

# [Culture of entrepreneurship vs. employment](https://assignbuster.com/culture-of-entrepreneurship-vs-employment/)

Culture of Entrepreneurship versus Employment Melanie Venezuela-De Camp, PhD April Joan S. Bagman, MBA Ana Liz R. -ran, MBA Abstract This paper is part of the results of a larger graduate tracer study done for a large university. It looks into the culture of entrepreneurship versus employment among recent graduates of the business school of a large university based in the Philippines. Students who chose to take an entrepreneurial education undergo a two- semester business practicum program entailing preparation of a business plan and actual implementation of a start-up enterprise.

Students who go through this acculturate degree are envisioned to become entrepreneurs when they graduate. The study reveals that one out of four of the graduates who took up entrepreneurial education became entrepreneurs after graduation. Many still opted for employment. It appears from this initial study that the culture of entrepreneurship particularly youth entrepreneurship still needs to take root in the young people’s mindset. Filipino youth continue to have a strong cultural preference for secure Jobs and the employment route.

Keywords: Culture of Entrepreneurship, Entrepreneurial Education, Graduate Tracer Study, Employment Introduction In an increasingly globalizes world, there is a growing pressure for fresh graduates to compete for Jobs which are not growing at the same pace with the grown In population AT young people seeking gallant employment. According to ten International Labor Organization Youth Employment Networks (YEN), young people are actively seeking to participate in the world of work and are two to three times more likely than the older generations to find themselves unemployed (ILL, 2006).

Young people are defined by the UN as individuals between the age of 15 to 24 years, and adults as individuals of age 25 and over. According to UN statistics, there are over 1 billion young people in 2000, which translates to one in every five who could be classified in this category. Thus, young people accounts for 20% of the total world population, 85 per cent are living in developing countries, of which 60 percent are located in Asia. In the UN Report of 2005, it was estimated that about 100 million of these youths are enrolled in university-level education.

However and despite the fact that young people appear to be receiving more and better education, youth unemployment has increased steadily since 1993. This situation is worsening with YEN projecting about 1 billion people entering or becoming of working age within the next decade (ILL, 2006). The Philippines as a developing country faces this same challenges having been beset for decades with structurally high unemployment and underemployment rates. High population and labor force growth continues to outpace formal Job creation.

The Philippine education system churns out more and more college graduates with various professional disciplines such as commerce, engineering, health, sciences and law to name a few. But the Jobs are not really created as fast as the universities Indian out of the college diploma. The unemployment rate in Philippines was last reported at 7. 00 percent in July of 2012, 21% of which are college graduates. Historically, from 1995 until 2012, Philippines unemployment rate averaged 9. 0 percent reaching an all time high of 13. 9 percent in April of 2002 and a record low of 6. percent in October of 2007. The unemployment rate can be defined as the number of people actively looking for a Job as a percentage of the labor force (BLESS, September 2012). Education has long been regarded as one of the primary components for poverty reduction and socio-economic fulfillment. Tertiary education particularly is tasked to train the nation’s manpower in the skills required for national development, and to instill and foster the appropriate and relevant, knowledge, skills, and attitudes to enable each individual to become a useful, productive and gainfully employed member of society.

Investments in education would be considered “ wasted” if people do not move into productive Jobs that enable them to pay taxes and support public services. Higher educational institutions (HE’s) in the Philippines particularly the private education sector has historically provided a dominant role in the delivery of educational services to the country’s citizenry. The private education sector has contributed immensely in producing the country’s highly qualified manpower, estimated to be more than 80 percent of all those who have Joined the work force.

I nee Image AT a tertiary coeducation Institution In ten pineapples Is most Kelly tale to Its reputation of producing excellent graduates who easily land a Job after graduation. Graduate Tracer Studies are common research methods for these educational institutions to check on the employability of their recent graduates. Of late, the Commission of the Higher Education (SHED), the policy making body of Philippine higher education which reports directly to the Office of the President has supported and pushed for the offering of entrepreneurship education as an alternative to a college degree leading to employment.

