ROLE OF EDUCATION IN ENTREPRENEURSHIP DEVELOPMENT

G. Siva Vineela
Research Scholar, Department of Entrepreneurship, GITAM Institute of Management, GITAM University, Visakhapatnam, Andhra Pradesh, India

Abstract

Entrepreneurs are the individuals who are innovative, creative, dynamic, flexible, and brave and risk-taking. They are opportunity recognizers, network builders, independent and self-dependent with leadership skills. Entrepreneurship is considered as a vital element in economic growth and development of a country, reducing unemployment, increasing production and productive abilities, promoting innovation and creativity and creating wealth. In the process of entrepreneurship, all the innovative and creative ideas are converted into products and services to increase profitability of an organization. This innovative nature is inbuilt and also can be acquired through training. Hence, the process through which the innovative skills can be obtained is education which is known as entrepreneurship education which should begin from early stages of childhood. This study is mainly based on the role that education plays in the development of entrepreneurship. This research is descriptive in nature in which strategies developed by many authors regarding entrepreneurship education are discussed.

Keywords: Education, Entrepreneurship Education, Entrepreneurship Process,

Introduction

In the present scenario, entrepreneurship is termed as a force of growth and development for both organizations and societies. So, great universities and colleges in the world included education and entrepreneurship in their curriculum through which entrepreneurial skills can be developed. There are many benefits derived from entrepreneurship to individuals or to an organization. Hence, the concept of entrepreneurship has significantly great importance. Aggarual and Eposito (2001) stated that the advantages of entrepreneurship include growth and development of the economy, productivity and creation of new technological methods. Hence, the promotion of entrepreneurship is very important in order to line up several activities in the society with the changing world.

Education, in this process is recognized as one of the important components in entrepreneurial development. As the competition in the present world is becoming complex, education is very essential to meet that competition. The education system in the society should be made accurate and effective to develop the skills and abilities which are required for every situation. Among several aspects in this
Entrepreneurship education is one of the most fundamental areas as it is the way to improve the human capital which is the most important factor in development of the society.

**Significance of Entrepreneurship**

Entrepreneurship is originated from the French word “entreprendre” and the German word “unternehmen” which means undertaking. Ahmad Poordariani (2002) defined an entrepreneur as an individual who makes a promise to establish, handle and bear risks occurred in an economic activity. Aggarmall and Esposito (2001) said that entrepreneurship can be a skill that provides solutions for several issues and acts as a tool for obtaining high productivity in various fields of an organization. In the case of management science, entrepreneurship concentrates on four factors. They are decision making, strategy and performance, organizational design and risk – taking (Shane and Ulrich, 2001). In the same way, Aisrich and Peters (2005) referred entrepreneurship as future which occurs through the change of old and present principles and some aspects of management. They also defined entrepreneurship as a process from which some new things are raised which involves spending of sufficient time and effort and also bearing financial and social risks and finally getting rewards for risk and job satisfaction. Timmons (1999) defined entrepreneurship as a capacity to generate knowledge from nothing, ability to know how to recognize, establish and control the available resources which are present with others.

**Entrepreneurship Process**

The process of entrepreneurship is a systematic way of establishing a new business venture. Dhenak (2010) stated that an entrepreneur recognizes and utilizes an opportunity by overcoming the obstacles of resistance. Barringer and Ireland (2010) defined the four stages in entrepreneurship process as recognizing and assessing an opportunity, preparing a business plan, utilizing available resources and also arranging required and finally achieving the goals.

**Stage 1:** The first stage in the process of entrepreneurship is identification of a business opportunity. An opportunity is said to be a favorable situation through which a need for new product, business or service is created. In this stage, an entrepreneur introduces a new idea for establishing new business venture. Identification of opportunity includes examination and assessment of present needs, demands and trends of consumers. Then the gap between consumers and products can be known. The strategy or a plan that is developed to fill this gap is the opportunity. Attractiveness, durability, timeliness, and fixation of the product are four essential qualities of an opportunity.
Stage 2: After an opportunity is recognized, then a plan to fill the identified gap is designed. This plan is known as business plan. Harjai (2012) defined a business plan as an explanation of business’ future direction. A business plan which shows a different opportunity is said to be a good business plan. This stage is associated with lot of time for any entrepreneur or organization. This involves the process of thinking and planning in a strategic way.

