

## Role of Tertiary Educational Institutions to address the challenges faced by Entrepreneurs.

### Authors

Dipan Pradhan and Namrata Pradhan, Senior Lecturers, Norbuling Rigter College.

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### Abstract

This paper explores the role of Higher Educational Institutions in building a successful entrepreneurial ecosystem by understanding the needs of the entrepreneurs and proposing assistance in the form of short courses, expert advice and by helping develop the knowledge of the entrepreneurs with the resources available in the institutions. This paper also proposes collaboration with business entities so that students receive enriching opportunities to work as interns and have industry experience.

### Background

Higher Educational Institutions (HEIs) are recognized as the apex body of knowledge where people come to learn and enhance their purview of understanding, and doing things more efficiently and effectively. Higher Educational Institutions open up opportunities to have access to tools, techniques, and relevant study materials and a huge treasure of resources including linkages with subject experts. The collaborations and linkages established by Higher Educational Institutions in turn helps students to equip themselves with relevant knowledge and opportunity to gain access to job market, or in case of a working professional, it helps them get to the next level and enjoy better benefits. Higher Educational Institutions can play significant role in addressing the challenges faced by entrepreneurs who open up opportunities for new employment and consequently contribute to the socio-economic development of the Country.

Thus, this paper explores the issues faced by Cottage and Small Industry (CSI) entrepreneurs. The basis for choosing CSI as subject of this study is influenced by the fact that CSIs account for about 95 percent of the total industries in Bhutan. According to the DCSI Annual Report (2020-2021, p.2) there are 20,582 active licensed CSIs in the country generating more than 90,000 plus employment as of June 2021.

This paper explores to understand the need of the practicing entrepreneurs and future entrepreneurs in the cottage and small industry and also recommends ways in which Higher Educational Institutions can collaborate and render support to address the challenges faced by entrepreneurs and bridge the gap experienced by the entrepreneurs.

This study adopted a qualitative approach, specifically, the need assessment of the entrepreneurs registered in BAEYUL (Bhutan Association of Entrepreneurs) that represents the entrepreneurs of Bhutan. A survey questionnaire was administered on

200 registered entrepreneurs. The questionnaire was shared through their Facebook page. Out of the 200 registered entrepreneurs, only 150 were active in their forum, and from those, only 52 entrepreneurs responded to the survey. The confidence level of this sample size is 95% at confidence interval of 11.19.

The qualitative research method is more suitable for exploratory research where it seeks to unearth the opinions, perception and feelings of the respondents.

### **Literature Review**

Higher Education Institutions and, in particular, universities play a well-established role as key agents in creating and promoting regional economic growth and competitiveness (Audretsch, Lehmann, and Hülsbeck 2012; Lehmann 2015; Bonaccorsi et al. 2013; Pinheiro, Langa, and Pausits 2015). Higher Education institutions are regarded as the custodians of knowledge in society and play a significant role in developing a nation by contributing to entrepreneurship development and by building the capacity of inspiring individuals to identify business opportunities, take calculated risks and finally launch a new venture.

Entrepreneurship is instrumental for economic progress of a nation. Therefore, it is recognised as the engine of an individual and society which positively influences the general growth of economies (Gorman et al., 1997; Navarro et al., 2009). A study conducted by Reynolds et al. (1999) indicates that countries with higher rates of entrepreneurial activities have higher levels of employment. This is largely because new products or services are more likely to be created when more entrepreneurs exist. When more products or services are offered, more work forces are certainly needed, and this directly generates more new jobs and reduces the problem of unemployment (Sergeant and Crawford, 2001). Although the idea of entrepreneurship in Bhutan might have come as early as the 1990s to advocate cottage industries and SMEs in the country, entrepreneurship as an independent program started only from 2009, with the Ministry of Labor and Human Resources introducing its first Basic Entrepreneurship Course (BEC) and Advanced Entrepreneurship Course (AEC). The former was meant for youth between the ages of 18 and 29 with a class XII qualification, whereas the latter was aimed at youths with a bachelor's degree. New trends of globalisation, global competition, social development, corporate downsizing, and the emergence of knowledge-based economy have forced attention towards entrepreneurship. Despite this, Bhutan as a young and growing economy, similar to many cultures in South and East Asia, has had a distinct preference for a service job that provides economic security and some societal privileges. From an early age, a child is exposed to this kind of pro-service culture. They grow up with a job-oriented mindset and seldom think of entrepreneurship as a career – in many cases entrepreneurship is considered a last resort for those unable to obtain a job. According to the *Unemployed Youth Perception Survey 2014 Report*, the education system rarely exposes students to entrepreneurship and instead prepares them for a job – imparting skills and knowledge for jobs matched against economic and labor forecast (MoLHR; 2014). Even if someone with a high entrepreneurial aptitude wants to set up a business, the potential entrepreneur is often discouraged by a host of adverse factors, some of which are:

- lack of access to information on setting up and operating a business;
- the sheer scale of administrative and procedural hurdles;
- limited access to capital and funds;
- inability to scale up enterprises (growth-oriented capital and resources);

- lack of adequate networks and supportive culture;
- lack of mentoring support and training;
- access to technology;
- social stigma of sin, fear, and consequences of failure.

