid?

For starting a business an entrepreneur must provide resources – material, human, financial. One of the biggest problems for the most of the entrepreneurs is to secure funding for their start-ups. Main sources of financing start-up activities are personal assets of the owner and his/her family. Besides these, there are other formal (banks, state support programs) and informal (friends, relatives) sources of finance.

#### Exercise 4f: Can I get support for my business?

Point out certain institutions that are dealing with entrepreneurial financial support (for example:

<i>National</i>	<i>Employment</i>	<i>Agency</i>	–
<a href="http://www.oaed.gr/index.php?option=com_content&amp;view=article&amp;id=1176:2012-02-08-17-45-18&amp;catid=28:2011-11-21-08-34-19&amp;Itemid=152&amp;lang=en">http://www.oaed.gr/index.php?option=com_content&amp;view=article&amp;id=1176:2012-02-08-17-45-18&amp;catid=28:2011-11-21-08-34-19&amp;Itemid=152&amp;lang=en</a> ,	<i>ESPA</i>	<i>(European Funds)</i>	–
<a href="http://www.espa.gr">http://www.espa.gr</a>			

The Ministry of Growth (<http://www.mindev.gov.gr/el/>)

Additionally, there is a number of organisations that support start-up enterprises such as Academy of Entrepreneurship (<http://akep.eu/>). There is also a portal that has all the necessary information (including funding information for start-up enterprises (<http://www.startupgreece.gov.gr/el>))

Informal entrepreneurs exist in every economy. In addition of being illegal, operating “off-the-books” has other disadvantages as well. Advantages of starting the business or transferring the existing one into the formal sector refer to regular health and pension



insurance, access to formal sources of finance, new markets, educational and training programs, legal certainty, etc.

When taking steps in business registration, entrepreneur should first choose a legal form of his/her endeavour. Doing this, one should be aware of the (dis)advantages of every legal form there is. Basically, the differences between available legal forms refer to needed capital, number of owners, the degree of personal liability, VAT treatment.

#### Exercise 4g: Registering my business

Present the comparative display of the main differences between legal forms (example for Greece can be found at: <http://supportbusiness.gr/financial/companies-legalforms/118-ksekinwntas-th-dikh-sou-epixeirhsh-oles-oi-nomikes-morfes-epixeirhsewn>).

Then ask participants to choose one legal form and to explain why they have made that choice.

	Entrepreneur	Limited Liability
VAT treatment	Can be out of the VAT system.	In all cases they are in the VAT system.
Scope of the personal liability	Entrepreneur is liable for all business obligations with his/her entire assets.	Owner(s) are not liable for the company's obligations.

#### **Registration process: step by step – Case of Greece**

1. Presentation and exploration of all the main steps that have to be followed in order to register an enterprise through the information available in the centralised National Trade Register (<http://www.businessportal.gr/>)

As a practical illustration of a registration process, the participants can fill in one official application form for establishing and registering new entrepreneurial venture (case of Greece Business Registers Agency: *Application forms* available at: <http://www.businessportal.gr/>).

#### **Exercise 4f: Success story.**

It is highly recommended to invite one successful entrepreneur – preferable a member of the Roma community. He/she should tell his/her success story and answer the participants' questions. Moderate the conversation in such way that the problems and tips for their solution are highlighted.

The trainer should conduct a closing discussion at the end of the session. Please, use evaluation games, questionnaires, feedback talks, etc. in order to evaluate the well-being of the group, efficiency of the group work, success in achieving goals, satisfaction of individual expectations, etc.

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#### QUESTIONS FOR ASSESSING THE COMPREHENSION OF MODULE 4:

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1. *Where can you find information about job openings?*
2. *What are hidden job openings and how can you reach them?*
3. *What are the benefits of registering in some job openings database?*
4. *What are the topics that your CV should contain?*
5. *Explain the differences between opportunity and necessity entrepreneurs.*
6. *What are the questions you need to answer in order to access the profitability of your business idea?*
7. *Can you count on certain support when starting a business? Explain.*
8. *What are the main differences between different legal forms of business?*
9. *List the main steps in the process of business registration.*



## SOURCES OF GREEK MODULE

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## ANNEX: EXAMPLE OF A CV

### **A. Personal Details**

Last name: **Kardamitsi**

First name: **Marina**

Home address: 15 Drakouli Str, Athens GR - 11744, Greece

Tel. Office: +30 210 9028537, 0030-6945465253

e-mail: [marinakard@hotmail.com](mailto:marinakard@hotmail.com)

