

## **Entrepreneurship Education within India's Higher Education System**

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### Introduction: Background

In the 1990s, India exerted greater effort to promote and nurture entrepreneurship. Attempts at various levels have taken place to directly or indirectly promote entrepreneurship. The attempts fall under three main categories: removal of state-imposed barriers for starting businesses; availability of finances; education and nurturing.

First, entrepreneurship has been encouraged in India by systematic attempts at removal of state-imposed structural and regulatory roadblocks. The granting of licenses and policies on controls and taxation has been cited as one of the major hurdles in setting up and running new businesses. More progressive governments have tried to make it easier for entrepreneurs to set up businesses. The growth of Bangalore and Hyderabad as hubs for IT companies is a direct outcome of government support in the form of tax holidays for start-ups and sector-region specific sops to start new ventures.

Second, there are attempts to make finances available to businesses. In the current banking paradigm, it is easy for an established businessperson to get loans for starting new ventures or expand current businesses. However, a new entrepreneur wishing to start a new business finds it very difficult to procure basic funds to set up and run a business. The Reserve Bank of India has urged banks to provide funds to small and new businesses (*Indian Express*, 31 December, 2002). The government of India is also increasing its efforts in this direction. The Small Enterprise Development Bill of 2003 included guidelines for banks and other government agencies to ensure the easy disbursement of loans for new ventures. Subsequently, the lowering of borrowing rates from the banks has also made it worth the while of entrepreneurs to run profitable businesses.

A third form of support is the development of entrepreneurial talent in educational institutions. India's higher education system generates a large number of graduates every year. However, its economy is not in a position to absorb the graduates passing out, leading to an

increase in the educated unemployed. In recent years, India's population has grown very fast. Because of the history of India and its multi-cultural composition, it seems impossible to have a Family Planning policy like that of China in the near future. It is likely that India's population will continue to grow, which will consequently worsen the employment situation. In India, most entrepreneurs were single owners, nil employee, and one-person shows with little growth prospects. The so-called entrepreneurs do business mainly for self-employment and are not the "real" entrepreneurs.

In order to catch up with the pace of developed countries, India needs many entrepreneurs willing to make their businesses bigger. If the university students with high entrepreneurial potentials get proper training, they will have the best prospects for becoming "real" entrepreneurs. Entrepreneurship is a matter that involves everyone—the government, society, and the educational institutions. If Entrepreneurship Education (EE) in India's higher education system cannot completely address major obstacles in the pursuit of national economic development and employment, at least it can offer a start

#### Entrepreneur, Entrepreneurship, and Entrepreneurship Education

The core of EE among the educational institutions is entrepreneur training. The following words are usually ascribed to an entrepreneur: innovation (Kirzner, 1973; Schumpeter, 1934; Bolton, W.K., 1986; Timmons, 1978); moderated risk-taking (Timmons, 1978; Lynskey, 2002); alertness (Kirzner, 1973); decision-making and responsibilities-seeking (Brockhaus and Horwitz, 1986; Sutton, 1954; Welsh and White, 1981); ambition, desire for independence, responsibility and self-confidence (Gorman, Hanlon, and King, 1997; Timmons, 1978; Sexton, 1980; Dunkelberg and Cooper, 1982); need for power (Dunkelberg and Cooper, 1982); and personal value orientation (Gasse, 1977; Timmons, 1978).

For the purpose of this study, we define an entrepreneur as "an individual who establishes and manages a business for profit and growth." Being an entrepreneur, he/she is perhaps described as a mix of these attributes, although it is difficult to identify which trait is stronger, in what situation it is stronger, etc.

Entrepreneurship is a multi-faceted phenomenon. Definitions of entrepreneurship focus on different aspects of the phenomenon (Davidson, 2003) and originate from different disciplines. Shane and Venkataraman (2000) used the word "hodge-podge" to describe the situation of current studies on entrepreneurship.

Entrepreneurs do entrepreneurship. From the definition of an entrepreneur, we can see that entrepreneurship is more than the 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.

