

*Full Length Research Paper*

## Business education and entrepreneurial capabilities in Pakistan

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This study explores the relationships between business education in Pakistani universities and the development of the entrepreneurial capabilities in students. It also focuses upon the potential differentials on entrepreneurial making among public and private universities. This is a cross-sectional casual study using questionnaire for a sample of 320 students of 04 different universities at Rawalpindi and Islamabad. Discriminate and regression analyses have been used to analyze the data. Results show relationship, though not very strong, between business education and entrepreneurial capabilities. Moreover, results also reveal that both private and public business schools are responsible for almost equal level of entrepreneurial capabilities.

**Key words:** Entrepreneurship, business education, curriculum development, entrepreneurial capabilities, private and public business schools.

### INTRODUCTION

Governments being unable to employ every person try to resolve the unemployment problem by motivating people to start their own businesses. There is a type of business that may start from small level, even by single owner or more than one owner, but grow with a larger pace by working on a creative idea with significant risk known as entrepreneurship. Entrepreneurship is responsible for accommodating larger number of employees as the business grows day by day. Studies show that the earning a small business owner makes in his complete life time is equal to the earning an entrepreneur makes in a five years (Megginson, 1997). Entrepreneur is different in attitude towards the management process and business in general (Hisrich et al., 1996). An entrepreneur is an initiator, high risk taker, leader, jack of all trades, visionary etc. There are a number of factors that influence the individual's personality, behavior and thinking and help one to become entrepreneur. These factors are family background, education, social networks, peer groups, situational factors, etc.

An "entrepreneurial perspective" is not born but developed in individuals. Entrepreneurship is a set up that runs one's business with creativity (Pinchot, 1985). An entrepreneur without having the skills and abilities necessary to plan and run business activities successfully may lose everything. So business education is vital for a person to get success. There may be a number of inspirational elements for the decision to become entrepreneur including business education. Number of foreign universities now offers a complete MBA in Entrepreneurship (Hisrich et al., 1996).

In Pakistan the education in entrepreneurship is an upcoming field. Higher Education Commission of Pakistan has suggested/advised all the universities to include courses on entrepreneurship and creativity at undergraduate and graduate level in their business schools.

### Problem statement

This study intended to explore the influence of business education of Pakistan on the development of entrepreneurial capabilities and whether there is any difference between public and private business schooling in entrepreneurial making.

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## Originality of the study

According to Geert Hofstede (1983), Pakistani culture is different as compared to the areas where entrepreneurial studies were conducted. In Pakistan studies on entrepreneurship are very scarce. None of the researcher conducted the study to explore the effect of the business education of Pakistan on the making of entrepreneurial capabilities, so there is clear gap in the body of knowledge. This study intends to fill this gap and definitely proves a significant contribution to the body of knowledge.

## Applied aspects

The study intends to identify either the current business programs helping people to polish their entrepreneurial capabilities or just producing managers. Moreover, study develops suggestions/recommendations to educationists for the curricula development to strengthen, polish and enrich the courses on entrepreneurship.

## Objectives of the study

1. To study the development of entrepreneurial capabilities
2. To study the curricula of the business education
3. To explore if there is any relation between business education and entrepreneurial capabilities and strength of that relation
4. To study if there is any difference in the education of public and private business schools with respect to the development of the entrepreneurial capabilities

## REVIEW OF LITERATURE

Entrepreneurship is a process of starting a creative venture by spending time, effort, and accepting and facing the risks like financial, psychic and social that result in the monetary as well as personal rewards (Hisrich et al., 1996). It is an entity of vision, dynamism, and newness/creativity which requires energy for the development and launching of creative ideas and solutions (Kuratko et al., 2004).

According to life cycle approach, entrepreneurial career has nine phases and business education is one of them (Hisrich et al., 1996). If the individual is getting education, encouraging decision making and skills building, then more entrepreneurial capabilities will be produced in individuals, provided such individuals enter family business in childhood (Brown and Hisrich, 1996).