Home tel: +30 210 9028537

Date of birth: 06/12/59

### **B. Education**

2007 Graduated from High School

### **Languages**

Greek

Romani

### **C. Career Details**

September 2007- October 2009: Assistant Hairdresser at “Soula’s” hairdressing store (shampooing, combing)

March 2012- June 2015: Co-owner of hairdressing store

### **G. Special Interests (Work and Leisure)**

Music

Dancing



## EVALUATION QUESTIONNAIRES

### MODULE 1 - HOUSEHOLD BUDGETING - PLAN AHEAD AND SPEND WISELY

#### Self-evaluation of satisfaction and knowledge

Please, distribute the questionnaires 1-4 to participants after every finished teaching module. In order to link the questionnaires (so that you will know what is the opinion of each participant for each module), please, ask them to put one identification code on each single evaluation questionnaire (e.g. dog's name).

The verbal instructions for the evaluation will be orally provided by the trainer.

<b>IDENTIFICATION CODE</b>	
<b>Gender</b>	
<b>Age</b>	
<b>Level of education</b>	

Please, rate aspects of **Module 1** on a smiles scale, where  is perfect,  is good,  is bad,  is very bad.

1. Did you enjoy this session?				
2. The exercises were useful to improve my knowledge.				
3. The exercises allowed me to exchange views and put myself to the test.				
4. Has your level of knowledge increased during this module?				
5. I will be able to use what I have learned in this training.				
6. Was the module useful for your life?				

7. Can you remember one thing (something important) that you have learned during the session? Something that is important to you?
8. What did you like best about the training sessions? Tell me one thing you liked a lot.
9. What did you like least about the training sessions? Tell me one thing you did not like.

10. What else would you have liked to learn about this topic?

11. Have you talked about these sessions with your family, siblings, parents, and friends?



## MODULE 2 - SAVING FOR THE FUTURE

### Self-evaluation of satisfaction and knowledge

**IDENTIFICATION CODE**

Please, rate aspects of **Module 2** on a smiles scale, where 😊 is perfect, 😊 is good, 😞 is bad, 😞 is very bad.

1. Did you enjoy this session?	😊	😊	😞	😞
2. The exercises were useful to improve my knowledge.	😊	😊	😞	😞
3. The exercises allowed me to exchange views and put myself to the test.	😊	😊	😞	😞
4. Has your level of knowledge increased during this module?	😊	😊	😞	😞
5. I will be able to use what I have learned in this training.	😊	😊	😞	😞
6. Was the module useful for your life?	😊	😊	😞	😞

7. Can you remember one thing (something important) that you have learned during the session? Something that is important to you?
8. What did you like best about the training sessions? Tell me one thing you liked a lot.
9. What did you like least about the training sessions? Tell me one thing you did not like.
10. What else would you have liked to learn about this topic?
11. Have you talked about these sessions with your family, siblings, parents, and friends?

## MODULE 3 - SENSIBLE BORROWING

### Self-evaluation of satisfaction and knowledge

IDENTIFICATION CODE

Please, rate aspects of **Module 3** on a smiles scale, where 😊 is perfect, 😊 is good, 😞 is bad, 😞 is very bad.

1. Did you enjoy this session?	😊	😊	😞	😞
2. The exercises were useful to improve my knowledge.	😊	😊	😞	😞
3. The exercises allowed me to exchange views and put myself to the test.	😊	😊	😞	😞
4. Has your level of knowledge increased during this module?	😊	😊	😞	😞
5. I will be able to use what I have learned in this training.	😊	😊	😞	😞
6. Was the module useful for your life?	😊	😊	😞	😞

7. Can you remember one thing (something important) that you have learned during the session? Something that is important to you?
8. What did you like best about the training sessions? Tell me one thing you liked a lot.
9. What did you like least about the training sessions? Tell me one thing you did not like.
10. What else would you have liked to learn about this topic?
11. Have you talked about these sessions with your family, siblings, parents, and friends?



## MODULE 4 - INCREASING YOUR INCOME

### Self-evaluation of satisfaction and knowledge

IDENTIFICATION CODE

Please, rate aspects of **Module 4** on a smiles scale, where 😊 is perfect, 😄 is good, 😞 is bad, 😈 is very bad.