## Current Status, Challenges and Lessons

### *Current Status*

Courses in entrepreneurship are the core activity of EE in India. Over 100 different departments of universities 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. ISB in Hyderabad, affiliated to non-profit organization Wadhvani Foundation (committed to promoting entrepreneurship), offers entrepreneurial and incubation assistance. ISB has knowledgeable instructors equipped with business experience.

In India, many entrepreneurship centers have been founded to coordinate the broad array of activities, programs, and resources within the educational institutions. 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 India 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 as a substitute for fuel generation. Many ideas are focused on solving the problems of rural poverty, since "innovation is getting compassionate, too."

The Entrepreneurship Development Program (EDP) in India has a long history. It is designed to help an individual in strengthening his/her entrepreneurial motivation and in acquiring skills and capabilities necessary for playing his/her entrepreneurial role effectively.

In the early 1960s, an idea called the Industrial Campaign took shape, enlarging itself through the years to become a countrywide movement presently known as the EDP. Entrepreneurship development and small-scale industries are inter-related. Most provinces have Small Industries Service Institutes that provide EDPs. The trainees are provided with financial support to start their businesses. They also receive exemptions from taxes and are protected from undue competition from big business. A variety of trade associations, in addition to the National Small Industries Corporation and Small Scale Development Organization, promote and lobby for small business interests.

### *Challenges for EE in India*

#### 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 (Leo Paul Dana, 2000). 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.

Moreover, the caste system has impeded class mobility for centuries. The caste system and its series of obligations reinforce the practice of following a family occupation rather than launching a new venture. 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.

People, even today, think that taking up a job is much better than taking a risk and starting a venture. If a job is taken up after college, the person will soon have a comfortable existence. The other scenario could be starting a venture after working for four to five years. This requires a lot of commitment and courage to leave the present job. As time passes by, the risk-taking capacity goes down.

#### 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 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 satisfied with the “hands-on” support of their university in the founding process.

The EE in the higher education system should, therefore, satisfy the need for entrepreneurship by: selecting + motivating + training + supporting. Unfortunately, the present EE in India just concentrates on related courses. Moreover, the so-called entrepreneurship courses are similar to the general business courses. But general business management education has no significant influence on entrepreneurial propensity (Hostager and Decker 1999). The findings of a survey on business owners in India suggest that management education is not an important driver of entrepreneurial attitudes (Gupta 1992). There is a demand for education programs specifically designed to expand students' knowledge and experience in entrepreneurship. The contents and teaching methods have to be differentiated between entrepreneurship and traditional business courses.

Besides offering the courses in entrepreneurship, some educational institutions also organize entrepreneurship related activities. But these activities are not much different from each other and are not supportive of their educational programs. For example, almost every IIM has its own incubator, but those incubators are mainly designed for outside entrepreneurs.

### Lessons Learned

#### *Lessons from the EDP*

Although the EDP is mainly designed for self-employed people, some lessons may also be learned from Indian and Chinese universities. Since not everyone has the potential to become an entrepreneur, the proper identification and selection of potential entrepreneurs is the first step in the EDP. Those with high entrepreneurial potentials are selected through particularly designed procedures. Tests, group discussions, and interviews may be used in the selection of entrepreneurs. Empirical findings indicate that the conviction to start up a new venture is to some extent a question of personality structure and attitude towards entrepreneurship (Brockhaus and Horwitz 1986; Shaver and Scott 1991; Lüthje and Franke 2001).

For selected candidates, development of achievement motives is essential in the EDP. A motivation development program may create self-awareness and self-confidence among the participants and enable them to think positively and realistically. Without achievement motivation training, entrepreneurship education becomes an ordinary executive development education. Carefully designed programs will be offered based on the situation of the trainees.

After the proper training of the selected candidates, essential mechanisms such as financial assistance will be offered to help them succeed. Likewise, the EE teaching staff should also be selected carefully. In theory, a lecturer of entrepreneurship education, first of all, must be a successful or experienced entrepreneur. A qualified EE 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. A program in specialized training and professional development in entrepreneurship will be needed.

