

# HIGHER EDUCATION AND ITS CRITICAL ROLE IN ENTREPRENEURIAL DEVELOPMENT

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## ABSTRACT

Higher Education is considered as the last walk of an individual towards formal education. It is seen as a central point of knowledge and application, which contributes immensely to the economic growth and development of a Nation through fostering innovation and increasing higher skills to its learners. It is perceived as a way to enhance the quality of life and address major social and global challenges. It is one of the key drivers of development, performance, affluence, and competitiveness. The role of Higher Education Institutions is undergoing a fundamental change to better encourage and support young entrepreneurs. Entrepreneurs are the most valuable asset of any country and must be nurtured and cultivated in the right way. The study is descriptive in nature and aims to explore the concept of Higher Education and Entrepreneurship and further discusses and confirms the critical role that Higher Education Institutions play in fostering development of Entrepreneurship.

**Key Words:** Development, Entrepreneur, Entrepreneurship, Higher Education, Higher Education Institutions

## INTRODUCTION

### 1. HIGHER EDUCATION

According to the World Declaration on Higher Education (1998), Higher Education is defined as all types of studies at the post-secondary level,

offered by educational establishments' that are accepted and approved as institutions of higher learning by the state authorities. A report by UNESCO in the 21<sup>st</sup> century further defined higher education as a mandate to bridge the knowledge gap between countries and communities by enriching dialogues and networking of innovation, research, and technologies. Higher Education is considered as the highest level of education providing three functions namely imparting education, undertaking research, and contributing to society. Education aims to motivate and facilitate individuals to develop their capabilities to their highest potential level throughout life, with focus on intellectual growth, and effective applications of the learning. Research in turn makes the progress of higher level of education achievable. Further with the accumulation of knowledge resources through education and research, higher education' third function of contribution for an adaptable, sustainable knowledge-based economy, and an inclusive society is fulfilled. Thus, Higher Education creates a knowledge society. In knowledge-based economies, the Government views Institutions of Higher learning's as engines for social transformation and development and expansion of prosperity (Ramsden 2003). According to the National Education Policy (2020) Higher education plays an extremely significant and imperative role in promoting and ensuring society's welfare at large and in developing India as envisaged in its Constitution.

## **2. ENTREPRENEURSHIP**

The word "Entrepreneurship" is originally derived from French word "Entrenprendre" and the German word "Unternehmen", which both means 'to undertake'. In the year 1730, Richard Cantillo first coined the phrase in his manuscript and he defined entrepreneurship as being self-employed and entrepreneurs as wage earners who had no fixed income and were risk takers who invested without being certain of how much it would generate (P.J. Peverelli and J. Song 2012: 3; Rothbard 1995: 351). According to Druker (1985) entrepreneurship means establishment of new business and a person who manages to establish a new business is an entrepreneur in nature. Entrepreneurship is defined as an activity that involves the finding, valuation and utilization of opportunity to introduce new products which is new to the world (Venkataraman, 1997; Shane & Venkataraman, 2000). The notion of entrepreneurship has a broad array of meanings. In the context of business

entrepreneurship means to venture into new business and entrepreneur is an individual who exploit market opportunities through innovation (Schumpeter, 1965). Hisrich (1990) defined that an entrepreneur is characterized as “someone who demonstrates initiative and creative thinking, is able to organize social and economic mechanisms to turn resources and situations to practical account, and accepts risk and failure”. Identification of opportunities and innovation are important factors that distinguish entrepreneurs (Carland, Boulton & Carland, 1984; Watson, 2001); Initiation, Organization of resources, Opportunity Identification, Risk Taking, Decision-making, and Adaptations are the functional roles of entrepreneurs (Friijsetal, 2002; Jääskeläinen, 2000). Entrepreneurship, thus, is a process of movement from an idea to a profitable outcome and is closely linked to prospect identification and lay emphasis on the significance of skills and knowledge as the basic entrepreneurial capability (Hessels, 2019).