Entrepreneurship education is seen as a way for graduates to become “ employers” themselves instead of mere employees. Entrepreneurship education was envisioned to equip the graduates with the requisite personal entrepreneurial competencies in the hope that upon graduation the graduates will open up their own businesses and be self-employed. But the road to the delivery of entrepreneurship education by HESS has been fraught tit many challenges and even competing ideologies and pedagogies.

Its effectiveness in producing “ entrepreneurs” remains to be empirically proven and felt in the coming years. This paper presents the relevant results of the a larger study that traced the graduates who took up an entrepreneurial education and those who took other business related courses to check if entrepreneurial education mattered in the actual careers that they pursued. It attempts to discover if the preferred route and hence embedded culture of employment among Filipino fresh graduates still prevails despite taking entrepreneurial education.

Literature Review The researcher undertook the literature review along two body of knowledge, one on entrepreneurship and culture and the other on entrepreneurial education Entrepreneurship and Culture The relationship of culture and entrepreneurship generally began with the work of Max Weber and his writings on religion and its impact on business association and entrepreneurship (Endurance, Berth’s and Eased, 2011). Weber observed that trust between businessmen was enhanced once the parties learned of each other’s particular religion.

Weber theorized that capitalism and its agent, the entrepreneur, as the result of the Protestant Reformation and the belief system of particular Protestant sects, especially the Calvinist. Casually ascertaining a businessman’s religious affiliation was to done more to determine if the person was trustworthy and therefore could be said to share similar values. The theoretical work of Joseph Schumacher in 1961 , on the other hand, sets culture as a determinant of entrepreneurship.

He posits that “ the supply of entrepreneurs depends on the rate of profits and the social climate”, “ a complex phenomenon reflecting the whole social, political, socio-psychological atmosphere within which entrepreneurs operate”. According to Schumacher, the entrepreneur among other things is a “ social deviant”. This can best be seen in the relatively small out mainly stressful entrepreneurial group AT “ Violent class” sun as ten essence In Southeast Asia, Hindus in East Bengal and the Jews in Libya and most parts of Europe.

Although culture has not received adequate attention in the discipline of entrepreneurship education, two basic positions developed. One posed that culture is a precursor to entrepreneurship, the other discounted the effect of culture altogether. Culture as a determinant of entrepreneurship underwent a long sleep to until the phenomenal work of Hefted on international differences in work- related values came out in 1980. Hefted named four cultural dimensions; individualism/collectivism, masculinity/femininity, uncertainty avoidance and power distance.

Later work by Hefted and Bond in 1988 added a fifth dimension, Confucian orientation (linked with hard work, perseverance and learning new skills) which was later renamed long-term orientation. Hefted and Bond (1988) posited that cultural values promoting success exist in regions without Protestant beliefs and that such beliefs are held more strongly by some groups rather than others. One psychologist by the name of David McClellan built more into the link between economic development and entrepreneurship which grew from his work on motivation.

McClellan theorized that humans are motivated by the Need for Achievement, the Need for Power, and the Need for Affiliation. It is the Need for Achievement though which is most critical for entrepreneurship and economic development. He understood that “ capital accumulation, population changes, division of labor and entrepreneurship were the drivers of economic growth”. Could it therefore be posed somehow that particular values and therefore ultras promote better rates of entrepreneurship?

Changer (2007) in her business biography on the entrepreneurial story life of famous Philippine business tycoon John L. Koenig, Jar. Believes that one way to grow the entrepreneurial culture in the Philippines is to provide role models of successful entrepreneurs. She believes that an entrepreneurial mindset and an entrepreneurial culture can be developed and nurtured in the Philippines. George and Sahara (2000) undertook a review of this inquiry particularly asking the question “ how does national culture relate to levels of entrepreneurial activity? Three streams of research were identified.

These are 1) the impact of national culture on the aggregate measures of entrepreneurship such as national innovative output or new business created; 2) the association between national culture and the characteristics of individual entrepreneurs including the values, beliefs, motivations, and cognitions of entrepreneurs across cultures; 3) the impact of national culture on corporate entrepreneurship. The findings suggest that national culture is captured in different forms in behavioral research and culture in various forms is depicted as a moderator of the relationship teens contextual factors and entrepreneurial outcomes.

