

## ROLE OF B-SCHOOLS IN SUSTAINABLE GROWTH OF INDIA THROUGH ENTREPRENEURSHIP EDUCATION

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Somprabh Dubey\*  
Kuldeep Kumar\*\*  
Swati Rajaura\*\*\*

### ABSTRACT

*Education can play a vital and important role in determining the entrepreneurial orientation in individuals. 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.*

**KEYWORDS:** Innovation, Risk-Taking, Decision-Making, Personal Value Orientation.

### Introduction

An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures. Entrepreneurs who prove to be successful in taking on the risks of a startup are rewarded with profits, fame, and continued growth opportunities. Those who fail, suffer losses and become less prevalent in the markets. Entrepreneurship is one of the resources economists categorize as integral to production, the other three being land/natural resources, labor and capital.

### Research Methodology

#### Objectives

- To study the evolution of entrepreneurship education in India.
- To study the importance and role of entrepreneurs in Indian economy.
- To study the importance of entrepreneurship education for budding entrepreneurs.
- 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.

**Research Design:** Exploratory

**Type of Data:** Secondary data

Sources of data: Books, Journals, Magazines, Internet,

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\* Assistant Professor, School of Business Studies & Entrepreneurship, Shobhit University, Gangoh, Uttar Pradesh, India.

\*\* Assistant Professor, School of Law and Constitutional Studies, Shobhit University, Gangoh, Uttar Pradesh, India.

\*\*\* Assistant Professor, School of Business Studies & Entrepreneurship, Shobhit University, Gangoh, Uttar Pradesh, India.

### **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.

**Primary Education and Entrepreneurship:** Entrepreneurship education can also be included in the primary level of curriculum. The children can be introduced to the short stories of successful entrepreneurs, instead of introducing the children a very non-focused curriculum. These stories can help them in inculcating the spirit the entrepreneurship. The NCERT and the State Government can take the initiative by introducing such courses. **Entrepreneurship Education at Secondary Level:** The real implementation and inculcation of the ideas can take place during the secondary level of education as at that time the children are more in a formative stage. Apart from the textual information the students should be encouraged to be taught in the vocational system.

**Entrepreneurship at Higher Education Level:** This is the most critical stage of the students to take decisions about the future career. Unfortunately, Indian education system have not generated much interest among the students to choose entrepreneurship as an alternative career apart from seeking jobs in both public and private sector. The UGC has to take such initiatives to launch the curriculum on entrepreneurship in each and every institute and university.

Some of the institutions delivering such programs were:

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

In the 80s, entrepreneurship education continued to focus primarily on entrepreneur training aimed at creating self-employment ventures. 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. 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:

- Mentoring pools like Tie, and networking events
- Entrepreneurship Development Cells (NSTEDB, AICTE, UGC)
- Incubators at various institutions such as:
  - Technology Business Incubators (NSTEDB, at over 30 educational institutions)
  - Engineering colleges (IITs, NITs, leading private colleges)
  - Management schools (ISB, IIMs, 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. This number is expected to grow at a CAGR of 20.4% to reach 54,700 by end of 2012.

### **Importance and 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.

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. But Indians are still not making the shift to entrepreneurship and aiming to

build the next Microsoft's, Ciscos and Google's. We seem to be content working for them. India needs Entrepreneurs. Together, the new entrepreneurs will inspire the next generation. That will be the real coming of age of Indian technology and entrepreneurship. To do this, the government needs to focus on Entrepreneurship education to create a pool of trained and highly skilled entrepreneurs.

### **Importance of Entrepreneurship Education**

Entrepreneurship education is key to develop the skills, attitudes and behaviours necessary to create jobs, generate economic growth, advance human welfare and stimulate innovation to address global challenges. Education is an important factor in determining the entrepreneurial orientation in individuals. Education may be in the form of informal or formal. The informal form of learning stresses the importance of early role models and reinforcement patterns on the acquisition and maintenance of entrepreneurial behavior. Role models could be parents or peer groups that provide socialization training in entrepreneurship. Formal education is also positively correlated with entrepreneurship. It has also been reported that entrepreneurs of healthy units, on an average, had a higher level of education compared to those who own sick units. 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. Over the past two decades there has been a growing debate about how well educational systems prepare young people for adult life in general and 'enterprise' in the world of work in particular. In the present scenario this debate becomes large.

### **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 (Leo Paul Dana, 2000).
- 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.
- Incomplete Entrepreneurship Education : A survey done by the Entrepreneurship Development Institute, India (EDI) 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. 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).
- 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.

### **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.

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. 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.

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.

<b>Name of Institute</b>	<b>No. of students opted out of placement process to start their own entrepreneurial ventures</b>
ISB, Hyderabad	65
IIM, Ahmedabad	11
XLRI, Jamshedpur	8
IIM, Lucknow	6
IIM, Kozikode	5
IIM, Bangalore	4
IIM, Indore	2
FMS, Delhi	2
IMT, Ghaziabad	1
S P Jain Institute of Management & Research, Mumbai	1

Source: MBAUniverse.com, Placement Report 2008

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

**Long Duration Program**

Institute	Course title	Focus	Duration
Madurai kamraj university	PGD in Entrepreneurship	Across life cycle	1 Year
EDII	PGDBEM	Across life cycle	1 Year
SEMCOM	BBA, B.Com, BBAITM	Across life cycle	1-3 Years
SPJIMR	EPBA, family managed business program	Across life cycle	18 months
Indian Institute of Entrepreneurship Guwahati	PGDME	Across life cycle	1 Year

**Term Based Program**

Institute	Course title	Focus	Duration
IIMA	LEM, ENVP	Pre start up	10 weeks
IIMB	ENVC, Corporate venturing, Social entrepreneurship, New venture financing	Pre start up & start up	10 weeks
IIMC	SEM, Managing New ventures	Across life cycle, Pre start up & start up	10 weeks
IIML	Org issues in NV	Across life cycle, Pre start up & start up	10 weeks
XLRI	Entrepreneurship & NV	Pre start up & start up	10 weeks
XIME	Entrepreneurship	Pre start up & start up	10 weeks
XIM, Bhubaneshwar	NEM,Rural entrepreneurship, Social entrepreneurship	Pre start up & start up	10 weeks
SPJIMR, Mumbai	Start your business program	Across life cycle	12 weeks
ISB, Hyderabad	PAEV	Pre start up	15 weeks

Source: "Entrepreneurship education in India – A Perspective", ISB Hyderabad, April, 2012

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.
- 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. 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. The educational institutions in China hold Annual National Business Plan Competition each 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.

### 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 Indi.

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