Stage 3: The third stage in entrepreneurship process is determining and allocating resources. In order to implement a business plan, the resources that are required are to be identified. Harjai (2012) also said that determining the risks that occurs due to insufficient resources should be kept aside from sufficient ones. Here one question is to be answered, i.e. is the individual or an organization capable of obtaining required resources to start this business venture? The financial and non–financial resources that are utilized in the business venture are secured by the organization. Startup costs, and other costs comes under financial resources and skills of people are considered as non–financial resources.

Stage 4: The final stage in entrepreneurial process is managing a business firm. Whenever the resources required for running a business are gathered, then the plan that is developed in the last stage is implemented. Managing a business firm involves activities which are related to several operational issues that occur during implementation and running of the business plan throughout the business cycle. Setting up of a control system which monitors business activities and solve the problems occurred is essential for a smooth run of business cycle. The existing ideas are to be modified for achieving better results.

Entrepreneurship Education and its importance

The entrepreneurial education is a situation or a location where an individual can attain knowledge; create favorable conditions in order to develop strength to compete with the market changes and improve self – confidence. This includes personal efforts with creative and innovative work which helps for shaping of one’s own identity, and in turn to achieve goals and objectives.

The entrepreneurial education depends on the active involvement of management and educators to identify the people who are capable of making dreams into reality and achieve goals. To make this possible, it is very important for the teachers to participate in growth activities and development, tracking for an innovative and effective relationship.

Cooperetal (2004) highlighted some advantages of entrepreneurship education. Some of them are presented in the following:

1) Enables an individual to strengthen the ability to make innovative ideas.
2) Improves capability of applying the applications to these business ideas innovatively and improving these abilities.
3) The people can be attracted towards entrepreneurship through entrepreneurial programs.

Porter (1994) said that entrepreneurship education mainly concentrates on imagination, creativity, risk bearing capacity. Traditionally, it focuses on quantitative techniques than creative thoughts.

Some important goals of entrepreneurship education are highlighted by Roach (1999) are presented in the following:

1) Attaining entrepreneurial knowledge by every individual.
2) Increase of capability to identify business opportunities.
3) Enhance knowledge and ability to develop a flexible strategy which helps for the business during risky situations.
4) Developing required skills and abilities to adopt new methods for establishing a new business and also marketing for it. In addition to these, entrepreneurship education promotes other aspects like communication, problem-solving capabilities, team work, self-management, and planning.

Literature Review

Due to raise of unemployment in the country, the only way that is recognized to overcome this major problem is promoting entrepreneurship. It is considered as a powerful tool to strengthen the economy and promote its growth through encouraging entrepreneurship among graduates which in turn provides employment opportunities to uneducated people also. Hence, it is necessary to increase the number of new entrepreneurs which is possible through entrepreneurship education (Mery Cita Sondari, 2016). Many studies proved that entrepreneurship education enables the people to attain positive students’ intentions towards entrepreneurship.

Fatima Sirelkhatim (2015) made a study on entrepreneurship education which mainly concentrated on several teaching methods that are present in that educational system. He stated that the field of entrepreneurship education is developing very fast nowadays especially regarding the topics which are to be included in the course and the method of teaching. He did his study to present a framework of best teaching practices in the tertiary level to attain best results. He opined that the contents of a curricula and teaching methods are different which depends on objectives of a program. From the results, it is seen that all the teaching methods and contents of a program can be divided into three themes. First theme consists of theoretical contents and is teacher oriented process which is teaching “about” entrepreneurship which mainly concentrates on enhancing students’ awareness on entrepreneurship. The second and third themes – teaching “for” and “through” entrepreneurship respectively are formulated to develop entrepreneurial skills. This can be achieved through building a business friendly environment where people can experience real business situations which encourages them to start their new business venture.
Many studies evidenced that entrepreneurship education should be introduced in higher education for better results. Some of the authors like Timo Pihkala (2014) opined that entrepreneurship, if introduced at school, will be more effective as school education is the initial step to learn in every student’s life. There are several methods and strategies introduced for carrying out this task. The analysis is made on the performance of many entrepreneurship educational practices that exists in the schools. The author also analyzed the role and responsibilities of a teacher in promoting entrepreneurial skills among the students. He found that teacher training regarding entrepreneurship have a significant impact on performance of them in encouraging students towards entrepreneurship career.