1. Did you enjoy this session?	😊	😄	😞	😈
2. The exercises were useful to improve my knowledge.	😊	😄	😞	😈
3. The exercises allowed me to exchange views and put myself to the test.	😊	😄	😞	😈
4. Has your level of knowledge increased during this module?	😊	😄	😞	😈
5. I will be able to use what I have learned in this training.	😊	😄	😞	😈
6. Was the module useful for your life?	😊	😄	😞	😈

7. Can you remember one thing (something important) that you have learned during the session? Something that is important to you?
8. What did you like best about the training sessions? Tell me one thing you liked a lot.
9. What did you like least about the training sessions? Tell me one thing you did not like.
10. What else would you have liked to learn about this topic?
11. Have you talked about these sessions with your family, siblings, parents, and friends?

# GENERAL EVALUATION AT THE END OF THE TRAINING COURSE

General Evaluation should be distributed after the training is completed.

Please, rate aspects of the **training** on a smiles scale, where 😊 is prefect, 😄 is good, 😞 is bad, 😈 is very bad.

How helpful was the teacher with the exercises?	😊	😄	😞	😈
This training lived up to my expectations.	😊	😄	😞	😈
The content was relevant to my life.	😊	😄	😞	😈
The training was a good way for me to exchange views on this content.	😊	😄	😞	😈
The training was a good way for me to learn about this content.	😊	😄	😞	😈
In general, how satisfied are you with the training?	😊	😄	😞	😈
General comments:				



## APPENDIX TO EXERCISE 2F

### Basic Financial Training

#### Meeting brothers Horvath

	<b>Peter (30 years)</b> Waiter Monthly income 700 euro + 100 euro tips
	<b>Jano (28 years)</b> Unemployed Monthly income 200 euro of state support

Peter and Jano went to school to become waiters. Peter finished school and when he stood on his own feet, he established his family. Nowadays, he works in a hotel and earns 700 €/month as a main waiter. He also gets some money from gratuities.

Jano, who is younger, became a father when he was 17 years old. Therefore, he did not finish his school, so he had to start working. Jano lost his job a few weeks ago, because his boss found out that Jano borrowed money from the company. Some money went missing and then, every employee from the company needed to contribute to the company from their own wallets (family savings needed for function of the company).

### Current Account "invisible automatic wallet"

- Thanks to their account, a person can make banking transactions, such as deposit money, withdraw money and transfer to other accounts.
- A person has access to money via Internet banking wherever in the world and whenever they want.
- Standing orders and direct debits, which are paid regularly, make life easier (e.g. rent, water, gas etc.)
- Bank charges low price for a current account.

	<p><b>Peter</b></p> <p>Peter's employer always sends his salary to the bank account. For account-keeping, he pays 5 euro per month. His account provides services that save his time and money. He appreciates a carefree life and he does not have any problems to pay monthly bank charges. He understands that the bank covers his expenses and as every common company, it has to make profit. He also does not work as a waiter only because he likes that job, but also because he wants to use the money for his family and save some.</p>
	<p><b>Jano</b></p> <p>Jano believes banks rob people and that is why he does not have any bank accounts. When he was working, he used to get paid in cash. Even today, he collects his state support at the post office. He does not know exactly where he spends all the money, but at the end of the month he does not have anything. He likes when his brother pays by card and he does not need to look for coins in his wallet. But he is satisfied that banks do not have any profit from his money, so he rather does not open this topic. He was robbed many times on the bus. Since he had to survive without enough money until the end of the month, he borrowed some money from his friends. These experiences were still not enough to create a bank account.</p>

### QUESTION

Direct debits:

- a) We do not like to pay and we pay irregularly.
- b) We pay regularly and automatically from our current account.
- c) We do not pay until somebody turns off electricity and gas.
- d) We pay, but only when our electricity or gas had been turned off.



## Payment or debit card "plastic money"

- Thanks to the payment by card you can withdraw paper money (for example in ATM) wherever in the world.
- This is the safest way how to keep money. Even if somebody stole your card, the thief would need to know your password (PIN) to pay by this card or to withdraw your money.
- You can pay by card for products and services (through the payment terminals that are eventually in every store), even contactless.
- The most common are debit cards that use the money from the current account and cardholders only use their own money.
- These cards can be used as inputs to libraries or schools, or you can use them for travel insurance, too.

