

Entrepreneurship, Employability and Business Education

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Abstract

Entrepreneurship, Employability and Business Education are complementary to each other. Employability means ability/skills of a person which make him/her eligible for some employment/job. Employment is generated by Entrepreneur/Employer who creates a new business. Business education is necessary to make a person eligible/suitable for some specific job by developing some managerial/business skills like decision making, communication skills, Inter-Personal skills and presentation skills etc. It is not necessary that only a business education promise someone, a good job or helps him/her to start a new business/entrepreneur, but it is proven fact that management/business education can improve the skills like decision making, operational techniques, Marketing concepts, Presentation and Inter-Personal etc. In today's competitive business environment it becomes necessary to be ahead of others through some differentiation in product, process or policies. Management Concepts under statistics like Game Theory, Assignment Problem, Statistics Quality Control and many other techniques helps in minimizing the loss or maximizing the profit, quality Control. Doing business is technical process, required some training from both theoretical and practical point-of-view. This kind of training is being provided by Business Schools. There are a number of companies being established and run by people, who has taken some business education. Today, there are a number of Business Schools like IIMs, IITs and IIPM, who are not only producing Entrepreneur (who create a new business) but also producing good Managers (who runs business). If a person is having M4-Man, Money, Machine and Material along with time, space and risk bearing capacity, he will become a entrepreneur and if a person has the lack of money and risk bearing capacity but has personal skills and attitude, starts to do a job (Manage Business), called Manager. He renders his skills to entrepreneur/government and gets money. A Business School is a place where a person can get develop as a manager or as an entrepreneur, it means a good business school must teach and train them according to the desired standard.

Key Words: - *Entrepreneurship, Employability, Business Education, managerial/business skills, decision making, communication skills, Inter-Personal skills, presentation skills, operational techniques, Marketing concepts, competitive business environment, Game Theory, Assignment Problem, Statistics Quality Control, risk bearing capacity, Business School*

I. Objectives

- [1] To know the importance of management education in current business scenario.
- [2] To know the relation between management education, entrepreneurship and Employability.
- [3] To know the challenges in front of management education in India.

II. Data Collection Methodology

Type of research: - It is a descriptive and analytical research.

Data Type: - Most of the data taken is secondary in nature, taken from various research reports, company's websites, literature and some books.

III. Introduction

Business education play dual role, firstly it makes a person capable of getting a job and on the other hand it trains the entrepreneurs to handle business in a better manner. This paper will look into the importance of business education and also look into the relationship between entrepreneurship, business education. Advances in business knowledge and technology have radically changed business systems, organization structures and processes. As a result, critical to today's businesses is the ability to get the right information to the right people at the right time, so that both strategic and operational decisions are made properly and quickly. Students majoring in Management and Entrepreneurship will learn to recognize the vital role that information plays in the business world and to use their knowledge to increase business competitiveness. Management courses are offered in wide range of disciplines. Management covers courses in major areas such as marketing, human resources/ organizational behaviour and strategic management etc. Teaching in these courses is drawn on a range of disciplines, which include mathematics, psychology, sociology, philosophy and economics. The ideas and practices from these

diverse disciplines are applied to the understanding and management of voluntary, commercial and public sector organizations. Education in management has two aims. Firstly, to increase the understanding of the factors which influence the conduct of organizations and secondly to provide students with the tools and techniques which they may use to influence organizational life.

Entrepreneurship is the act and art of being an entrepreneur or one who undertakes innovations or introducing new things, finance and business acumen in an effort to transform innovations into economic goods. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses (referred as Start-up Company); however, in recent years, the term has been extended to include social and political forms of entrepreneurial activity. When entrepreneurship is describing activities within a firm or large organization it is referred to as intra-preneurship and may include corporate venturing, when large entities spin-off organizations.

A. Management - a practical subject

Management education cannot be compared with studying other subject areas like chemistry, physics, mathematics or law etc. In a business scenario one has to do things, take decisions, take actions, and monitor results. You cannot operate any business by just planning what to do on paper. Planning is, though an important step in the process, there are many examples of businesses with excellent plans having failed because of non implementation of proper ideas. Business today is global. Even the smallest company is affected by happenings outside its immediate geographical boundaries. Medium and large companies are automatically involved in cross-border business. The young businessmen and women need to understand this, and, where necessary, to be able to exploit the situation. It is not possible today to teach domestic business and global or international business as separate subjects.