## Types of skills required by entrepreneurs

According to Hisrich et al. (1996) the skills required by the entrepreneur can be divided into three areas:

(1) Technical skills: Writing, oral communication, monitoring environment, technical business management, technology, interpersonal relationship, listening, ability to organize, network building, management style, coaching and being a team player

(2) Business management skills: Planning and goal settings, decision making, human relations, marketing, finance, accounting, management, control, negotiation, venture launch and managing growth and

(3) Personal entrepreneurial skills: Control over oneself, risk taking, innovativeness, change oriented, persistency, visionary leadership and ability to manage change (p. 20).

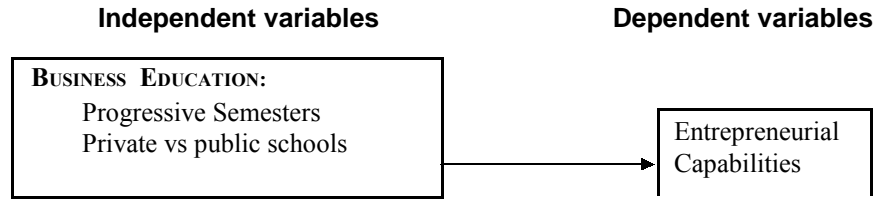
## Role of education

Alberta and Gray (2000) concluded that business schools offering entrepreneurship as a program were more involved in the creation of a new business ventures as compared to non-entrepreneurial programs of other business schools. Solomon (2002) reported that entrepreneurial education is one of the vibrant area in leading business schools of U.S. Teaching entrepreneurship and concluded that entrepreneurship capabilities can be developed through education (Gorman et al., 1997). Donald (2004) reported that entrepreneurship, or number of parts of it, can be learnt through education (Vesper and Gartner, 1997).

Solomon et al. (2002) stated that entrepreneurship education is different as compared to normal/conventional business education. Gartner and Vesper (1994) argued that entrepreneurial entry and managing a business are different entities. Entrepreneurial education must cover the areas of risk taking and managing and accepting the challenges (Sexton and Upton, 1987; Van, 1990) of leadership, negotiations skill, creative thinking, new product development, knowledge of new technology (McMullen and Long, 1987; Vesper and McMullen, 1988), knowledge of sources to finance a venture (Vesper and McMullen, 1988; Zeithaml and Rice, 1987) uncertainty acceptance and patience (Ronstadt, 1987: 1990), the entrepreneurial personality (Hills, 1988) and accepting the challenge and managing the every stage of venture creation as well as development (McMullen and Long, 1987) knowledge of idea protection through legal activity (Vesper and McMullen, 1988), awareness of entrepreneur career options (Hills, 1988; Charney and Libecap, 2000). It is worth reporting that none of the universities of Pakistan are implementing the recommended curricula.

## THEORETICAL FRAMEWORK AND HYPOTHESES GENERATION

The hypothesized relationship/interaction of the variables is depicted in Figure 1.



**Figure 1.** The hypothesized relationship/interaction of the variables. Source: Researchers' own processing.

**Table 1.** Sampling details.

| <b>Name of the university</b>             | <b>Sample size</b> |
|---|--------------------|
| Foundation University Islamabad           | 80                 |
| Riphah International University Islamabad | 80                 |
| Federal Urdu University Islamabad         | 80                 |
| Arid Agriculture University Rawalpindi    | 80                 |

Source: researchers' own processing.

## Development of hypotheses

Gorman et al. (1997), Vesper et al. (1997) and Peter (1985) concluded that entrepreneurship or its facets can be taught, or at least encouraged by education. It means that with every new semester entrepreneurial capabilities should also be increased, hence the inference is that:

H<sub>1</sub>. Progressive semesters in business education enhance the entrepreneurial capabilities.