	<p><b>Peter</b></p> <p>Peter is the owner of a debit card. Thanks to this card, he can pay in shops, he does not need to use cash and he can withdraw money from his bank account. The bank offered him the opportunity to activate a debit (overdraft), which would allow him to withdraw/use more money than is currently in the account. He has not used this service yet, but he was glad when he needed to spend more money than he had on his account and he did not need to apply for a loan just because of a few euros.</p>
	<p><b>Jano</b></p> <p>Jano does not have a bank account or a debit card. He pays for everything in cash, and as a gentleman he always leaves coins for a shop assistant. In shops, there is often a situation when a shop assistant does not have any change for the customer. The usual reaction of a shop assistant is to ask if the customer has some coins. If he does not have some cents, the main disadvantage is that the shop assistant does not have any other option except give back a lot of coins, no banknotes. Although Jano knows that the bank has expenditures for cash machines, terminals and staff, he is not willing to pay for their services.</p>

## QUESTION

A payment card is:

- a) The most dangerous way of keeping money with you.
- b) The safest way of keeping money with you.
- c) The most valueless way of keeping money with you.
- d) The most nanoparticle way of keeping money with you.

## Internet banking "account on the web"

- The comfortable use of your account at home or any place in the world - transfers, direct debits, standing order.
- It provides overview, saves time and money.
- The easiest and cheapest way of banking.
- There is no need to download special programs to your computer, Internet access is enough.

 A photograph of a man with a beard and short hair, smiling, pinned to a blue background with a blue pushpin.	<p><b>Peter</b> Peter uses Internet banking to check his income and expenses. Thanks to it, he can check every payment, and also every income and expense is visible, so he can see where he spends most of his money and he can see where it is possible to save etc. In addition, he set up a standing order for the payment of electricity.</p>
 A photograph of a man with curly hair and a beard, looking thoughtful with a hand to his chin, pinned to a blue background with a red pushpin.	<p><b>Jano</b> Jano pays for household, gas and electricity in cash. He goes to the post office every month and he pays tens of cents of commission. He does not have any overview of how much he paid or where the bills from the payment are. He uses his computer only for playing video games.</p>

### QUESTION

Internet banking is:

- a) the cheapest and simplest way of banking.
- b) the youngest and most beautiful way of shopping.
- c) the cheapest and the highest way of education.
- d) the simplest and the most advanced way of refuelling.



## Savings account "a flexible piggybank"

- It is a combination of a current account and a way of saving money for a limited period of time.
- It provides higher interest rate of saved money (as well as term deposits).
- Money on the account is not bound (as well as on the current account).

	<p><b>Peter</b></p> <p>Peter has not had a savings account yet. However, he created an account for his son. He wants his son to study at a university and also he wants to prepare better life conditions for him. That's why he puts his gratuity to his son's savings account. He found out that he has around 30 euros per month on his current account. This is a reason why he wants to go to the bank to create a savings account to get some interests. He wants to be prepared for hard times.</p>
	<p><b>Jano</b></p> <p>Jano did not save any money even when he had a job. If he'd had a successful month, he was able to earn around 1,000 euros. But he spent the money just for fun. He used to save some money in his wardrobe. However, he spent it because he did not realize that in hard times he will need it. Today, he would need the money, because he does not have any income per month.</p>

### QUESTION

Why it is good to save money?

- It is better for meditation.
- We use it as a supply to have it for hard times, or we can invest and get richer.
- It makes pressure on grandparents to give more gifts in cash.
- It supports the development of didactic, motoric and verbal expressions of an adult.

## Term deposit "long term piggybank"

- An account for a certain period which is used to access saved money in the bank.
- Interest rate during this period stays unchanged.
- Money is bound/fixed all the time.

	<p><b>Peter</b></p> <p>Peter received a part of his grandfather's heritage. It was 1,000 euros. It was a lot of money for him. He did not know what to buy. He wanted to save something for him, so he decided to wait one year, to save money on term deposit and if he was all right (healthy, nobody died) in one year, he would go on vacation near the sea. When he saw after one year how much money he got from the bank (as a client benefit because he saved money there), he decided to cancel his vacation and save money on multi-term deposit which will bring even more benefits as a one-year deposit.</p>
	<p><b>Jano</b></p> <p>Jano was smiling when he found out that the bank gave Peter just over 40 euros after the interest rate term deposit. However, he lent his heritage to his best friend, who wanted to start a business. He promised Jano that after one year the deposit will be doubled. But the business of his friend was not so successful. Jano asked him to just return the borrowed 1,000 euros (not the double amount). The problem was that the friend did not have any money to pay back so he told Jano he did not have any evidence about the loan (but this evidence is always in the bank so the person cannot have this kind of problem in the bank).</p>

### QUESTION

Interest rate is unlike current and savings account at a time deposit:

- Public all the time.
- A secret for a certain period of time.
- The same all the time.
- Not valid out of Slovakia.