In fact, EE needs a group of teachers who have different backgrounds and expertise. A valuable experience for the EDP in India is its teachers/trainers who are qualified and who come from different universities, industries, government agencies, etc. Those teachers/trainers are well organized by the training institutes.

#### Lessons from the UEE in China

In the late 1990s, the Chinese government started to pay attention to the development of small and medium sized enterprises (SMEs). Some research has been done on this topic. An MBA education is currently popular in China. Some MBA lecturers who were trained abroad came into contact with EE in the developed countries. Back in China, they taught similar courses in the MBA programs. Later, with the increase of employment pressure on university graduates, entrepreneurship education grew in popularity among the undergraduates.

One can learn many lessons from China's UEE. The first lesson is the direct support

of the government. Government paid much attention to the UEE 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. The Annual National Business Plan Competition will be held this year. This competition is organized by a university (different each year) but co-organized by the Ministry of Science and Technology of China and other related government organizations. This competition starts at the university level, and then goes on to the provincial level, and finally, the national level. Students from almost all relevant universities in China join this competition.

In China, many universities have their own incubator for the students' start-ups. In each city, incubators are also available to other young people. These incubators are mainly set up by government organizations and offer services to entrepreneurs at favorable prices. Many intermediary firms facilitate the entrepreneurs' activities.

The second lesson is China's favorable entrepreneurship environment. In the past, young people stick to their original jobs but today, it is already common for them to move from one job to another. Parents have also become broad-minded. Unlike before, they no longer object to their children starting their own business. Moreover, parents try to support their children financially, such as providing the seed fund, and through other means such as sharing their business experiences and network. Even if their children do not succeed at first, the parents still think it is a good experience that will help their children in their future careers. All of these would create demand for a good university entrepreneurship education.

Compared with the Indian entrepreneurial culture, that of the Chinese is generally more open to risk-taking and advocates an entrepreneurial spirit. Entrepreneurs are respected in Chinese society. The modern private business has a history of only about 20 years in China; the young entrepreneurs usually have no family business background, which means there are a bigger number of people who are the first in the family to establish a business.

## Conclusions and Suggestions

Entrepreneurship education for the educated young people has a history of only several years, but it has already developed fast. Employment pressure has made EE in India's higher education system absolutely important, but the cultural barriers and the difficulties towards start-ups prevent EE from being successful. The following are recommended for the development of EE in India's higher education system:

### *Fostering Entrepreneurship Culture*

The formation of an entrepreneurship culture is the prerequisite of a successful EE in

India's higher education system. Students and faculty members will participate in EE more actively only if the whole society advocates entrepreneurship and risk-taking, and entrepreneurs are respected.

The formation of an entrepreneurship culture can be done through a host of interventions like the use of media, the creation of literature for inculcating entrepreneurial values, documentation of cases, success stories, video films, and behavioral exercises, etc. Since the formation of an entrepreneurship culture acts in accordance with the development of the national economy, it will be a long and hard process in India.

### *Creating an Entrepreneurship Environment*

In India, although many business regulations were removed during the 1990s, many of the old bureaucrats remain. The improvement of infrastructure in India will take a long time because of its less developed economy. But at least the state policies (both central and state governments) can be made more entrepreneurship friendly. For example, the "single window scheme" needs to be implemented. With the deepening of reform, a favorable entrepreneurship environment will be formed, and this in turn will benefit EE in the higher education system.

### *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. EE must address the equivocal nature of business entry. To this end, the EE must include skill-building courses in negotiation, leadership, new product development, creative thinking and exposure to technology innovation. Other areas identified as important for EE include 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 following learning tools are useful in EE: 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.

Different educational institutions have different situations; a successful model in one institution may not be available in other institutions. EE in the different institutions may have characteristics peculiar to each institution, but some key elements must be considered compulsory. Student selection is the first step, and then those selected students need to be motivated. After the motivation phase, they should be given special entrepreneurship training.



And finally, students have to be provided with proper and adequate support.

At present, besides the special entrepreneurship training, EE in Indian educational institutions also needs to instill certain basic ideas in doing business. For instance, in doing business, being punctual is very important. University students need to be reminded of the importance of this basic trait.

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