Conflict theorists believed that educational system reproduces the social class structure and due to the unequal funding the public schools have more funding and resources, so they can polish students in a better way as compared to government schools with less funding and family background (as college attendance is closely linked with social class, race and ethnicity) (James, 1997). So we may conclude that:

H<sub>2</sub>. Private schooling develops more entrepreneurial capabilities.

The followings are the null hypotheses of this empirical study:

H<sub>1</sub>. Progressive semesters in business education have no effect on the development of entrepreneurial capabilities. H<sub>2</sub>. Private V/S public business education does not have different impact on the making of entrepreneurial capabilities.

## METHODOLOGY

This casual cross sectional study was conducted on business students of different semesters who were taken as the universe

enrolled in BBA and MBA program in different 13 universities in Rawalpindi and Islamabad.

## Sampling procedure

A quota sample of 320 students was taken from 4 universities namely Foundation University Islamabad, Riphah International University Islamabad, Federal Urdu University Islamabad and Arid Agriculture University Rawalpindi (Table 1).

## Tool for data collection

The EQ being the most efficient discriminator originally proposed by James (1984) among Entrepreneurial Attitude Orientation (EAO), Myers-Briggs Type Indicator (MBTI), and Herrmann Brain Dominance Instrument (HBDI) (Jonathan C. Huefner, H. Keith Hunt, Peter B. Robinson, 1996) was adopted to measure the intensity of entrepreneurial capabilities. However, this scale was modified to match the Pakistani cultural needs. Progressive semesters and public and private schooling are the demographic part of the tool.

## Reliability for the Instrument

SPSS version 12 was used to analyze the data. The Alpha Reliability value for the EQ instrument during Pilot study with 50 questionnaires was measured as 0.830 with 89 items showing the strong internal consistency for the tool.

## PRESENTATION AND ANALYSES OF DATA

### Student survey

Demographics characteristics of students of the 4 universities were taken. Almost 75% of the respondents were male and 25% were females; that shows the trend in Pakistan where male are more involved/interested in

**Table 2.** Business education on entrepreneurial capabilities: ANOVA.

|                | Sum of squares | df  | Mean square | F     | Sig.  |
|----------------|----------------|-----|-------------|-------|-------|
| Between Groups | 161.626        | 6   | 26.938      | 4.681 | 0.000 |
| Within Groups  | 1801.296       | 313 | 5.755       |       |       |
| Total          | 1962.922       | 319 |             |       |       |

Source: Field data. Discriminate analysis showed a significant difference of the different semesters with respect to entrepreneurial capabilities.

**Table 3.** Business education on entrepreneurial capabilities: Correlation.

| Model | R       | R <sup>2</sup> | Adj. R <sup>2</sup> | Std. error of the estimate |
|-------|---------|----------------|---------------------|----------------------------|
| 1     | .219(a) | .048           | .045                | 2.424                      |

a Predictors: (Constant), semester of respondent.

**Table 4.** Business education and entrepreneurial capabilities: Correlation.

|   |                     | Respondent's<br>entrepreneurial capabilities | Semester<br>of respondent |
|---|---------------------|--|---------------------------|
| Respondent's entrepreneurial capabilities | Pearson correlation | 1  | 0.219                     |
|   | Sig. (2-tailed)     | .  | 0.000                     |
|   | N                   | 320  | 320                       |
| Semester of respondent                    | Pearson Correlation | 0.219  | 1                         |
|   | Sig. (2-tailed)     | 0.000  | .                         |
|   | N                   | 320  | 320                       |

Source: field data.

business education as compared to females. A sample of 80 was collected from each selected university. Respondents' age ranges from 19-25.

### Hypothesis testing

Testing of hypothesis was done through discriminate, correlational and regression of coefficient analysis. The following hypotheses were formulated for testing:

H<sub>1</sub>. Progressive semesters in business education enhance the entrepreneurial capabilities.

H<sub>0-1</sub>. Progressive semesters in business education have no effect on the development of entrepreneurial capabilities.

