



## Management Education for Entrepreneurship Development

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**Abstract:** *This paper attempts to explain the evolution of entrepreneurship education in India. It then discusses the importance and role of entrepreneurship in Indian economy. It further discusses the challenges with regard to the role of educational programs and the delivery systems for disseminating these entrepreneurship education programs. This paper tries to explain the role of B-schools in shaping and nurturing of future entrepreneurs in India. It also discusses whether the current curriculum taught in B-schools meets the requirements of budding entrepreneurs. Moreover, this paper discusses the steps that should be taken by B-schools towards promotion of entrepreneurship education.*

**Key words:** *Entrepreneurship, recession, substantially*

### Introduction

Entrepreneurship is a multi-faceted phenomenon. In simple words, we define an entrepreneur as “an individual who establishes and manages a business for profit and growth.” Entrepreneurs do entrepreneurship. Entrepreneurship is more than mere creation of business. It is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Entrepreneurs are people who turn dreams to reality. They supply goods and services, which increase the standard of living of the entire population substantially. They are wealth creators. This self-created wealth insulates the economy from recession and helps strengthen local economy. Global downturns will not affect the economy, as much as it would have in other circumstances.

According to ‘Special Report: A Global Perspective on Entrepreneurship Education and Training’, GEM, 2008, Entrepreneurship education is defined in

broad terms as the building of knowledge and skills for the purpose of entrepreneurship generally, as part of recognized education programs at primary, secondary or tertiary-level educational institutions. An environment where entrepreneurship can prosper and where entrepreneurs can try new ideas and empower others needs to be ensured. Education needs to address the development of skills required to generate an entrepreneurial mindset and to prepare future leaders for solving more complex, interlinked and fast-changing problems. Education needs to come back to the top of the priorities of governments and the private sector and be seen as the fundamental mechanism for attaining sustainable economic development and societal progress.

### Entrepreneurship Education in India

India has a pioneering status among developing countries for its early start on a variety of entrepreneurship education programs. For the most part, entrepreneurship education in post-



independence India has been focused on measures designed to encourage self-employment and founding of Small and Medium Enterprises (SMEs). The Industrial Policy Resolution of 1956 has, for instance, a very strong emphasis on the SME sector.

As the economy transitioned from being primarily agrarian into one that has significant contribution from other sectors, it was felt that the most pressing requirement was education that would enable need-based entrepreneurs to make forays into these emerging sectors. Consequently, in the 1960s and 70s, entrepreneurship education was almost exclusively delivered in the form of training programs, offered by institutions under the aegis of State and Central Governments, and by financial institutions receiving support from the Government.

Some of the institutions delivering such programs were:

1. Industrial estates and in common service facilities (like tool rooms)
2. Training and counseling institutions (NISIET, SISI, TCOs, EDI)
3. Financial institutions like SBI, IDBI, TDICI, RCTC, etc.
4. Development boards (STEPs, EDCs, and TBIs)

In the 80s, entrepreneurship education continued to focus primarily on entrepreneur training aimed at creating self-employment ventures. The 80s also saw the entry of entrepreneurship education into technology and management institutions. At the IIM Ahmedabad, for example, faculty members started offering Achievement Motivation Training. Other management institutions also began offering similar courses, driven mainly by faculty

interest. However, none of these institutions took on a pioneering role to emerge as a thought-leader. Governmental effort oversaw the founding of an initiative to set up Science and Technology Parks (STEPs) and incubation centers at a few reputed technical institutions.

With the advent of liberalization in the 90s, the country saw the potential of entrepreneurship not only as an entry-level employment generator, but also as a means of wealth creation. Success stories, especially in the IT sector, were viewed by entrepreneurs as role models. The country as a whole saw a growing interest in entrepreneurship, fuelled by factors such as growth potential of economy, changing social and cultural milieu, global success of several Indian firms, emerging opportunities in different sectors and lower capital requirement in IT and service sectors.

The past two decades have witnessed the entry of industry associations, NGOs, consultants and voluntary organizations into the entrepreneurship education space. In general, this time period saw the strengthening of the entrepreneurial ecosystem, with the establishment of modes of education that were not training based. Examples of such modes include:

1. Mentoring pools like TIE, and networking events
2. Entrepreneurship Development Cells (NSTEDB, AICTE, UGC)
3. Incubators at various institutions such as: (i) Technology Business Incubators (NSTEDB, at over 30 educational institutions) , (ii) Engineering colleges (IITs, NITs, leading private colleges) and (iii) Management schools (ISB, IIMs, and leading private schools) . The latest



surveys of the trends of entrepreneurship education in India conducted in 2012 indicate that 44,500 students are currently enrolled in entrepreneurship programs across the country.

### **Role of entrepreneurs in Indian economy**

We need entrepreneurs because they create jobs. According to TIE (The Indus Entrepreneurs, a non-profit organization, promoting entrepreneurship, [www.tie.org](http://www.tie.org)), each entrepreneur creates 30 jobs. An entrepreneur creates jobs, setting stage for a flourishing economy, unlike an individual who is a job seeker and a burden to the economy. Managers employed by large corporations use their creativity and intellect to make their corporations richer, whereas entrepreneurs make themselves and their nations richer.