(National Entrepreneurship Strategy (Bhutan) – Version March 2015)

With the changing global scenario, Bhutan must initiate startups to act as a catalyst for socio- economic development and transformation. The Higher Educational Institutions can play a vital role, by encouraging an immersive teaching-learning environment that challenges the young minds to be innovative and risk taking, creating a bright generation of youths who are innovators, entrepreneurs, and efficient global workforce. Higher Educational Institutions can offer Entrepreneurship Education (EE) to develop or strengthen the entrepreneurial traits, attitudes, and skills (Bae et al. 2014; Fayolle, Gailly, and Lassas-Clerc 2006) of students. Elsewhere, Entrepreneurship Education (EE) has emerged as a broad set adopted by educational institutions and is stimulated by policy makers in response to the widespread belief that entrepreneurship acts as an engine for economic prosperity (Laukkanen 2000; Shah and Pahnke 2014). Thus, universities, in particular, are challenged to prepare students for the labor market where the ability to behave and think in an entrepreneurial and proactive way is a key driver of success (Audretsch 2014; Urbano and Guerrero 2013). Building on the conceptual arguments of Politis (2005), entrepreneurial learning is regarded as the key process through which students develop the entrepreneurial knowledge that facilitates them to identify and act upon entrepreneurial opportunities.

Neck and Greene (2011) and Souitaris, Zerbini, and Al-Laham (2007) underscores that Entrepreneurial knowledge is a multidimensional concept which includes the *understanding* of actions to start a business, and of typical attitudes, values, and motivation of entrepreneurs, as well as the *development* of practical skills, abilities, and resources to identify an opportunity and act upon it. Similarly, entrepreneurship is not confined to economic activities and the creation of start-ups, it embraces other areas of life like stimulating students to think creatively and aspiringly. In Bhutan, as in many other parts of the world, startups are getting attention in recent years. Their numbers are on the rise and they are now being widely recognised as important engines for growth and job creation. The paper “Role of Universities and other institutions in successful entrepreneurship: some insights from a literature review” (Larios-Meono, 2015) provides strong evidence that Universities are instrumental in creation, design and implementation of entrepreneurial initiative by providing new and ongoing entrepreneurs with human capital training and fundamental, theoretical and empirical models to contribute to lasting businesses.

### **Findings and Analysis**

Out of the 52 respondents, around 45% were male and 55 % were female. Amongst them, the maximum number of entrepreneurs were graduates (46%), followed by class 10 and 12 dropouts (28%) and entrepreneurs with master degrees (22%). 4% of the entrepreneurs were primary school, lower secondary school dropouts and without education.

The study findings also show that only 55% of the respondents had attended some training before they became entrepreneurs. The study shows that 55% of the entrepreneurs started their business with the help of their parents and relatives while

25.5% started with a loan from the banks and 19.6% had availed government support and schemes. From the 52 entrepreneurs, 82% of the businesses were on sole proprietorship and 18% were on partnership. With regard to lifecycle of business entities, the study shows that 32% of the businesses were between 1-3 years old followed by 22% of the businesses which were just established, 16% of the businesses were between 3-5 years, 14% between 5-10 years and only 8% were more than 10 years old.

Interestingly, as the number of years in business increased, the number of entrepreneurs decreased. This was mainly caused by the need for capacity development support. In this regard, 56% of the entrepreneurs expressed their interest to receive capacity development on business operations. For 65% their capacity development needs were in marketing while it was Human Resource Management for 15%, finance management for 63%, digital marketing for 67%, branding for 62%, and product development for 56%.

Generally, 79% of the entrepreneurs were facing issues with regards to financial management, 41.2% were struggling to retain their customers, 49% were struggling with marketing, 29.4% were struggling with employee hiring and retention, and 37.3% were struggling to identify and learn the best business strategy for them.

Further, when asked if they are doing anything currently to address these issues, 67.3% were taking some courses and 12.2% were referring to YouTube to learn while 20.4% had not at all thought about upgrading themselves. Overall, 60% of the entrepreneurs were interested to relearn entrepreneurial knowledge and skills. Specifically, 67% of the entrepreneurs expressed readiness to attend talks by relevant experts, 62% reported willingness to attend workshops while 58% expressed interest to attend conferences. This is where the Higher Educational Institutions can play a detrimental role to support entrepreneurs.

### **Conclusion and Recommendation**

The study findings as well as literature point to the need of the Higher Educational Institutions to collaborate and contribute to capacity development of the entrepreneurs. The capacity development needs are mainly in the areas of:

1. financial management,
2. HR management,
3. business strategy,
4. product Development, and
5. business operations.

These topics can be delivered through training, workshop and conference modes. Further, the Higher Educational Institutions can also contribute to the business idea evaluation stage of the entrepreneurs by guiding them with relevant research data in the idea generation stage. This will empower the entrepreneurs to succeed in their entrepreneurship journey when the entrepreneur feels the need to build on more capacity for growth. The Higher Educational Institutions can also support the entrepreneurs at a later stage with capacity development on diversification of its company.

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Higher Educational Institutions can also explore opportunities to collaborate with

business entities to enable students to be engaged as an intern and gain practical industry knowledge. Forbes magazine reports that 37% of unpaid internships and 68% of paid interns got a job offer after graduation (Adams, 2012). Higher educational institutions should also facilitate their students to take up internships under the startups, as part of their class work as this initiative will create a professionally enriching relationship between the business world and academia. Such collaborations, if pursued seriously, will benefit both business entities and educational institutions. This collaboration will also help startups in the industry as it is labor cost efficient. Further, the startups will benefit from access to a reservoir of knowledge in the institutions. Thus, recognising this benefit, it is vital to advocate and encourage the Higher Educational Institutions to play a role in initiating programs that will address the challenges faced by the entrepreneurs.

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