



## Role of B-School in Entrepreneurship Education in India

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**Abstract:** *It is widely accepted that entrepreneurs are not born and they are made. One of the important factors that influence the entrepreneur is education. According to national knowledge commission report 95% of entrepreneurs believe that education is a critical success factor. In India where over 300 million people are still living below the poverty line, it is very difficult for any government to provide means of livelihood to everyone. Such situation surely demands for a continuous effort from the society, where the people are encouraged to come up with their entrepreneurial initiatives. Thus the role of educational institutions is critical in development of entrepreneurship. In this context this paper is to explore to study the importance, role and challenges faced by entrepreneurship education in India and to discuss the role of B-schools in development and promotion of entrepreneurship education.*

**Key words:** *businesses turn dreams, standard of living*

### Introduction

Entrepreneurship is a multi-faceted phenomenon. In today's world of work, it is increasingly being felt that, with jobs reaching a saturation point creating entrepreneurs would go a long way in the creation of jobs and also development of the economy. Entrepreneurship plays such a vital role in the economic development of countries all over the world. Educating people who can start, innovate, build or buy businesses is crucial to the economic development of the world. It is essential that b-schools continue to invest heavily in entrepreneurship to enhance their region's economic viability (Finkle 2012). The importance of encouraging the development of small and medium size enterprises in the promotion of economic growth is a familiar theme (OECD, 1993). There seems to be widespread recognition that entrepreneurship is the engine

driving the economy and society of most nations (Brock and Evans, 1989; Acs, 1992; Carree and Thurik, 2002).

Recognizing the economic benefits of entrepreneurship, governments in different countries envision universities as agents fostering entrepreneurial activities (Bunders, Broerse and Zweekhorst, 1999). Carl Schramm of the Kauffman Foundation argues, in a comment more relevant to the current economic situation, "Historically through the last seven recessions it's been entrepreneurs who essentially restarted the economy" (Riley, 2009).

### Entrepreneurship education

Entrepreneurship education is a central strategy at education institutes to foster entrepreneurial intentions among students (Linan, 2004). The essential requirement behind this plan is that entrepreneurship is both teachable and



learnable (Saravanakumar and Saravanan 2012). Courses designed to teach the creation and development of new business ventures first appeared in the United States during the 1960s. In 1971, the University of Southern California created the first Master of Business Administration concentration in entrepreneurship; the following year the same university launched the first undergraduate concentration in entrepreneurship (Katz, 2003). In 2005 the European Commission made entrepreneurship education one of the main objectives in its Lisbon Agenda (Euractive, 2004a), and created an Action Plan on Entrepreneurship that proposed developing entrepreneurial "mindsets", increasing "awareness of the entrepreneurial spirit by presenting best practice models and fostering entrepreneurial attitudes and skills among young people" (Euractiv, 2004b). Business schools throughout China and India have launched educational programs as well as scientific publications and journal in entrepreneurship (Dana, 2011). Many stories abound of the enormous socio-economic and educational benefits of entrepreneurship. Consequently, entrepreneurship education programs are proliferating in business schools across the nation.

Education, specifically, entrepreneurship education, may have a direct influence on the knowledge, capabilities and preferences for becoming an entrepreneur (Pena et al., 2010). Thus, according to them, many factors influence, and may be employed to stimulate entrepreneurship.

#### **Objectives:**

- To study the importance and role of entrepreneurs in Indian economy.

- To study the challenges faced by entrepreneurship education in India.
- To discuss the role of B-schools in development and promotion of entrepreneurship education.
- To suggest measures for developing entrepreneurship education in India.

#### **Educational Process and Structure**

Bechard and Toulouse (1991) draw on a framework from the educational sciences to contrast four educative orientations. Three of these, conformist, adaptive and transformative, are pedagogical approaches which focus on course content. Leclerc (1985) outlines the experience at the University of Ottawa, highlighting not only the interest in small business courses but also the associated benefits to be derived from developing links between the universities and the small business community. His conclusion is that business schools should rethink their mission and refocus their efforts on business by perhaps splitting programs between business and management. Vesper, McMullan and Ray (1989) discuss the limitations of the present business school model in fostering and developing entrepreneurship. In their view an entirely new paradigm is required that includes functional differentiation, rationalisation, flexibility and customisation, practice and participation, technological receptivity and internationalisation.