The benefits of entrepreneurship to the society and the economy as a whole are enormous. Entrepreneurship helps in avoidance of monopolies and cartels. Entrepreneurship is one of the easier ways of checking large corporations and MNCs from exploiting the consumers. Entrepreneurs realize the tremendous demand for goods abroad and help to market the surplus. They help to make the Indian market export competitive and at the same time, they make the 'Made in India' brand more acceptable. The surplus stock, which would have been otherwise rotting in the government storehouse, can be exported, thus serving to earn foreign exchange. The government gets rid of the excess stock while the exporter earns revenue, leading to a win-win situation. If India wants to be a developed country, the government should realize that only entrepreneurs can help it to grow at the desired rate. The government should frame its policies

to nurture and promote budding entrepreneurs.

So, there is a need for Indians to venture out into the world of entrepreneurship, build intellectual property and create wealth, which hopefully will find its way back into the system to fund more start-ups. India may be becoming a hotbed of innovation as an increasing share of global Research and development shifts here.

### **Role of B-Schools in developing entrepreneurship education In India**

The B-Schools are the most appropriate nursery of shaping and developing management graduates for entrepreneurship who possess integrity and ethical standards, a deep sense of social responsibility, a commitment to the up-liftment of their communities, understand protection and sustainability of the environment, and the improvement of the people's quality of life. The B-Schools are in a position to develop case studies on entrepreneurship practices relevance to India scenario. While doing this the students will gain new insights into the entrepreneurship and walk away not only with tools but also with a clearer sense of their role as drivers and facilitators of positive change in the society in the way they do business.

To promote and develop entrepreneurship education, some B-Schools are starting entrepreneur education in their course structure. And most of the B-schools are providing the electives in their course structure by which students will give their interest in that field and open their own enterprise. Courses in entrepreneurship at B-Schools are the core activity of Entrepreneurship Education in India. A number of B-Schools offer courses in



entrepreneurship. For instance, NMIMS conducts a two-year, fulltime program on family business management. Most of the courses cover the legal and managerial aspects of entrepreneurship. But the motivational aspect taught at NMIMS is equally important, since it creates an aspiration and improves confidence levels. This program has equipped students with the skills, knowledge, and mind-set to run their family business.

The Indian School of Business (ISB) at Hyderabad is affiliated to non-profit organization Wadhvani Foundation committed to promoting entrepreneurship. ISB, Hyderabad provides a start in developing outstanding entrepreneurial leaders. ISB's program is designed primarily to prepare managers to respond to the challenges of rapidly changing business environments. Within an environment of intellectual vibrancy, there are more than 500 students who graduate each year after studying entrepreneurship, strategy and the impact of technology on commerce. They spend time developing their own projects, while utilizing state-of-the-art communications technology to interact with members of industry and experts worldwide. National Institute of Industrial Engineering (NITIE) is one of the colleges in India which took the initiative first in starting entrepreneur education. There is also NCSE (Nation center for student enterprise) where the main purpose is to help the student to open their firm and encourage the students to think of the future of entrepreneurship.

In India, many entrepreneurship centers have been founded to coordinate the broad array of activities, programs, and resources within the B-Schools. For example, the NS Raghavan Center for Entrepreneurial Learning in IIM

Bangalore (NSRCEL—IIMB) carries out international collaboration projects. The Global Entrepreneurship Monitor (GEM) Project with the London Business School, the Ewing Marion Kaufmann Foundation, and Babson College has been a major project for the last three years. In the case of IIM Calcutta, activities on innovation and entrepreneurship are more practical and driven by students, along with the faculty advisors. The IIMC's entrepreneurship cell holds one of the biggest business plan contest in Asia, i2I—ideas to implementation with Yale University's Yale Entrepreneurial Society (YES). Recently, a new tribe of MBA-Entrepreneurs is emerging who undergoes the best management training at B-schools, and leverage it to pursue their dreams. In 2009, graduates have opted to take the road less travelled i.e., an Entrepreneurship. Interestingly, B-schools are supporting and promoting this trend wholeheartedly.

### **Challenges faced by entrepreneurship education in India**

The present entrepreneurship education in India just concentrates on courses which are similar to the general business courses. There is a demand for education programs specifically designed to expand students' knowledge and experience in entrepreneurship. Entrepreneurship education in India faces cultural and financial constraints along with insufficient government capacity. The significant challenges faced by entrepreneurship education in India are given below:

**Cultural barriers:** Entrepreneurship can develop only in a society in which cultural norms permit variability in the choice of paths of life. Unfortunately, the Indian culture consists of a network of benefits that in many ways run counter to entrepreneurship.



