

# Cultivating Entrepreneurship Mindset Through Education

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## Abstract

*Entrepreneurship education has for a long time occupied the attention of business scholars and management practitioners because of the recognition that a well designed and practice oriented entrepreneurship education programme could reduce unemployment drastically. Against this background the entrepreneurship education programmes at the higher institutions were critically x-rayed in the light of the following:*

- *Its ability to cultivate entrepreneurial mindset in the youths*
- *Its ability to prepare the young graduates to be interested in establishing their own small business.*

*Our findings show clearly that the entrepreneurship education programmes in the higher institution of learning as they currently stand cannot achieve these goals.*

*Consequently, the Honig model was adopted and modified to enable these goals be achieved.*

## Introduction

The manufacturing sector is a key driver in any economy. Wealth and jobs are created by it and in

addition, it generates positive spill-over effects. In a highly dynamic and complex global economic environment organizational wealth creation being an important organizational goal firms require to be continuously innovative and possess the ability to create new ideas. Expressed in another form, any competitive advantage enjoyed by firms will be short-lived unless they adopt a deep commitment in fostering a robust entrepreneurial culture. Firms must exhibit opportunity seeking behavior as well as the capability to exploit new opportunities, building sustainable competitive advantage from them (Ramchandran, et al, 2006). This requires the re-configuration of existing resources, acquisition of new resources and to establish superior position in the market through skillful manoeuvring of relationships with competitors, complimentors, customers and suppliers (Kuye, 2008).

According to Thompson and Strickland (2001), good barometers of a firm's entrepreneurial behavior are

- How fast it adapts to changing market Conditions
- How boldly it pursues new business opportunities
- How much it emphasizes innovativeness, and
- How often it champions actions to improve organizational performance.

In essence, entrepreneurial behavior is highly imperative for organizations to survive and prosper in the current hyper-competitive economic environment.

One of the ways for firms to weather these storms is by exposing their employees to entrepreneurship. In this way the entrepreneurship spirit can be stimulated in their employees. That is by creating conducive organizational cultures, conditions, and processes that foster and facilitate innovation, large numbers of employees will be enabled to move from an employee mindset to an intrapreneur mindset (Seshadri and Tripathy, 2006). People exposed to entrepreneurship frequently express the view that they have more opportunity to exercise creative freedoms, higher self-esteem, and an overall greater sense of control over their own lives (Consortium for Entrepreneurship Education, 2004).

There is therefore the general belief that fostering a robust entrepreneurial culture will maximize individual and collective economic and social success on a local and national scale (Consortium for Entrepreneurship Education, 2004). It is with this in mind that this paper examines the extent to which our education system has contributed in preparing youths to succeed in an entrepreneurial economy.

#### **The Concept of Entrepreneurship**

When the concept of entrepreneurship first appeared, it was understood to be special characteristics, an exceptional ability of special people. In fact it was, and still is often used as an ex post definition that applies only when the

venture is successful (Martins and Osberg, 2007). Success as a measure of entrepreneurship is very much in dispute among scholars of business schools. The most commonly agreed historic phase is associated with the French economist Jean-Baptist Say who describes an entrepreneur as someone who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield (Say cited in Dees, 2001). It was Schumpeter who first recognized the central role of the entrepreneur in economics. For Schumpeter, the entrepreneur achieves innovation through creative destruction and thereby creates value-saleable utility (Schumpeter, 1947; Schumpeter and opie, 1034). He is intrinsically motivated to identify, create, develop and realize an opportunity. Honig (2007) opines in this regard, that the practical challenge is twofold: First the right mindset is necessary. Second the right gestell or institutional infrastructure needs to be in place. This includes: resources, standardized aids for opportunity development, a strategy which serves as a map for orientation when making decisions, and as a common reference for planning the way forward, while leaving spielraum for the individual stakeholders to manoeuvre, exploit opportunities and evade hazards that come up along the way. According to Kuratko (2007) entrepreneurship has become the symbol of business tenacity and achievement in modern times. He sees entrepreneurship as an opportunity focused approach to venturing that requires a creative state of mind that can see a way around impossible barriers, and react to unexpected problems and opportunities along the way. Entrepreneurs' sense of opportunities, their drive to innovate, and their capacity to achieve results have become the standard by which free enterprise is now measured (Kuratko, 2007). While Davis (2007) sees entrepreneurship as the phenomena associated with the mindset, planning and activities that create and exchange value via the identification and application of changes in resources, opportunities and/or innovation, Wehrich, Cannice and Koontz (2008) refer to