The moderating role of culture highlights that national cultures act as a catalyst rather than a causative agent of entrepreneurial outcomes. Although some studies find significant relationships between national culture and entrepreneurial outcomes, Hayden, George Ana Lanai’s 2 ) model gauges TTS Tanat cultural counterblasts transport and complement the institutional and economic contexts to influence entrepreneurship.

Entrepreneurial Education Even though there is still an ongoing argument on whether entrepreneurs are Ron or bred (Dana, 2001), there are some researchers who agree on the important contribution of entrepreneurial education to young people. A study by Baroque (2011) attempted to integrate entrepreneurial competencies in basic education in the Philippines with the goal of promoting entrepreneurial culture among young people. Entrepreneurial attributes can be positively influenced by educational programmer (German and Hanson, 1997).

In fact in Malaysia, the government in 2006 announced plans to make entrepreneurship courses compulsory for all public university students in the hope of fostering 5 percent entrepreneurs from among the graduates Hanna, 2006). Entrepreneurship education can be significant in many ways. It can for one provide students an understanding of business. Many studies have noted that an entrepreneurship course has a positive impact on the students’ views of entrepreneurship. It was argued that entrepreneurship graduates have stronger entrepreneurial intentions than other business graduates (Silvered and Omen, 1997).

In addition, student exposed to entrepreneurship education have more favorable views of small businesses (Moan-Neil, 2001). Research seems to suggest that individuals attending entrepreneurship courses have a higher tendency o start their own businesses at some point in their career than those attending other courses (Carter and Collision, 1999; Galloway and Brown, 2002). A group of researchers in the USA, on the other hand, believed that even if one cannot teach someone to be an entrepreneur, we can still teach entrepreneurial skills needed to be successful (Henderson and Robertson, 2000).

Traditionally, it has been thought that entrepreneurship education is about teaching students how to start a business, create a business plan, and bring their goods and services successfully to market. More recently, however, it has been recognized that such kills are essential but not sufficient to make a successful entrepreneur (Rae, 1997). A successful entrepreneur must possess a set of generic attributes, skills and behaviors like creativity, problem solving skills, and communication that are equally important in life as well as in business.

Despite the seemingly encouraging views on the contribution of an entrepreneurial education to actual business start-ups, different researches, however, emphasize the difficulties of evaluating the benefit or the importance of teaching entrepreneurship. Cox, et. Al (2002) even writes that much of the entrepreneurship research to date has not provided substantial empirical support for the claim that completion of formal courses in entrepreneurship and small Dustless management Increases ten Kelvin Tanat an Uninominal will start business.

On the same thought, Mayday (2005) also adds that the actual contribution that such courses have on entrepreneurial activity remains unclear. The problems associated with evaluating the effectiveness of entrepreneurship education are in some way connected with time, more specifically, the time delay from the end of an entrepreneurship education until a possible start of a business Cox, et. Al 2002). The time delay can be long, and in such cases, it becomes difficult to determine exactly why an individual has established a new firm.

A longitudinal research conducted by Mayday (2008) investigated the perceived influence that various entrepreneurial courses have on a cohort of 64 graduate entrepreneurs from eight HESS in the ELK. Data gathering were conducted annually over a ten year period (1997 to 2006) to document, measure and analyses respondent progression from graduation and into entrepreneurship. Results indicate that entrepreneurship education had a positive impact upon entrepreneurial outcomes elated to the career aspirations of the 64 graduates in the research sample.

For a large proportion of the sample, there was a relatively speedy progression from self- employed status to micro and small business ownership. Apart from the progression through entrepreneurial stages, these graduate entrepreneurs showed a remarkably low rate of turbulence and no failures. Another study by Mayday, Cindy Mailman and Fan Lie (2008) used case study approach to provide an in-depth analysis of the challenges and outcomes of the “ Know About Your Business” (KABOB) Programmer initiated by the International Labor

Organization and piloted at the China Youth University for Political Science in Beijing. The results of the study showed that the programmer proved largely successful with students providing feedback which could be used to further improve and develop entrepreneurship education with a view to implement it more widely in selective business schools across China. In Malaysia, a study was conducted to evaluate an optional entrepreneurship module offered during the last semester of a Master’s Degree in Project Management by the School of Housing Building and Planning Universities Gains Malaysia.