The discriminate analysis showed that there is significant difference among the progressive level of the semesters of business program with respect to entrepreneurial

capabilities (t-test sig. 0.00 that is significant difference- (Table 2). Correlation (Table 3), Coefficient of Pearson correlation (Table 4) and regression analysis (Table 5) showed a positive relationship of entrepreneurial capabilities towards the progressive level of the semesters of the business program, though it was a weaker one. Entrepreneurship is not born and can be taught or encouraged (Gorman et al., 1997). The current study confirms the conclusion of previous studies. The weaker relation could be due to the fact that Pakistani universities are not teaching necessary subject for entrepreneurship as stated by Solomon et al. (2002). Duffy et al. (2002) stated that entrepreneurship education is different as compared to normal/conventional business education. These subjects are entrepreneurial entry and managing a business, risk taking and managing and accepting the challenges, leadership, negotiations skill, creative thinking, new product development, knowledge of new technology, knowledge of sources to finance a venture, knowledge of idea protection through legal activity and awareness of entrepreneur career options.

**Table 5.** Business education on entrepreneurial capabilities: Regression analysis coefficients (a).

| Model |                        | Unstandardized coefficient |            | Standardized coefficient | t      | Sig.  |
|-------|------------------------|----------------------------|------------|--------------------------|--------|-------|
|       |                        | B                          | Std. error | Beta                     |        |       |
| 1     | (Constant)             | 7.965                      | 0.289      |                          | 27.564 | 0.000 |
|       | Semester of respondent | 0.263                      | 0.066      | 0.219                    | 3.993  | 0.000 |

a Dependent Variable: Respondent's entrepreneurial capabilities. Source: Field data.

**Table 6.** Private and public schooling and entrepreneurial capabilities: Independent samples test.

|   |                             | Levene's test for equality of variances |       | t-test for equality of means |         |                 |                 |                       |                          |       |
|---|-----------------------------|---|-------|------------------------------|---------|-----------------|-----------------|-----------------------|--------------------------|-------|
|   |                             | F                                       | Sig.  | t                            | df      | Sig. (2-tailed) | Mean difference | Std. error difference | 95% CI of the difference |       |
|   |                             |   |       |                              |         |                 |                 |                       | Lower                    | Upper |
| Respondent's entrepreneurial capabilities | Equal variances assumed     | 0.055                                   | 0.815 | 1.272                        | 318     | 0.204           | 0.356           | 0.280                 | -0.195                   | 0.908 |
|   | Equal variances not assumed |   |       | 1.274                        | 292.977 | 0.204           | 0.356           | 0.280                 | -0.194                   | 0.907 |

Source: field data.

H<sub>2</sub>. Private schooling develops more entrepreneurial capabilities.

H<sub>0-2</sub>. Private V/S public business education does not have different impact on the making of entrepreneurial capabilities.

Discriminate analysis (Annexure-Table 6) of the second hypothesis that private schools are producing more entrepreneurial capabilities as compared to public schools showed no significant difference so the hypothesis could not stand and null hypothesis was accepted. So the finding by Hensline (1997) could not be confirmed. This could be due to the fact that both public and private, though little bit different in managing styles,

follow the same curriculum.

### Conclusion

The following conclusions have been drawn from this study:

1. Business education is contributing to the development of entrepreneurial capabilities, though in a weak manner.
2. There is a general lack of entrepreneurial Skills Building Courses in all the public and private universities.
3. No difference is found with respect to entrepreneurial capabilities being produced by public and private schools.

### RECOMMENDATIONS

For future researchers that a comprehensive content analysis of courses be taught in universities is recommended to get the empirical evidence of the contribution of different courses in the development of entrepreneurial capabilities. Moreover, it is also recommended that a longitudinal study of the business program will definitely generate a better insight on the issue.

### LIMITATIONS

1. A cross sectional study was conducted. Perhaps a longitudinal view of the business program influencing on entrepreneurial capabilities will

generate better understanding.

2. A limited sample of 4 universities definitely remains the limitation of the study.

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