entrepreneurs as people who have creative ideas, who use their managerial skills and resources to meet identifiable needs in the market place. Drucker (1985) advanced a preposition for an entrepreneurship paradigm. For Drucker " the entrepreneur always searches for change, respond to it, and exploits it as an opportunity. In other words, the entrepreneur is an active searcher, not a passive waiter. He recognizes opportunities and takes advantage of them. This understanding is complimented nicely by Kirznor, who identifies 'alertness' as the key ability of an entrepreneur (Kirznor quoted by Kadera, 2004). Thus Davidsson (2001) assesses that all these definitions converge around the view that entrepreneurship is about creative destruction, alertness and managerial skills.

At the heart of the creative destruction is knowledge in the form of new innovative products. The entrepreneur recreates itself by destroying the existing knowledge system and then innovating new ways of thinking and doing things. It is the act of pursuing new ways of doing things in a real context or the essential act of entrepreneurship is a process of exploiting opportunities that exist in the environment or that are created through innovation in an attempt to create value (Brown and Ulijin, 2004; Kuratko, 2006). Entrepreneurs measure themselves not on the standard of the past (how far they have come) but by visions of the future (how far they are yet to go). And they do not allow the past to serve as a restraint on the future; the mere fact that something has not worked in the past does not mean that it cannot be made to work in the future and the mere fact that something has worked in the past does not mean that it should remain. Center to all these is the courage, not being afraid of failure and to bear the burden of risk. The entrepreneur takes big risks by doing things that others consider unwise or even not feasible. Thus, the entrepreneur creates a knowledge vision, which gives corporate members a mental map of the world they live in and general directions regarding what kind of knowledge they ought to seek and

create (Yomere, 2003). Consequently organization members become active agents of innovation.

Based on knowledge work an entrepreneur turns attention to starting up something new, creating the still unknown, exploiting new ways of doing something and to build new systems and organizations which have to address and meet their demand. He recognizes the multi-facet nature of knowledge and how to interface organizational learning and systems evolution in such a way as to optimize and capitalize on its knowledge resources in pursuit of its vision. The potential is innate (in varying degree) in everyone. It is an aptitude that can be developed by anyone and it is not a special trait. Thus, entrepreneurs are not 'born'... rather they 'become' through human capital (education) and the experience of their lives (Consortium for Entrepreneurship Education, 2004). They have a great diversity of personal characteristics the common one: being willing to take a risk in return for a profit.

Human capital development occupies the primary level of analysis in this paper. The essence is to gain an understanding as to the extent the contextual nature of our education programme is suitable for cultivating an entrepreneurial mindset in the youths. All that is being said is: is our entrepreneurship education programme contextually properly designed and structured to encourage entrepreneurial behavior? Thus this paper emphasizes the need for a robust entrepreneurship education programme to enlarge the base of entrepreneurs, accelerate employment generation and economic development.

#### **Contemporary Entrepreneurship Education**

Entrepreneurship education has for a long time engaged the attention of business scholars, and management practitioners because of the recognition that it can present entrepreneurship to students as a possible career choice, in addition to acting as a general advocate for the mindset. Learning about entrepreneurship is highly

desirable in preparing youths for the world of business. It is essential that entrepreneurship education gives the youths the opportunity to consider self-employment as a vital career option, one which they may return to later in life or the acquired skills can be usefully applied in the workplace. Li, Thang and Matlay (2003) opine that there is agreement among scholars that entrepreneurship education is vital in developing entrepreneurial attitudes, abilities and related skills in youths. Higher institutions are considered to be quite adequate for the attainment of these goals.