### **3. HIGHER EDUCATION AND ENTREPRENEURSHIP**

Higher Education is considered as the last walk of an individual towards formal education. It is observed as a fundamental point of knowledge and application that contributes immensely to the economic growth and development of a Nation through encouragement of innovation and increasing higher skills to its learners. It is one of the key drivers of development, performance, affluence, and competitiveness. Higher Education Institutions play a vital and significant role in the functioning of society's by nurturing the youth who are the future of a Nation (Brennan et al., 2004) and is perceived as a way to enhance the quality of life and address key societal and global challenges. Entrepreneurial education is viewed as one of the main factor that creates essential distinction amid Nations. It is observed that economically developed Nations are those that pay particular consideration and attention to development of entrepreneurial education through efficient promotion and facilitation of entrepreneurial education to instill and enhance entrepreneurial skills essential by a constantly shifting society. Entrepreneurship can be productively developed and increased by the association and contribution of the education system. Entrepreneurship education represents a significant stride for economic development and competitiveness as it focus on equipping the requisite entrepreneurial skills, innovation, and in developing creative potential for

the effective execution of task undertaken. The importance of entrepreneurial education holds immense importance for economic progression of a Nation. A considerable increase in publications on entrepreneurial education over the past few years confirm its recognition in the literature (Audretsch, 2014; Hayter, 2016; Hayter et al., 2018; Maroufkhani et al., 2018; Pugh et al., 2018; Wright et al., 2017). The concept of Entrepreneurship Development in Higher Education Institutions started to increase momentum, both in theory and practice during late 1990s and early 2000s (Audretsch & Keilbach, 2008). When Higher Education Institutions impart entrepreneurial education, it greatly influences entrepreneurship by making the learner more innovative and creative (Plaschka & Welsch, 1990). Thus, Higher Education Institutions need to focus on contributing immensely in encouraging entrepreneurial initiative, developing entrepreneurial skills, and the development of entrepreneurial attitude.

### **CRITICAL ROLE OF HIGHER EDUCATION IN ENTREPRENEURIAL DEVELOPEMNT**

Entrepreneurship Development is an essential aspect of economic development. The necessity for entrepreneurial behavior development was first undertaken in the 1950's and since then significant amount of investigation has been made in this area. Entrepreneurial education entails strong motivation and initiative to combat the real issues of society. The importance and role of entrepreneurship and entrepreneurs in contributing to the growth of a Nation development process, is enhanced by Higher Education Institutions through the various implementation of entrepreneurial education and training for meeting the requisite skills (Pihie, 2009). Higher Education Institutions are regarded and recognized as incubators of knowledge and play significant role in the advancement of a Nation, and therefore the dire need to adopt the concept of entrepreneurship development in order to meet the challenges of global marketplace. Higher Education Institutions that is entrepreneurial in nature is recognized as an institution that contribute to the development of leadership skills and knowledge to its learners to generate critical entrepreneurial thinking and develops entrepreneurial capital (Lazzeroni & Piccaluga, 2003; Guerrero, Urbano and Fayolle, 2016). The purpose of entrepreneurship education by

Higher Education Institutions is to shape the competencies necessary for developing the entrepreneurial spirit in its learners. More recently, Higher Education Institutions as knowledge generator and producer of human capital has moved forward as policy makers towards promotion of innovation and growth (Audretsch & Lehmann 2005; Sandstrom et al. 2018). As a result, Higher Education Institutions are observed as key factor in contributing to economic growth of a Nation and nurturing entrepreneurial behaviors and innovative activities (Cunningham et al. 2019; Guerrero, Cunningham & Urbano 2015). The essential and imperative role of Higher Education Institution in fostering entrepreneurial attitudes and behaviors in its learners has been extensively recognized and acknowledged. However, the advantage of entrepreneurship education through Higher Education Institutions is not just limited to start-ups, innovative ventures, or new employment, but to enhance the key competence of an individual to be able to convert ideas into action and assist young learners to be further inspired, creative, inventive, resourceful, and self-confident in whatever they undertake. Hence, Higher Education Institutions primary purpose of entrepreneurial education is to develop entrepreneurial competence and mindsets. Entrepreneurial mindset is understood as an explicit state of mind that positions an individual behavior towards entrepreneurial activities and outcomes with the ability to take calculated risk and accept the realities of uncertainly and changes. An individual with an entrepreneurial mindset is often drawn to opportunities, prospects, innovation, advancement and new value creation. In this context, Higher Education Institutions need to focus on various entrepreneurial objectives, such as developing entrepreneurial spirit and drive that focus on raising awareness and motivation, focus on providing necessary business skills training to develop skills of setting up and management of an enterprise, and developing and enhancing the entrepreneurial ability to identify and make use of opportunities. When Higher Education Institutions impart entrepreneurial education, the emphasis is on developing skills of its learners, and not of starting businesses. The purpose and objective is about developing the inter-disciplinary skills leading to development of an entrepreneurial mindset that embodies a set of cross-functional life and professional skills that describe someone who is innovative, resourceful, creative, and creates value. Thus, an entrepreneurial mindset can be applied

