

## **Entrepreneurship Education in India – Challenges and Role of B-schools in Promoting Entrepreneurship Education**

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### **ABSTRACT**

*Education is an important factor in determining the entrepreneurial orientation in individuals. Formal education is positively correlated with entrepreneurship. Education and training can have definite role in enhancing entrepreneurship in the context of a developing country like India by enlarging the pool of entrepreneurs. During liberalization, which started in India in 1991, India exerted greater effort to promote and nurture entrepreneurship. Attempts at various levels have taken place to directly or indirectly promote entrepreneurship. During the recent past there has been a growing debate about how well educational systems specially B-schools prepare young management graduates for Entrepreneurship. In the present scenario this debate becomes even more relevant. Should B-Schools lay special emphasis on entrepreneur education in their curriculum? If yes than what is scope of this education and what opportunity will it raise? These are some questions which need to be given serious thought. Unfortunately, the present entrepreneurship education 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. 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. 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:** *Innovation; risk-taking; decision-making; ambition; personal value orientation.*

## **I. 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.

## **II. LITERATURE SURVEY**

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. The alternative orientation, as an androgogical approach, emphasises process. The authors suggest that, unfortunately, the pedagogical model is the dominant model in entrepreneurship courses and recommend a transition to the alternative orientation. Ulrich and Cole (1987) emphasises the importance of successful learning experiences in generating and increasing interest in entrepreneurship.

Dana's paper (1987) also suggests that entrepreneurial learning style preferences are consistent with active participation and that increased opportunities to participate in the classroom would increase student awareness and enhance the ability to learn from experience. Dana further argues that the emphasis should be on improving entrepreneurial skill development and on the importance of learning the skill to learn as an ongoing process rather than on traditional management course content. 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. Plaschka and Welsch (1990) posit two frameworks of entrepreneurship programs. The first combines the dimensions of number of entrepreneurship courses and degree of integration. The second combines the dimensions of number of disciplines and transition stages in a firm. The value of the models lies in their usefulness, individually or in combination, in studying and designing entrepreneurship programs. Harrison and Leitch (1994) argue 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. Hood and Young (1993) develop a theoretical framework consisting of four primary areas where successful entrepreneurs must be developed. The areas are content, skills and behaviour, mentality, and personality.

### **III.RESEARCH METHODOLOGY**

#### **Objectives:**

- (i) To study the evolution of entrepreneurship education in India.
- (ii) To study the importance and role of entrepreneurs in Indian economy.
- (iii) To study the importance of entrepreneurship education for budding entrepreneurs.
- (iv) To study the challenges faced by entrepreneurship education in India.
- (v) To discuss the role of B-schools in development and promotion of entrepreneurship education.
- (vi) To suggest measures for developing entrepreneurship education in India.

#### **IV.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.

## **V. 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:

### **1. 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.

### **2. 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.

### **3. 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.

### **4. 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.

### **5. 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. 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.

## **VI. 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 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. 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 as a substitute for fuel generation. Many ideas are focused on solving the problems of rural poverty, since "innovation is getting compassionate, too." Recently, a new tribe of MBA-Entrepreneurs is emerging who undergo 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. Given below is a data about number of students opting out of placement process in various B-Schools to start their own entrepreneurial venture in 2009

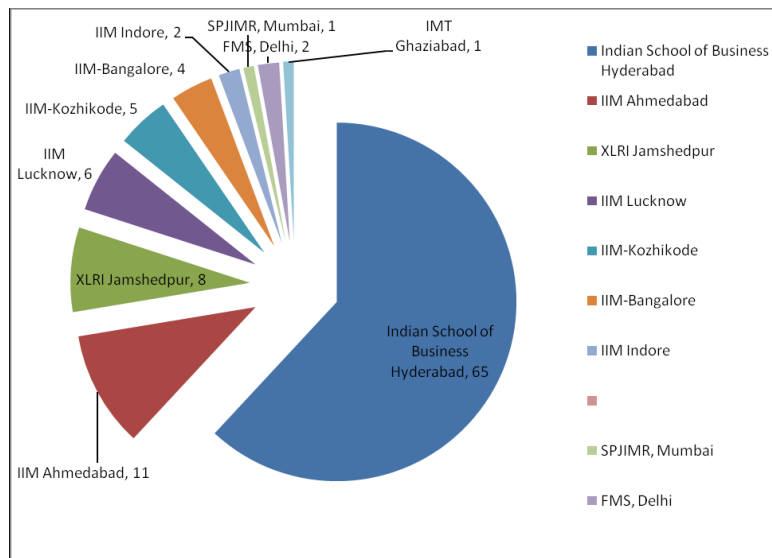


Figure 1

The various entrepreneurship programs offered by various institutes in India are given below:

#### Long Duration Programmes:

Institute	Course Title	Focus	Duration
Madurai Kamraj Univ	PGD in Entrepreneurship	Across Life Cycle	1 Year
EDII	PGDBEM	Across Life Cycle	1 Year
SEMCOM	BCom, BBA, BBAITM, Master of E-Business	Across Life Cycle	1 to 3 Years
SPJIMR	EPBA	Across Life Cycle	18 Months
Family Managed Business Programme	Across Life Cycle		2 Years
Indian Institute of Entrepreneurship, Guwahati	PGDME	Across Life Cycle	1 Year

#### Term Based Programmes:

Institute	Course Title	Focus	Duration
ISB, Hyderabad	PAEV	Pre Start Up	15 Weeks
IIM Ahmedabad	LEM	Pre Start Up	10 Weeks
ENVP	Pre Start up & Start Up		10 Weeks
IIM – Bangalore	ENVC	Pre Start up &	10 Weeks

		Start Up	
Corporate Venturing	Pre Start up & Start Up		10 Weeks
Social Entrepreneurship	Pre Start up & Start Up		10 Weeks
New Venture Financing	Pre Start up & Start Up		10 Weeks
IIM – Calcutta	SEM	Across Life Cycle	10 Weeks
Managing New Ventures	Pre Start up & Start Up		10 Weeks
XIM, Bhubaneswar	NEM	Pre Start up & Start Up	10 Weeks
Rural Entrepreneurship	Pre Start up & Start Up		10 Weeks

## VII 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:

### 1. 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.

### 2. 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.

### **3. 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.

### **4. 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.

### **5. 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.

### **6. 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. These steps will slowly but surely bring a remarkable change in the area of entrepreneurship education in India which will, in turn, start showing positive impact and significant contribution in the long cherished Indian dream of becoming a developed nation. But all these steps will not culminate in a happy ending without the

government support and help. 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. 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.

### **VIII. 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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