Entrepreneurship education in higher institutions is based on the formulation of course structures, whose learning methods vary considerably from lectures, presentations, hand-outs, and case study based learning with group discussions (Henry, 2005). It takes the form of credit course for one or two semesters at the 300 level and/or 400 level. In some higher institutions the course is taken as an elective subject while in some others it is a major for the students. One of the firmly entrenched curricula formats consists of teaching and monitoring students on how to write a business plan. The development of business plan is considered the most important course feature of entrepreneurship education. Students typically work in groups to devise the business plans. They then present it to the class for discussion in which the quality and ideas of the business plan as well as the ability of students to integrate materials across a broad array of business school subjects are critically assessed. The enthusiasm for business plan is rooted in the belief that it will eliminate haphazard guesswork and assist the learner in the interpretation of data necessary for the maintenance of organizational and environmental alignment.

Assumptions, generally untested, are that business plans assist individuals in the nascent firm to make better decisions or that they help increase efficiency through the reduction of uncertainty regarding possible outcomes (Hax

and Majluf, 1984). McNamara (1986) opines that starting a new business is similar to going into battle, whereby the entrepreneur must allocate sufficient resources and a workable strategy capable of overcoming competitive and hostile adversaries. One of the most common elements shared by war and entrepreneurship, according to McNamara, consists of a lack of certainty. Resources, reactions, and the environment all converge to present a virtually unpredictable soup of ingredients. McNamara observes that ad hoc rules and procedures are of little use when dealing with the realities imposed by a radically changing environment. This is because business plan approach often fails to transfer the entrepreneurial education, knowledge and skills so acquired in the classroom to the real environmental situation where they need to be utilized. While the technique is quite adequate in providing the tools to assist students in analytical decision making, it is ill suited to the complex and dynamic problems typically faced by contemporary managers (Mintzberg and Gosling, 2002). McNamara therefore emphasizes that rather than predicting long-range effects to particular actions, it is important to maintain clear dialogue and reacting creatively to the particular situation at hand. The role of the leader, according to McNamara, is to make sense of uncertainty and chaos and bring about reasoned and efficient adaptation and organization. Flexibility, according to Van Geveld (1985) more frequently wins the battle of the day as opposed to planning. Against this background, rather than pursuing a causal model of planned behaviour, entrepreneurship education should aim at developing the necessary skills to evaluate, adapt and revise activities in a resourceful manner to suit environmental contingencies.

Entrepreneurship frequently consists of an inductive process by which various products services, and ideas are examined, attempted, modified, and delivered. The end point of the process is generally the result of this inductive activity (Sarasvathy, 2001), as opposed to

positivist deductive rationality. Expressed in a different form, because entrepreneurs focus on both the science of innovation and the institutional constraints of novelty and the marketplace, success is determined not by preplanned activities, rather through the observation, interpretation, introduction, and re-evaluation of new products and activities (Honig, 2007).

Books and teaching modules are designed to conclude with a standardized business plan, complete with multiple chapters covering a range of analysis in a formal structure. Such structured closed ended pedagogical activities may be particularly inappropriate for entrepreneurial activities, where the very nature of the problem as well as the necessary analytical tools employed changes radically as the business, the market and the product emerge. Apart from the forces of globalization and the knowledge economy, firms themselves are quite heterogeneous regarding the suitability of the activities to conventional planning (Perrow, 1967).

Perhaps one of the weakest aspects of existing entrepreneurship education is its focus on idea convergence. Students are taught an ideal method of conveying or marketing their ideas, and they are encouraged to conform as closely as possible to this ideal way. The process support thinking 'inside the box' as opposed to 'outside the box'. This is very likely to reduce rather than expand the range of activities and potential solutions pursued by nascent entrepreneurs (Honig, 2007); that is, it may psychologically limit the framework of options available to an organization.

The above observations notwithstanding, business plan and business planning education enjoy near universal popularity especially among higher institutions and this goes to suggest that they are more deeply rooted in ritual than in efficiency, particularly in the field of entrepreneurship. Business plan is so legitimized that at the moment you announce the intention to

start a new business, banks and investors begin by asking for your business plan as a condition for taking you serious. However, informal discussions have shown that most often business plan is either developed after the entrepreneurs make a decision to invest or is not a critical or significant factor in making financial investment decision. In a study carried out in the USA by Honig and Karlsson (2004), they found elements of coercive, mimetic and normative isomorphism influencing nascent entrepreneurs to produce business plans. One can conclude, without fear of contradiction, that the production of business plan by nascent entrepreneurs is rooted more in ideology. It is as though a new business idea or intention without an accompanying business plan is either not viable or doomed to failure.