The effectiveness of entrepreneurship education increases with the increase in number of entrepreneurship educational programs. Michael Lorz (2011) made a study on how entrepreneurship education influences entrepreneurial intention of students. Entrepreneurship education is considered and declared as a major tool that influences entrepreneurial intentions in a positive way. People who are already self-employed can gain more knowledge through entrepreneurship education which enables them to improve entrepreneurial skills and abilities.

Kolb’s (1978) suggested a learning process that consists of four steps which is simply called as four step learning method along with some personality characteristics of entrepreneurship.

The first step in 4 – step learning process is concrete experience which means knowing about facts that happened related to particular situation. This gives the existing information about the situation. The second step is reflective observation which involves the process of observing the situation and gathering information. From this the data can be gathered through observation. The third stage is abstract conceptualization which involves finding solutions for observed problems and fourth stage, active experimentation, is about practically applying strategies formulated as solutions for problems.

McMullan and Long (1987), Vesper and McMullan (1988) and Plaschka and Welsch (1990), while explaining about curriculum, stated that entrepreneurship format should be separated and differentiated from traditional management programs. According to McMullan and Long, the concept of venture formation should be considered as the base for projecting this difference. Along with the above mentioned aspects, some essential skill – building courses like negotiation, leadership and innovative thinking, knowledge about updating technology and new product development. They stated the major difference between
entrepreneurial programs and traditional management programs is that the skill and ability of an individual to identify and utilize the available opportunities spontaneously and the capability of planning for future.

Vespehr (1981) presented three major factors that cause an individual to start an enterprise. They are: possibility to start a business, knowledge and awareness of entrepreneurship and popularity among entrepreneurs. Nelson Wank recognized 18 vital elements like planning, marketing, advertising, insurance, investment, control etc. for establishing small companies. Lenderberg (1982) highlighted some important questions that are to be answered while designing an entrepreneurial course program. They are: what are the topics that are to be covered in courses of entrepreneurship education? What teaching methods and techniques are to be used in the program? What are the aspects that are used to modify these programs? Lepsen (1988) opined that the primary focus of entrepreneurship education should be on the content in that course, its advantages, and also the learning and teaching quality.

An article by Knight (1991) proposed a model that consists of methodology which describes the process of teaching entrepreneurship. It includes the concepts like opportunity identification, developing strategies, resource allocation and implementation. Through this study, he suggested that these concepts are important for every one like group of people, individual, organization, industry and society. In addition to these, he also suggested some functional and start-up strategies that helps an individual to start a new business venture. It also consists of the structure of curriculum that is taught in University of Western Ontario.

Donckels (1991) and Kantor (1982) opined that education can develop entrepreneurial thinking power and ability of an individual. Gass (1985) stated that entrepreneurial skills and knowledge of people can be enhanced through introducing potential entrepreneurs and making them to share their experiences with people. Bures and Champion (1987) differentiated the business practices between small business and large businesses. He mentioned that the process of decision making differ from the type and size of the business. They may be long term or short term decisions. McMullan (1988) emphasized the role of entrepreneurship education in the process of developing an economy. He stated that education plays a supportive role in shaping up of society’s infrastructure.