B. Skills improvement benefits by business education:

A. Communication

Communication skills are vital for success in any business. A business education develops your ability to tailor your messages to different types of audiences. For example, courses in marketing help you create effective campaigns that target specific consumers, while courses in corporate communications teach you how to design effective business presentations, lead group meetings and author internal documents for employee guidance.

B. Sales

Sales skills are a specialized subset of communications. Many techniques help you increase your success rate, and a business education helps you develop effective sales methods that suit your field of business. For example, generating prospective leads through consumer research improves your chances of making a sale, as does learning how to design an effective sales pitch.

C. Finances

Sound financial management ensures your company uses its resources wisely. A business education teaches you how to handle your company's accounting needs, comply with government regulations and find ways to make your organization as cost-effective as possible.

D. Specializations

Depending on your needs, you might benefit from a narrow concentration on a specialized topic, such as business ethics, international business, entrepreneurship, management science or real estate. Contact local business colleges to determine your options, and ask what benefits a particular degree program or class might have for you and running your small business.

IV. Business Education and Entrepreneurship

MBA help to become a successful entrepreneur. People who want to become entrepreneurs often choose to study for an MBA degree. The wide range of courses in business schools is designed to make the MBA graduate competent in micro and macroeconomics, finance, accounting, marketing, human resources, etc. These subjects are aimed at acquiring the general skills needed in business. Having an understanding of the overall economic picture and the ability to decipher important statistical data and the behaviour of other players in the economy makes all the difference in today's world. Judging the correct timing for expanding or consolidating and knowing how to change your actions is an art that usually comes

with experience, but its foundations can be laid in education. Many business schools focus on entrepreneurship, both in the traditional business sense and in the meaning of social entrepreneurship. MBA courses with this focus emphasise the launch and development of start-ups and the many elements and dimensions of new ventures.

A. Some statistics

Despite the lack of representative global data on the percentage of MBA graduates who become entrepreneurs, some surveys appear to confirm the view that many business school alumni launch their own projects. The Association of MBAs 2010 Career Survey shows that 26% of British MBA graduates have started their own company.

Lucile Lafaurie of INSEAD also reports that about 45% of the alumni from this prestigious business school become entrepreneurs at a certain point in their lives after graduating (Figure 1). The last GMAC Alumni Perspectives Survey outlines a group of self-employed business graduates that make up 7% of the 6877 respondents of the survey. According to this survey, the main motivating factor for starting a company is the passion of the founder to do what he or she enjoys. This is followed by a desire for autonomy and a need for flexibility. The next biggest incentive for being an entrepreneur is to have control in your own hands. 27% of the self-employed graduates mentioned above own more than one business and 69% report that they launched their firms quite recently, in the period between 2009 and 2010.

Another study, the EFMD Research Report MBA & Master's Programmes, outlines four main fields of interest for prospective MBA students from 91 countries. The first is strategic management (40%); the second is managing people and organizations (35%), followed by leadership (33%) and international business (31%).

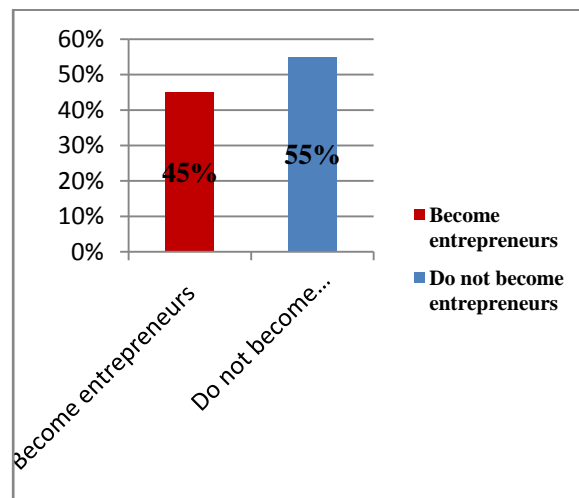


Figure 1 Alumni become entrepreneurs at a certain point in their lives after graduating

Entrepreneurship at most business schools is booming and there are very good reasons for it. A strong MBA program can help a would-be entrepreneur unlock your idea, do smartly what you love, gain crucial skills to shift the odds of success in your favour, develop new ideas, and to know how to measure success.