Kao (1994) outlines the shortcomings associated with the general-management model as it applies to teaching entrepreneurship and argues for the creation of entrepreneurship education as an independent academic discipline. Ivancevich (1991), Ronstadt (1987), McMullan and Long (1987), McMullan (1988) and Plaschka and Welsh (1990)



discuss the emergence of entrepreneurship as an academic discipline and its role within the traditional business school structure. Each highlights the growing body of entrepreneurship literature and systematic theories necessary for recognition as an established discipline. Each also emphasises a particular aspect of the role of entrepreneurship education.

"Entrepreneurial Approach to Learning" framework (1994), an article by Curran and Stanworth (1989) that proposes a broad framework for entrepreneurship and small business education, a paper by Harrison and Leitch (1994) that explores the relationship between entrepreneurship education and leadership research and an article by Hood and Young (1993) suggesting four primary areas in which successful entrepreneurs must be developed. Curran and Stanworth (1989) put forward a framework for small business education that consists of four types: entrepreneurial education, education for small business and self-employment, continuing small business education and small business awareness education.

Harrison and Leitch (1994) argues for the need to utilise recent developments in the field of leadership research when studying entrepreneurship. The authors suggest that leadership and organisational transformation and continuous learning are themes that reflect the new paradigm associated with entrepreneurship education.

### **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 counselling institutions (NISIET, SISI, TCOs, EDI)
3. Financial institutions like SBI, IDBI, TDICI, RCTC, etc.
4. Development boards (STEPs, EDCs, 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,) , (ii) Engineering colleges (IITs, NITs, leading private colleges) and (iii) Management schools (ISB, IIMs, leading private schools) .

**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. For example, Indians believe that being passive and content with the status quo is healthier for the inner soul than striving to improve one's situation. They believe that peace of mind can be achieved from spiritual calm rather than from materialism. People in India are more sensitive to emotional affinity in the workplace than to work and productivity. An entrepreneur needs to work around the clock and this has kept some people away from their own start-ups. After all, compared with other countries, family life in India is more important.

**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. 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 has 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.

### **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-School is 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.

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. The ISB, Hyderabad has plans to open an Entrepreneurship Centre which will be founded, led and managed by several leading Silicon Valley entrepreneurs, who are on the school's Governing Board. The Centre will help students become successful entrepreneurs by offering a diverse set of programmes, activities and facilities such as a New Business Development Project, an on-campus incubator, an Entrepreneur-in-Residence programme, field projects, and a Young Entrepreneurs Club. National Institute of Industrial Engineering (NITIE) is one of the college 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).

These partnerships and centers are also happening in the technical schools as much as in the business schools. The notable names include the Technology Business Incubation Unit Delhi, the SIDBI Innovation and Incubation Centre in IIT Kanpur, and the Society for Innovation and Development (SID) at the Indian Institute of Science Bangalore, one of the oldest centers in India. In fact SID-IISc's notable achievement is a project called SuTRA--Sustainable Transformation of Rural Areas--which uses non-edible oils from indigenous neem trees assolving the problems of rural poverty, since "innovation is getting compassionate, too."

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. What's more, B-schools are going out of their way to promote entrepreneurship on their campuses. Many institutes like IIM-Ahmedabad, IIM-Bangalore and SPJIMR, Mumbai have modified placement rules to offer 'placement holidays' where students can try their hand at setting up their own venture and should things don't work out, can come back to campus for placements within two years of passing out. There has been an interesting trend among top B-School students to opt out of placement process



to start their own entrepreneurial venture.

### **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. These are characteristics that define the entrepreneurial personality from which one draws when faced with the challenges associated with each stage of venture development. The B-Schools must introduce the following learning tools which are useful in entrepreneurship education: business plans; student business start-ups; consultation with practicing entrepreneurs; computer simulations; behavioral simulations; interviews with entrepreneurs,

environmental scans; "live" cases; field trips, and the use of video and films.

**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 carefully select the entrepreneurship education teaching staff. In theory, a lecturer of entrepreneurship education, first of all, must be a successful or experienced entrepreneur. 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 Programmes.

**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 programmes for widening the scope and boundaries as also launching new courses including Doctoral Programmes.

### 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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