in many contexts and is in no way is it unique to startup's or new business ventures, but the skills that are developed are relevant to everyone as the individual become resourceful and adaptable. Indeed, Higher Education Institutions are the right platforms to prepare the students for the world of the 21st century, in whichever area they aspire to work. Further, Higher Education Institutions need to ensure that entrepreneurship is experiential and must be practiced to be learned. The entrepreneurial knowledge acquired by students at higher education institutions need not be limited or confined to theory alone; rather, it should be practice-oriented and applicable for innovation and devising new business processes.

The significant role of Higher Education Institutions evolved over the years due to National and Global issues, as a result of which a greater emphasis is on developing entrepreneurial Higher Education Institutions (Pugh et al., 2018). Practitioners, researchers, and academia globally comprehend that Higher Education Institutions need to be more effective in dealing with external and internal changes (Guerrero & Urbano, 2012) as “the key focus of entrepreneurial education is to produce, not only qualified job seekers, but also to develop competent job creators” (Audretsch, 2014; Clarysse et al., 2014). Higher education institutions play an important role in meeting the constant changes in the labor market as experienced by any organizations, by designing and implementation of new advanced curricula that would equip its learners with the requisite skills and knowledge for developing competencies that would withstand the intense completion of labor market. It is understood that the competitive advantage of an economy of a Nation is established on the development of entrepreneurship. Accordingly, entrepreneurship education is based on the required entrepreneurial competences on all levels of education. An educational system that reflects individual skills, capabilities, and creativity will have a positive and affirmative impact on entrepreneurship which, as a discipline itself, will be a viable investment that will lead to improvement and progression (Kirby, 2006). Literature also advocates that entrepreneurship educational programs have a positive and significant impact on entrepreneurial goals and related competition (Pihie, 2009).

Higher Education Institutions in the present context have witnessed a paradigm shift from teaching to a pre-focused approach on economic growth

in terms of research, innovation, and entrepreneurship. Higher Education Institutions can create new or additional roles for themselves by developing entrepreneurial competences in their students and by assuming more responsibility for the technological, economic and social growth and development. The future success of Higher Education Institutions depends on its ability to respond and adapt well to the external as well internal changes. Furthermore, there is a need for Higher Education Institutions to engage itself as incubators, as technology transfer offices, create opportunity for spin-offs or new venture creation that have been highlighted as an essential medium to incite innovations and thus contribute to economic growth (Sandström et al., 2018). Also organizing events such as seminars, conferences, competitions, and bringing in entrepreneurs as speakers to share their experiences and making recommendations would inspire and motivate the students towards developing positive entrepreneurial behavior and attitude and further enable the students to continue learning and to build upon entrepreneurial skills. Higher Education Institutions need not only focus on entrepreneurship for its learners as starting a business but should look into the broad sense of entrepreneurship as recognizing and solving problem, identifying opportunities and creating value for the society, hence entrepreneurial competence is an essential role to be played by Higher Education Institutions in developing entrepreneurial ecosystem.

## **CONCLUSION**

Entrepreneurship development is increasingly recognized as an integral part of Higher Education Institutions role. Entrepreneurship education has a major impact on entrepreneurial objective, purpose, and intent and it is exceptionally essential as society is enhanced and advanced by both entrepreneurship and individuals with entrepreneurial abilities. Therefore, the role of Higher Education Institutions is increasingly been observed as an imperative to combat societal uncertainties and challenges. Higher Education Institutions play a prime important role of “imparting entrepreneurial education, the development of entrepreneurial thinking and action, supporting entrepreneurship activity and entrepreneurial leadership” (David et al., 2016).

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