MBA entrepreneurs get crucial guidance and support from highly motivated and intelligent people. They also find in their classmates like-minded partners and co-founders who bring much value to a start-up, not to mention direct access to serial entrepreneurs who as permanent faculty or executives-in-residence are eager to mentor young people through the process. And finally most schools today have formal programs that often provide seed capital to get a company up and running before you use the school's alumni network for more capital or customers.

Surveys of MBA graduates show that the vast majority believe their education was vital to the success of their startups. Nine out of ten believe that an MBA helped them lead their companies, grow their businesses and develop their ideas. Some 86% of MBA entrepreneurs feel that their education helped them develop financial projections for their businesses (Figure 2) and 81% thought that an MBA helped them write a more compelling business plan.

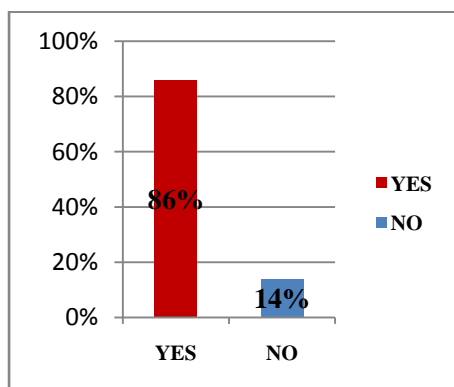


Figure 2 MBA education helped me develop financial projections for my businesses.

B. MBA helps in developing following Qualities in an entrepreneur

1) Disciplined

These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals. They have overarching strategies and outline the tactics to accomplish them. Successful entrepreneurs are disciplined enough to take steps every day toward the achievement of their objectives.

2) Confidence

The entrepreneur does not ask questions about whether they can succeed or whether they are worthy of success. They are confident with the knowledge that they will make their businesses succeed. They exude that confidence in everything they do.

3) Open Minded

Entrepreneurs realize that every event and situation is a business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses. They have the ability to look at everything around them and focus it toward their goals.

4) Self Starter

Entrepreneurs know that if something needs to be done, they should start it themselves. They set the parameters and make sure that projects follow that path. They are proactive, not waiting for someone to give them permission.

5) Competitive

Many companies are formed because an entrepreneur knows that they can do a job better than another. They need to win at the sports they play and need to win at the businesses that they create. An entrepreneur will highlight their own company's track record of success.

6) Creativity

One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.

7) Determination

Entrepreneurs are not thwarted by their defeats. They look at defeat as an opportunity for success. They are determined to make all of their dreams succeed, so will try and try again until it does. Successful entrepreneurs do not believe that something cannot be done.

8) Strong people skills

The entrepreneur has strong communication skills to sell the product and motivate employees. Most successful entrepreneurs know how to motivate their employees so the business grows overall. They are very good at highlighting the benefits of any situation and coaching others to their success.

9) Strong work ethic

The successful entrepreneur will often be the first person to arrive at the office and the last one to leave. They will come in on their days off to make sure that an outcome meets their expectations. Their mind is constantly on their work, whether they are in or out of the workplace.

10) Passion

Passion is the most important trait of the successful entrepreneur. They genuinely love their work. They are willing to put in those extra hours to make the business succeed because there is a joy their business gives which goes beyond the money. The successful entrepreneur will always be reading and researching ways to make the business better.

Successful entrepreneurs want to see what the view is like at the top of the business mountain. Once they see it, they want to go further. They know how to talk to their employees, and their businesses soar as a result.

V. Business Education and Employee ability

Management education has witnessed a mushrooming growth in India from just 200 MBA colleges in the early nineties to around 33001 MBA colleges today. There has been a remarkable focus and success on building capacity in management education in India. Having trained business graduates fulfills a big need given the pace of growth experienced by industry post liberalization. The industry today looks for trained manpower in sales, Marketing, HR and finance roles in large numbers. Formal training of employees in basic business frameworks and concepts is a key success ingredient in the not-so-mature Indian industry. *Aspiring Minds* is in its third year (2012) of assessing MBA students across the Nation on standardized multi-dimensional assessments and matching them to an array of jobs in different industrial sectors and profiles.