**Difficulties towards Start-ups:**

Starting a business in India is costly in terms of the time required and the cost involved. While it takes just five days to start a business in the United States and just two days in Australia, in India it takes as long as 89 days. What really hurts is that even in neighbors Pakistan, Nepal, and Bangladesh, it takes just 24, 21, and 35 days respectively to do so. The reason for such delay is bureaucratic - too many rules and regulations, and too much paperwork (Ashish Gupta, 2004). On an average, it would cost an entrepreneur nearly half of his/her total income (49.5% of the gross national income per capita) to set up a business, which is 100 times more than what is needed to set up a business in the United States. Again poorer cousins Bhutan, Pakistan, and Sri Lanka are better off.

Doing business in India is an extremely difficult proposition (Ashish Gupta, 2004). The absence of an appropriate entrepreneurial climate, the lack of required infrastructure facilities, and the lack of access to relevant technology hinder rapid industrial development. Most of the time, the Indian entrepreneurs have to tackle electricity, transportation, water, and licensing problems.

**Incomplete Entrepreneurship Education :**

A survey done by the Entrepreneurship Development Institute, India (EDII) in 2003 shows that young people are afraid to start their own business because they are not confident, not capable, and lack knowledge in starting a business. Many people have the opportunity to change jobs or become an entrepreneur if they are properly trained. The students in India are not confident with the traditional education they receive in the university.

**Lack of a standard framework:**

Entrepreneurship education is widely spread has diverse forms and have a large number of stakeholders. But the overall state of affairs is a confused one, one that lacks broad vision, goals, and systematic planning (akin to the 5-year plans for the economy). The lack of a standard framework is a big challenge to the development of entrepreneurship education in India.

**Dependence on government:**

Higher degree of dependence on government is another challenge before entrepreneurship education in India. Insufficient private-sector participation and lack of sustainable business models in the entrepreneurship education act as barriers to its development in India. The entrepreneurship education in the higher education system should satisfy the need for entrepreneurship by selecting, motivating, training and supporting budding entrepreneurs. Unfortunately, the present entrepreneurship education in India just concentrates on related courses.

**Suggestions for developing entrepreneurship education:**

Although the wave of promoting entrepreneurship education has started in B-Schools, much more needs to be done in entrepreneurship education so that it can play a significant role in the growth of Indian economy. The following is a list of proposed measures to be taken for development of entrepreneurship education in India:

**Refining Techniques of Entrepreneurship Education:**

Entrepreneurship education is different from a typical business education. Business entry is a fundamentally different activity from managing a



business. The B-Schools must address the equivocal nature of business entry through entrepreneurship education. To this end, the B-Schools must include skill-building courses in negotiation, leadership, new product development, creative thinking and exposure to technology innovation. They should also focus on creating an awareness of entrepreneur career options; sources of venture capital; idea protection; ambiguity tolerance.

**Selecting suitable candidates:** Since not everyone has the potential to become an entrepreneur, the proper identification and selection of potential entrepreneurs is the first step in the entrepreneurship education. The B-Schools should select those with high entrepreneurial potentials through particularly designed procedures. Tests, group discussions, and interviews may be used in the selection of entrepreneurs.

**Selecting the eligible faculty:** The B-Schools should select effective teaching staff to develop entrepreneurship education. A qualified entrepreneurship education teacher should also have some entrepreneurial practices especially in risk taking and opportunity perceiving as well as entrepreneurial qualities such as good communications skills. Otherwise, teaching quality cannot be guaranteed. The B-Schools must develop capacities of faculty members involved in teaching entrepreneurship at school and college levels and creating awareness through orientation Programs.

**Sharing of experience:** The B-Schools must act as a forum to bring scholars from across the country to share their views related to entrepreneurship that have contemporary relevance and interest. Entrepreneurs learn from experience - theirs and that of others. Much of the success of Indians in Silicon

Valley is attributed to the experience, sharing and support that members have extended to young entrepreneurs. They should create a strong network of entrepreneurs and managers that entrepreneurs could draw on for advice and support.

**Promoting collaborations:** The B-schools must explore possibilities of striking collaborations with national and international institutions for joint researches, courses and exchange programs for widening the scope and boundaries as also launching new courses including Doctoral Programs.

**Encourage research:** The B-Schools should take steps to encourage research in entrepreneurship through fellowship support and also undertake joint research projects with Indian and overseas universities and institutions. Indian government needs to give more focus on promotion of entrepreneurship and entrepreneurship education. We can take lessons from China. The first lesson is the direct support of the government. Government pays much attention to the entrepreneurship education in China. For example, the local and central governments have given some incentives to student entrepreneurs, e.g. tax deductions and other forms of financial support.

## Conclusion

B-Schools have a significant role to play in the growth of India as a nation because they are the breeding grounds for future entrepreneurs. They have the potential to develop not only winning personal qualities but also provide an opportunity to create employment for self and for others. Entrepreneurship, self-employment and enterprise creation provide a solution to the crises of both unemployment and under-employment.



The B-Schools help in increasing knowledge base, by identifying opportunities, and by pointing out ways to overcome barriers imposed by ones environment. They have a definite role in enhancing entrepreneurship by enlarging the pool of entrepreneurs in society. Therefore, the Indian government should take appropriate measures to promote and develop entrepreneurial education in India.

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