Source: Nadácia Slovenskej sporiteľne. Training bank. 2012. Available at: <http://www.nadaciaslp.sk/cvicna-banka/skolenie/bankovce>



## APPENDIX TO EXERCISE 3F

### Credit card "loan in your pocket"

- It is a payment card for withdrawing money or paying by money which is not yours.
- It has advantages like a debit card.
- The bank will set your limit per day (also a loan limit).
- For a certain period of time this "pocket loan" is for free, but then you have to pay some money back as an interest for borrowing.
- The credit card is also connected with many discounts or bonuses.

 A photograph of a man with a beard and short hair, smiling, with a blue pushpin at the top.	<p><b>Peter</b></p> <p>Peter refused to carry out a credit card several times. Although he knows that its use means no loss. He does not need a short-time loan but if he needed it, he would prefer a consumer loan which has more benefits.</p>
 A photograph of a man with curly hair and a beard, looking thoughtful with a hand to his chin, with a red pushpin at the top.	<p><b>Jano</b></p> <p>Jano has received a credit card which has offered him a short-time loan for 2,000 euros. The card was offered by an electronic shop where he could have used it. He has bought a TV. After one month he has received an admonishment. They have tried to explain him that if he does not have enough money for a TV, it would be better to choose a consumer loan. The credit card is better only in case when he is able to return money in a short period of time.</p>

### QUESTION

Money on the credit card is connected with interest:

- Only in case of use in combination with vouchers.
- After some time, when the client does not return the money back to the bank.
- Only in the case when the client has used the money for loan repayment to his best friend from childhood.
- Only in the case when the client declares that he spent money only for useful things.

## Interest rate "money produces money"

- It is the price of money.
- It is the most often expressed as a percentage per year.
- The interest rate on the market depends on the interest of the central bank.
- For deposits, it is the price paid by the bank to the client.
- For loans, it is the amount paid by the client to the bank.

	<p><b>Peter</b></p> <p>Peter realizes that his money in the bank is not kept safe. The bank gives his money value by investing or borrowing. This process is safe. He gets interests for his money as a reward from the bank (that he "borrowed money to the bank"). He knows that the bank also has money from his account, but he realizes that it is a common process – "he earns in a bank and a bank earns on him".</p>
	<p><b>Jano</b></p> <p>Jano does not understand people who are able to put their money to a bank. He rather spends his money alone. His theory is to not support a bank which could get some benefits from his money. He does not realize that he can get money from the bank as a benefit. At his age, of course, he knows that 201 euros is more than 200 euros but he cannot believe that somebody can earn money from his own money even if he does not lose anything. Conversely, he just can get benefits, too.</p>

### QUESTION

Interest is most commonly expressed in:

- e) Litres.
- f) Metres.
- g) Percentages.
- h) Melons per year.



## Credit "loan for what you want"

- It is borrowing of money for a certain period of time.
- The client will return the money back with an agreed interest and the interest rate is calculated for the whole amount (unpaid yet).
- To get more money the client needs a loan guarantor in the case that he is not able to repay a loan (then the guarantor will repay the loan instead of client).
- Sometimes the loan is covered by something (for example in a business loan for a new machine, it can be that machine). It means that if someone does not repay a loan, the bank can take that machine to their ownership and sell it (as a way to get the money).

 A photograph of a man with a beard and short hair, smiling. The photo is pinned to a blue background with a blue pushpin at the top.	<p><b>Peter</b></p> <p>Peter has never needed a loan yet. He lives with the money he has and earns. He has some money on his account but he would be afraid to lend it to somebody. He learnt from experiences of his brother who borrowed 1,000 euros to his friend who did not return it back. The bank told him that thanks to his regular monthly income he will not have any problems in a case of a loan from the bank.</p>
 A photograph of a man with curly hair and a beard, looking thoughtful with his hand to his chin. The photo is pinned to a blue background with a red pushpin at the top.	<p><b>Jano</b></p> <p>Jano came to the bank to borrow some money after a few months without a job, but the bank rejected him, because he is a risky client, he does not have any property and they do not have any guarantee that he will pay the loan regularly. So when he did not have other options he went to a company which was able to lend him some money and his guarantor would be his grandma. He ignored the fact that he will lose more money in this company than in the bank.</p>

### QUESTION

Interest rate on the loan shall be calculated:

- a) based on all borrowed money per month.
- b) based on the borrowed money per year.
- c) based on the borrowed (unpaid yet) money per year.
- d) yearly as "thanks for borrowed money".