MBA graduates take up jobs and perform a variety of functions in various sectors in the industry. In this study, major sectors that employ MBA graduates were identified and studied to determine the percentage of employable management graduates across the nation. The criteria for employability are based on validation studies conducted with corporations in different sectors. Before studying employability, we looked at the specializations MBA graduates take up while studying (2012). We found that a good 40.1% of the MBA graduates have majored in finance, followed by 30.48% in Marketing and 19.54% in HR (See Figure 1). The remaining 9.88% were found to have majored in General Management, Operations and other management fields. While General Management is offered by only a few niche institutions, Operations was opted by only a few students as a major. This shows that Finance remains the most popular major among MBA students, and Operations the least.

A. Employability of MBA Graduates by sectors

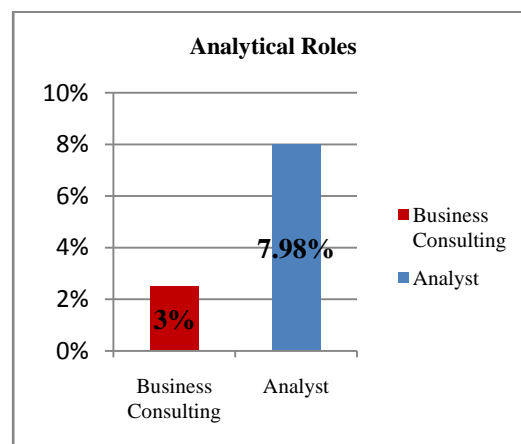


Figure 3 MBA Employability in India during 2012

Analytical Roles

1) Business Consulting and Analyst (Figure 3): Employability of MBA graduates is exceptionally low (2.52%) in Business consulting whereas it is just 7.98% for the Analyst function. This is because the consulting role involves analyzing business and other data from quantitative and analytical standpoint and providing recommendations to the clients on a day-to-day basis. This, in turn, requires good command over spoken and written English, analytical ability and the ability to think on their feet. On the other hand, analysts are generally back-end personnel. They do not have to meet clients on a regular basis. So, they may not be very strong in spoken English, although they require strong written English and analytical skills. The study found that the candidates strongly lacked the skills required for these roles. Around 90% of MBA graduates do not have the required written English skills for business consulting, whereas 78% lack analytical skills required for consulting.

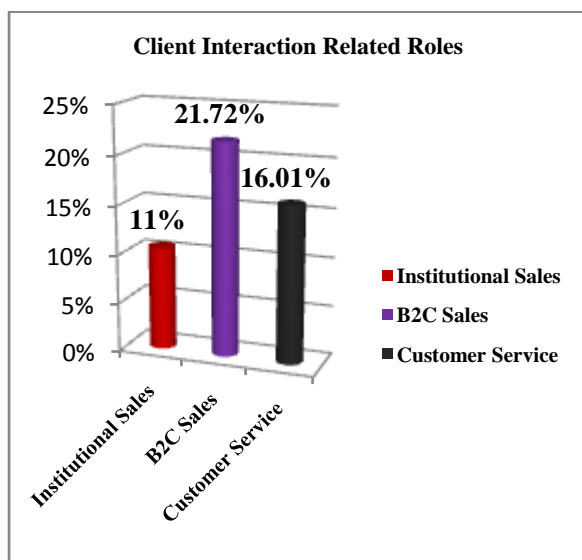


Figure 4 MBA Employability in India during 2012

2) Client Interaction Related Roles

(Figure 4): A corporate sale is selling to a customer who is either a business entity or an institution. Jobs in corporate sales involve selling products, services or solutions. Consumer and channel sales, on the other hand, comprise selling of a product directly to a customer or through a channel of distributors/retailers. The employability in corporate (B2B) sales (10.56%) is almost half of that in Consumer (B2C) sales (21.72%). This is because a corporate sales role requires better command over English, both written and spoken. Not only does it require very clear spoken English, but also involves considerable written communication through emails, where the correctness of the email builds credibility of the product/service sold. In contrast, a B2C sale hardly involves any written communication. Also, a role in corporate sales, generally, entails more hard-selling comprising solution-selling, conscientious follow-up and handling multiple stake-holders. This not only necessitates higher order analytical skills to do precise requirement analysis, and suggesting solutions, but also being more socially confident and extraverted.