Curran and Stanworth (1989) assumed that establishment of small businesses as the base for beginning of an entrepreneurial career and formulated a frame work for teaching entrepreneurship in order to establish small scale enterprises. Kirby (1990) opined that courses in educational curriculum should be designed according to the requirements of business clients, several business issues related to organization. Ivancerich (1991) defined entrepreneurship as a system which is useful for developing entrepreneurial skills and abilities, impart entrepreneurial behaviors which in turn fill gaps that exist in business areas.
(1994) opined that educational programs which are formulated for developing small business should concentrate on the needs and requirements of employees than the performance of organization.

The formal research in the field of entrepreneurship education consists of evaluating the performance of several entrepreneurship programs. Many studies have been carried out in order to examine the issues that arise from content related objectives. Donckels (1991) and Kantor (1988) made an opinion survey to find the answer for this question. It is found from the results that the main role of entrepreneurship education is to create more entrepreneurial awareness which in turn makes the people to choose entrepreneurial career. All the students should be taught with entrepreneurial knowledge and skills required to become an entrepreneur as they indirectly influence their attitudes towards entrepreneurship. They considered the traits also as something that can be taught in the process of entrepreneurship education.

Some studies argued with a statement that entrepreneurship education is a multi-dimensional approach. Johannisson (1991) stated four dimensions of entrepreneurship: capability of influencing an individual’s personal environment, high self–confidence, ability of creating networks that support business actions, and finally ability to make coordination between vision and action. In the process of analyzing four dimensions, it was found that high concentration was put on the methods of teaching of skills and this process is discouraging energetic entrepreneurs. Many challenges that are to be faced by the people in the training process like identifying and implementing subject courses, assisting the people in improving business skills, making them to take active part in more training programs etc. Scott and Twomey (1998) also proved that objectives of entrepreneurship education should be multiple. They spotted some factors like personality; demographic factors, situational factors and idea to start a business influence the attitudes of an individual independently.

On the other hand, knowing how entrepreneurship education influence on decision making process of an individual is also important. In this point of view, Garnier and Gasse (1990) studied the process of changing the attitudes of people through entrepreneurship education. They found that 14 percent of people who have undergone entrepreneurship training through newspapers are motivated towards entrepreneurial career and planned to start their own business immediately. They also said that the mode of education or training also very important. Clouse (1990) measured the effect of introductory entrepreneurship course on students’ decisions and found that their attitudes’ attitude towards entrepreneurship changed and got ready to start their own business firms. Murphy and O'Connor (1984) suggested from their experiences that training process which consists of mediating factors like incubators can enable the people to establish firms with sophisticated technology.

Entrepreneurship education not only helps in influencing people to start their own business but also enables the potential entrepreneurs to improve their success rate. Price and Moroe (1992) identified one
effective training program namely ‘Fast Trac’ which is organized mainly for women and minority entrepreneurs which had a positive influence on growth and development of new business. Apart from the post – secondary level, Albert, Fournier and Marion (1991) suggested that a strong relationship between people and needs of business men is achieved through formulating training programs according to their business requirements.

Relationship between education and entrepreneurship

While speaking about education, generally we relate it with teaching, learning, school, family, education etc. Anyway the theory of education also includes many other formal and non – formal procedures. In the same way, when we speak about the concept of entrepreneurship, generally we include the aspects like abilities of creating new opportunities, managing firms, reaching goals and achieving success, creating employment opportunities, income and wealth. But in addition to these, there are many other aspects which plays important role in the process of entrepreneurship. These include attitudes of an individual, the capacity and ability to solve problems through effective decisions which results in growth.

From the above literature, we can say that for leading a career of successful entrepreneur, education is important. Education can be regarded as an important element of entrepreneurship learning process. Many studies proved that entrepreneurial skills can be adopted through process of learning. In this context, it is said that there exists a strong relationship between education and entrepreneurship. Fernando Dolabela (2003) opined that the protagonist’s position should be taken by an educator in any process. It enables him/her to acquire the skills and knowledge to become a successful entrepreneur. Hence, the best way to promote entrepreneurship education is creating an association between innovation and entrepreneurship.