We expect future doctors, lawyers, engineers etc to learn their professions through years of formal education. On the other hand, we expect entrepreneurs to learn everything about the field by attending one or two semesters' course in entrepreneurship or an entrepreneurship education should be able to inculcate in the youths entrepreneurial mindset within this short duration. However, there is little or no research proof in Nigeria known to me that entrepreneurship education has in anyway contributed to the decision of graduates to become entrepreneurs.

#### **Entrepreneurship Education as Incubator For Entrepreneurial Mindset**

Entrepreneurship education should focus on developing a set of programmes at different stages of the entrepreneurship education drive, that offer a progression from awareness increase to real activities to develop entrepreneurship and entrepreneurial skills, culminating in a desire to own and run a business (Owualah and Obokoh, 2008). Although there is no educational degree requirement in order to become an entrepreneur, entrepreneurship education should run at the different levels of higher institutions programmes. It should be made accessible to all disciplines as innovative business ideas may arise from

technical, scientific or creative studies. In this way, the teaching of entrepreneurship will be sufficiently integrated into the curricula of higher institutions.

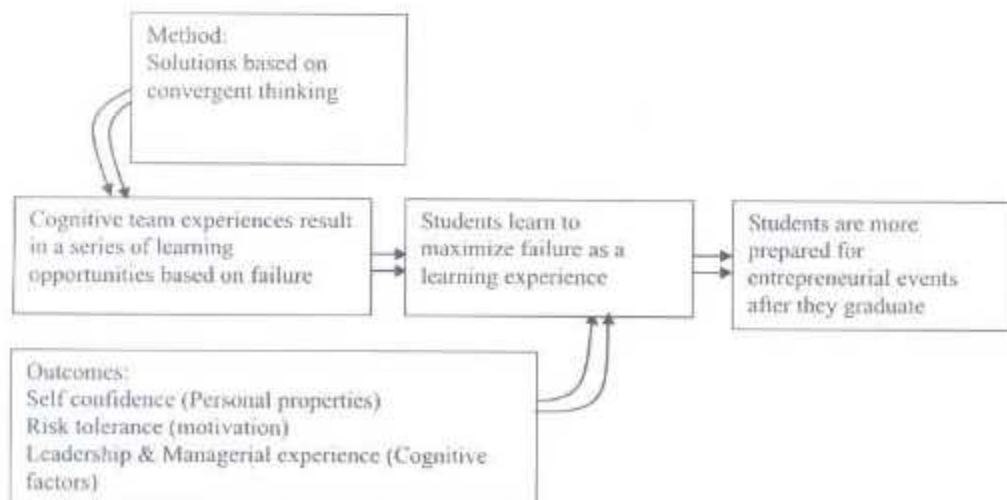
At the lower levels (100 and 200) the focus of the programme should be on understanding the basic of our economy, the career opportunities available and the need to master basic skills in order to be successful in a free market economy. Students will learn to speak the language of business and begin to appreciate the problems of entrepreneurship from the small business owner's point of view. The emphasis is on the competencies that may be taught at an entire entrepreneurship class or included as a part of other courses related to entrepreneurship. For example, cash flow may be taught in a mathematics class and sales demonstrations as part of communication class. Motivation to learn and a sense of individual opportunities are likely to result. An entrepreneurial mindset will be gradually cultivated.

Entrepreneurial way of life cannot be instilled in students by means of prescriptive approach. Teaching techniques will have to be adapted as learning activities will become more important than just teaching lessons (Gouws, 2002). At the higher levels (300 and 400) the emphasis of the

courses should be on exploring business. Students are encouraged at this level to create a unique business idea and carry the decision making process to a complete business plan.