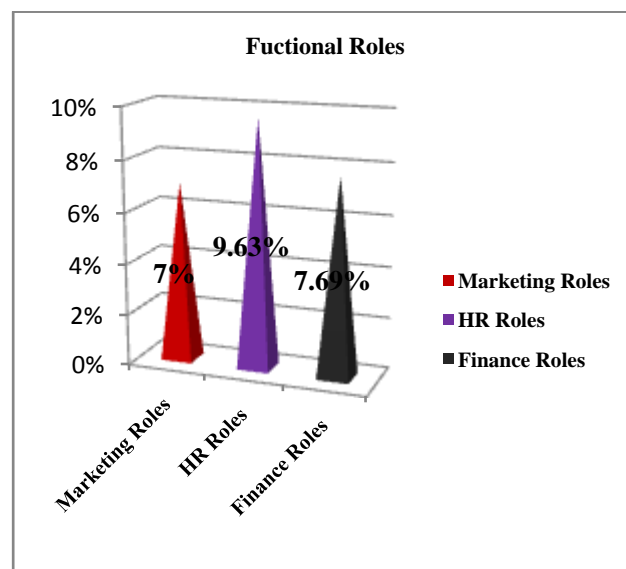


Figure 5 MBA Employability in India during 2012

Functional Roles

The employability for customer service is 16.01%. The role requires a pleasing personality, an ability to build trust with the client and being dependable at work. Apart from the right personality orientation, our analysis revealed that 52% MBA graduates lack basic logical decision-making ability required for this role. This percentage shoots up to 84% when communication skills and desired personality traits are also factored in.

3) Functional Roles (Figure 5): Employability across these functions lies below 10%. While marketing records the lowest employability at around 7%, BFSI (7.69%) and HR jobs (9.63%) follow closely. The analysis showed that approximately 47–50% candidates lose out on jobs in these domains due to lack of domain knowledge, whereas 59% lose out due to lack of language and cognitive skills.

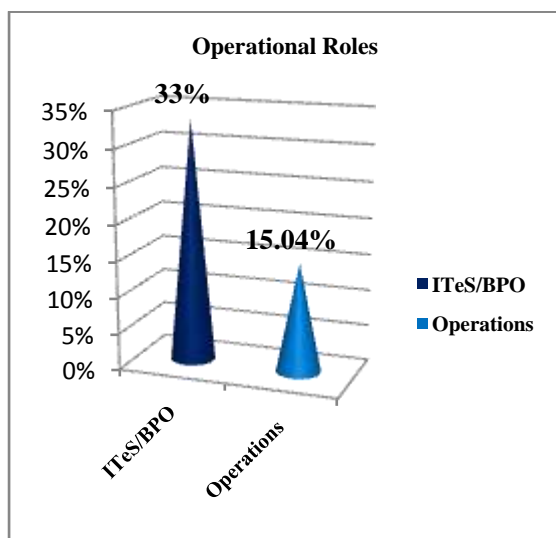


Figure 6 :MBA Employability in India during 2012 Operational Roles

4) *Operations and ITeS/BPO (Figure 6):* The employability in the area of Operations is 15.04%, which is nearly half of that in the ITeS/BPO sector. The prime reason behind this is that, though the jobs in BPO sector require a good command over spoken English, they do not require much skill in written English. Their work involves minimal written communication.

VI. Findings

[1] Entrepreneurship, business education and employability are complement and interdependent.

[2] Study shows that it is not necessary always to get business education before starting a new business, but having management/business knowledge helps in improving the skills required for the same.

[3] MBA students are getting jobs in different sectors.

[4] Most of the MBA Students are not having a high standard of English, decision making and analytical ability.

VI. Conclusion

There is a complementary relationship between entrepreneurship, business education and employability. Students completing the management and entrepreneurship area of emphasis are viewed by potential employers as having the education required to successfully compete in the team-oriented, horizontally organized and globally competitive environments of the 21st century. The

Management and Entrepreneurship area of emphasis prepares students for careers managing people, operations and information.

There is an immediate and pressing need for institutions to impart better training in domain skills. There is an improvement required in the business education methodology, to train students according to industries demand.

In a nutshell, MBA education in India has a long way to go before they train a decent percentage of employable candidates according to industry requirements. One may consider that the employability figures for MBA are low despite it being a post-graduate degree. Not only does one expect better education quality in a post-graduate degree, but a higher self-selection. An economy, which is replete with candidates possessing appropriate qualification but unable to exhibit the right competence, is not only inefficient but socially dangerous. More focused trainings and feedback through employability assessments at different times will certainly help improve the scenario.

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