The importance of entrepreneurship education in Malaysia particularly in the construction industry was felt as a high number of small and medium scale firms were being started by new entrepreneurs. At the end of the course, majority of them showed interest in becoming entrepreneurs Afar and Aziza, 2008). Another study was conducted in which a complete survey of enterprise education in all higher educational institutions in England, undertaken in 2010 by the Institute for Small Business And Entrepreneurship (SIBS) on behalf of the National Council for Graduate Entrepreneurship (ONCE).

The results highlighted the connections in institutional strategies between enterprise education, incubation/new venture support, graduate employability, innovation and academic enterprise (Rae, Martin, Antenatal, Ana Hanson, 2 Lastly, a study was conducted in Sweden to answer the research question: Does entrepreneurship education lead to establishment of new firms. The study showed that individuals who have attended an entrepreneurship education were more prone to establish firms, to establish several firms, and to create larger firms, as compared to those who have not attended the entrepreneurship course (Control Group).

From hat point of view, it appears that entrepreneurship education matters (Nilsson, 2012). Methodology The research upon which this paper is based forms part of a larger Graduate Tracer Study (GETS) of the business school of a large university based in the Philippines. An official list of graduates of the department was secured consisting of recent graduates from October 2009, March 2010, October 2010 and March 2011. Tracing of the graduates was conducted in the summer of 2012 (April-May 2012).

A previous GETS questionnaire provided by the SHED was revised to incorporate questions to trace graduates who have actually opened up new businesses. The questionnaire consisted of questions for the employed, not employed and never employed and those who opted for self-employment. The questionnaire consisted of 47 mostly close-ended questions covering seven pages. Of the 342 list of graduates, a total of 272 graduates were successful traced as follows: October 2009 (55), March 2010 (82), October 2010 (50), March 2011 (85).

This represents an 80% retrieval rate. Results and Discussions Of the 272 graduates that have been traced, 80 percent (219) were employed at the time of the survey, 41 percent (1 1 1) of them finished an entrepreneurship education. The rest (59%) finished a business but non-entrepreneurial course. Strangely, most of the 20% (43) of respondents who were either unemployed at the time of the survey or were never employed yet indicated that they did not yet look for a Job either as a personal choice or due to family concerns.

Only six (6) out of the 53 graduates indicated no Job opportunity as reason for their unemployment while 13 of them are pursuing further study. It appears that graduates of this university had the economic nears or still had the financial support of their parent’s even beyond graduation. Of the March 2011 not employed and never employed graduates, a significant number came from graduates finishing a non-entrepreneurial education, particularly the course specializing in human resource development management. There are slightly more female graduates (33) who were either not employed or never employed compared to male graduates (20).

A few of the not employed and never employed even graduated with academic awards. When sakes Tort reasons winy teeny nave stayed on tenet Joss, most employed graduates indicated salaries and benefits, career challenge and related to course. Similar reasons were provided when employed graduates were asked for reasons for accepting their Jobs and changing Jobs with salaries and benefits becoming a more prominent reason (43%). Some of the employed graduates (32%) stayed on their first Job for 1-6 months only, 25% stayed 1 year to less than 2 years, 18% stayed 7 to 11 months.

The results indicate that graduates tend to stay for a relatively short span of time on their first jobs. The most popular method of searching for their first Job were recommendation by someone (29%), followed by information from friends and as walk-in applicant, both at 18% respectively. Job fairs and the school Job placement office were deemed not effective with only 8% and 3% using these methods respectively. Employed graduates were likewise asked what their Job level position was on their first Job.

More than half (56%) occupied clerical or rank and file position, 36% supervisory or technical level and only 10% held managerial position. For graduates who have changed Jobs, 46% still occupied clerical positions, a slightly higher percentage of 41% now hold supervisory positions and 14% gained managerial responsibilities. Employed graduates were next asked what their initial gross monthly earning was n their first Job. Of the male graduates, some of them (39%) earned Phi, OHO to less PH, oho, 33% earned PH, oho to less than PH, oho, earned PH, oho to less than PH, OHO.