Role of education in Entrepreneurship

Many studies proposed that education is not necessary to become an entrepreneur. But many other authors said that education plays an important role in deciding every individual’s career. Education is nothing but learning something that is not known. Entrepreneurship is also a process of doing something new like new thoughts, new inventions to run a business successfully. This requires some abilities and skills that help people to think in an innovative way. These skills are developed through two ways. One is learning through experience and the other one is learning through education. Experience is obtained when an individual goes through some group of activities which includes tough situations and failures. This situation can influence any individual in a negative way. So the other way i.e. learning through education is effective to become a successful entrepreneur.

Education helps an individual to develop positive attitude towards entrepreneurship, and also helps to acquire skills and capabilities that are required to face the challenges and competition that exists in the
market. It creates awareness about the obstacles and all types of risks that are to be faced in the process of establishing business venture. It enables an individual to know the process of acquiring new information which is very essential to formulate new business strategies. Education acts as a tool to motivate everyone positively towards entrepreneurial career. It is also necessary to know the methods of identifying business opportunities, utilizing available resources, and making appropriate decisions. So the linkage between education and entrepreneurship is very wide and important.

According to Gourmont (1997), education acts as a basic norm in the process of commencing a new business venture. With the help of education, the knowledge can be transferred which in turn helps to develop entrepreneurial skills that leads to improve efficiency of every entrepreneur. This also helps individuals to get prepared for establishing small firms.

Hisrich and Peters (2003) indicated that entrepreneurship is not something that is inherited, but it is the quality which can be acquired and trained. In this regard, society, educational institutions and other institutes play a vital role. Dershuis (2003) opined that entrepreneurs possess some characteristic features like risk – taking, attaining wealth, several experiences in the market, elegance in business, family background and also physical and educational features. He recognized education as one of the important determinants in building spirit of entrepreneurship. Lazer (2003) also stated that people with balanced and advanced skills, knowledge regarding various fields and professions are more interested and possess large scope to become entrepreneurs. From his studies, he found that most of the entrepreneurs are old who have taken active part in various entrepreneurial courses. Three essential qualities of entrepreneurs are knowledge, skills and abilities and attitude.

Results of Entrepreneurship Education

- **Increase of productivity of human resources:** The skills, capabilities and knowledge regarding entrepreneurship can be enhanced in people through entrepreneurship education which in turn increase the productivity from their utilization for achieving objectives of an organization.

- **Improving human resources:** The main purpose of entrepreneurship education is to enhance entrepreneurial knowledge. This enables people to improve their behavioral and technical skills which help them to achieve their own goals.

- **Developing functional skills:** Entrepreneurship education helps individual to improve functional knowledge and skills in every stage which in turn helps them to expand their personality and mental stability.

- **Team spirit:** Entrepreneurship education and development involves several practical training programs which helps people to develop their team spirit which makes them more cooperative with the team.
Organizational culture and climate: A healthy organizational culture and climate can be formed through entrepreneurship education which helps people to learn more and achieve their goals.

Quality: Entrepreneurship education helps people to improve their quality of work and also their standard of living.

Reputation: As entrepreneurship education helps people to improve their skills and knowledge, automatically, the reputation and image becomes better.

Profitability and organization development: The profitability can be increased as entrepreneurship education enhances entrepreneurial skills and knowledge, and as a result, the organization can be developed.

Developing work and communication skills: The main purpose of entrepreneurship education is developing skills. So, communication skills can be developed through this education.

Conclusion

The management education plays a very important role in entrepreneurial career. Entrepreneurship education can be termed as one of the part of management education. Many studies that are explained above make an evidence for role and importance of education in promoting entrepreneurship. Entrepreneurship education depends on the strategies and structure of course curriculum. Especially, the elements in ideal entrepreneurship course curriculum should pay attention on skills and capabilities that are required to become successful entrepreneur. It is suggested that a multi-disciplinary course approach may help educational institutions to develop managerial and entrepreneurial skills among students. There is clear evidence that the attitudes of people are influenced positively through entrepreneurial training programs and entrepreneurship education as the awareness on entrepreneurial career is increased.

References