We can likening entrepreneurs to radiologists, physicists or judges, who are required to solve problems that are ill structured and open ended. Outcomes are frequently difficult to anticipate. Research has shown that experts using familiarity and experience approach problems from a broader, qualitative perspective, maximizing their efficiency as they move on to quantitative activities (Glaser and Chi, 1988)

Entrepreneurial activities may be best described in the same manner requiring the development of pedagogical techniques that focus on applied hands-on activities, resulting in experiential learning as opposed to the teaching of general principles as shown below. The model adopted from Honig is built on simulation and exercise techniques similar to stimulators for the training of ultra-sound radiologists, simulated patients for emergency and general medical training, and airplane stimulators for training pilots. Individual learn by experiencing small failures in order to build up resilience in the face of future organizational conditions.



Adopted from Honig, B. - Entrepreneurship Education.

Expressed in another form, students' minds are prepared for novelty and surprise because this is the environment they will be facing. Sitkin (1996) calls it training by inoculation. These failures may be inbuilt as part of the team building exercise. After a student has attained a substantial number of failures, he is to solve the simulated problem. Each simulated environment encourages students to both experience and learn from failure in a real time simulation mode. According to Piaget learning through failure provides the necessary incentive to produce a situation of disequilibrium. The resulting imbalance motivates students to learn and invoke a new concept introduced to avoid future failure.

For the individual to maintain motivation during simulation, the activity must be both believable and continuously adaptable. It is the continuous adaptability of simulation design that may impact the long-term learning. As the external (to the classroom) environment changes, the simulation should also change to reflect the individual's cognitive expectations. Otherwise the activities may seem senseless and boring.

To appreciate the full impact of entrepreneurial simulations, Hindle and Angehrn (1998) suggest that the relevant factors be categorized into four areas; communication skills, control skills, human resource skills, and technical skills. Examine each factor with respect to adequate suspension of belief, unambiguous communication, technical reliability, and a general cost-benefit analysis. Adequate suspension of belief is necessary to gain the participant's 'buy in' in order to maximize the simulated experience. Simulators must be credible, relevant and illustrative to be effective (Hindle and Angehrn, 1998). Credibility of the simulation activity depends in part on unambiguous communication. Participants, guides, and software must all communicate, immediate and clear situational assessments.

Our simulation model is designed to prepare students to learn to tolerate risk and failure, to

learn from failure, and to adapt their future activities in a more cogent and efficient way. In the process they will develop some managerial skills necessary to motivate and lead a team through unknown territory. Besides, students are likely to introduce new factors and alternative solutions into the simulation that were not pre-programmed.

Using this framework, students will have progressively more challenging educational activities, experiences that will enable them to develop the insight needed to discover and create entrepreneurial opportunities, and the expertise to successfully start and manage their own undertakings. This approach will also gradually foster and nurture an entrepreneurial mindset among students. In particular, through the real world simulation exercises students would have acquired the relevant technical and managerial skills needed to start a business. Unlike the business plan module, the simulation approach will gradually expose the students to risks and failures of different magnitude. In this way entrepreneurship education prepares students against the fear of risk and failure.

### **Conclusion**

Economists, business scholars and management practitioners have long recognized the crucial role of entrepreneurship in achieving sustainable economic and national development. It is believed that a well developed entrepreneurship sector will create jobs and thereby bring about improved social wellbeing of the citizenry. It is also the belief that the entrepreneurship education programmes of the higher institutions have a significant role to play in the achievement of this goal. It is in the light of the above that the paper x-rays the current entrepreneurship education programmes at the higher institutions and found it wanting, especially in two areas:

- Its inability to create entrepreneurial mindset among the young graduates
- Its inability to prepare the young graduate to face the complex and dynamic business

environment, especially in the areas of risk tolerance and the fear for failure

The adopted entrepreneurship education model from Honig (2007) is modified to accommodate these shortcomings. The suggestion is made that entrepreneurship education should be taught at all education level and across all disciplines and not restricted to business school only. In this way, the system will be able to gradually infuse in the youth the desire to be a small business owner rather than joining the Labour Market as Job Seekers. Through simulation exercises that reflect, to a large extent, the complex and dynamic business environment, students' minds are prepared toward risk tolerance and fear of failure.

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