Only a few (5%) earned less than PH, OHO, while only 3% and 7% earned PH, OHO to less than 25, 000 and PH, OHO and above, respectively. Of the female graduates, close to half (41%) earned PH, OHO to less than Phi, OHO, 39% earned PH, oho to PH 5, 000, 7. 5% earned PH 5, 000 to PH, oho, 6% earned PH, OHO to less than PH, OHO, 5% earned less than PH, OHO, and only 2% earned above PH, OHO. The results indicate that male graduates have greater chances of earning higher initial salary than female graduates. The tracer study also delved into graduates waiting time before landing their first Job.

Close to half (44%) waited only for less than one month, and the other half (41%) waited for 1 month to 6 months, very few had to wait for 7-11 months (7%), 1 to less than 2 years (6%) and 2 years to less than 3 years (1%). These numbers indicate that the business school of this university as with previous GETS results conducted in 2007 and 2008 (De Camp, 2009) continue to enjoy high employability of recent graduates. Almost all who were employed (total 44% + 41% = 85%) waited no more than 6 months before landing their first Job.

The most useful competencies learned in the university were communication skills, human relations skills, critical thinking skills, entrepreneurial skills, and problem solving Skills. As previously mentioned of the 272 graduates traced, 1 11 (41%) finished an entrepreneurial education. Of the 11 1, only 26 (23%) became self-employed. Self employed meant either they started their own business and/or helping their existing family business. In this study we shall call them entrepreneurs. There were 4 (1 raced graduates, however, who did not finish an entrepreneurship education but still opted for self-employment.

Most (37%) of the entrepreneurs, started their business less than one year after graduation, 30% one year to less than two years, 10% two years to less than three years, and 23% three years and above (this probably refers to the entrepreneurs who are helping their existing family business). A little over half (53%) are not self-started business, while the remaining 46% are self-started ones. For majority of them (64%), the business is the first venture that they have started, 28% started one to two endures prior to the existing one, and two of them even started three to more than five ventures before making it work.

When asked for the reasons why they started their business, approximately 1 in every 4 (25%) said they saw a business opportunity, 23% were provided seed capital by their parent’s, 19% had to continue their family business, said that having a business has always been their passion, another 11% were encouraged by their entrepreneurial education, 6% continued the business that they started in college, and only 4% were approached by a business partner.

Gathering data with regards to the scale of their business proved to be more challenging as most did not want to reveal financial information. Majority (64%) are considered micro enterprises with asset size of up to Pompom, employing 1 to 9 workers (61 very few are considered small (4%), medium (1 %) and large enterprises (4%), employing 10-99 employees (25%), 100-199 employees (11%), and 200 and above employees (1%). Data gathered in terms of annual turn-over proved to be unreliable with most respondents refusing to disclose real amounts.

Graduates of the entrepreneurial education find the following personal entrepreneurial competencies to be the most useful in order of importance; opportunity seeking (82%), goal-setting (78%), systematic planning and monitoring (68%), risk taking (64%), and self-confidence (57%). With regards to generic competencies, they found the following most useful also in order of importance; communication skills (82%), entrepreneurial skills (75%), human relations skills (61 problem solving skills (43%), and critical thinking skills (43%).

It appears from the results that graduates of this Philippine-based business school who took up an entrepreneurial education were more likely to take up self- employment, therefore the entrepreneurial option as opposed to those who took non- entrepreneurial but still business courses. Conclusion On the basis of the findings emerging from this study it could be concluded that entrepreneurship education, although still minimal, contributes to the young graduates’ predisposition towards entrepreneurial careers.

Most young people still prefer the security of tenure in a Job through the employment route, at least shortly after graduation. Based on the findings, it appears that the culture of entrepreneurship still needs to take root in the mindset of the Filipino youth. Recommendations Given the limited timeshare for this tracer study, a more longitudinal scope could be undertaken to take into consideration the time delay from end of entrepreneurial education to possible business start up similar to the study done by Mayday (2008) covering a ten-year period.