Analysis of Role of Educational Institutions in Development of Entrepreneurs (A Case Study of Karachi)

Ammad Zafar, Khalid Iraqi, Sadaf Mustafa

To Link this Article: http://dx.doi.org/10.6007/IJARBSS/v7-i1/2573
DOI:10.6007/IJARBSS/v7-i1/2573

Received: 10 December 2016, Revised: 13 January 2017, Accepted: 30 January 2017

Published Online: 09 February 2017

In-Text Citation: (Zafar et al., 2017)

Copyright: © 2017 The Author(s)
Published by Human Resource Management Academic Research Society (www.hrmars.com)
This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: http://creativecommons.org/licences/by/4.0/legalcode
Analysis of Role of Educational Institutions in Development of Entrepreneurs (A Case Study of Karachi)

Ammad Zafar
MPhil Student, Department of Public Administration University of Karachi, Karachi, Pakistan

Professor Dr. Khalid Iraqi
Dean faculty of Management and Administrative Sciences University of Karachi, Karachi, Pakistan

Dr. Sadaf Mustafa
Assistant Professor, Department of Commerce University of Karachi, Karachi, Pakistan

Abstract
It is fact that education enables people to work in more efficient way. It increases knowledge skills and abilities of individual and qualifies them to reach desired destination. Among many disciplines of education, business education is more important for developing countries. It inculcates competencies and skills to individuals and make them able to run and setup new business venture. It is an important factor for increasing employment opportunities and hastening the pace of economic growth of the country. Educational institutions play important role in building capacity of young entrepreneur by providing quality entrepreneur education to them. Study reveals educated people are more interested in running their own business. It also finds only 9.3% young people are running their own business about 46.5% young people received entrepreneurship education from business schools are running their business in contrast to 30.9% young people who did not attend business education. Study examines the role of educational institutions in development of young entrepreneurs. This Study is based on data collected during megacity project survey 2015-16, conducted in Karachi. During survey 2,689 young people of ages between 15-29 were interviewed.

Keywords: Educational Institution, Young Entrepreneur, Entrepreneur Education, Economic Growth

Introduction
Education provide an insight to individuals for evolving new ideas to complete work. It edifies people about issues of society and instruct them in dealing and resolving problems of society. It helps to individuals in deciding future and transforming today in tomorrow accordingly their plans. It is common phenomena educated people take less time to understand complexities
of systems than less educated people. So, educated people are more likely to work efficiently. Level of expertise of education of a person depends on role and quality of institution providing education to them. Educational instructional open ways for young people by providing a platform to them for their professional growth. Educational institutes play an important role for the personality development and professional growth of newbies. It updates the mindset of newbies about new rules and regulation enforce by government and about policies of business associations. It works as gate keeper between newbies & existing corporate sector and strengthen relationship among professionals. In developing countries people, likely to more focus on those educations after that they can make more money and make their life comfortable. In that scenario business education provide more opportunities to people especially youth. Business education can make people able to start their own business. It can make a faster growth of professionals who can be a positive source for increasing pace of economic growth of country. Business education institutions have closer interaction with communities in the society that can be helpful days of recession in the country for full recovery from it. In today’s world, companies are more focusing on those newbies who are coming with the background of business education. Business education tells about how to perform organizational task in organized way. Organized task always save time and cost of company and consider as efficient working. It prepares people to deal complex situation in business and make them able to take right decision in critical situations. So, it is helpful to company for saving it from dangers (Kolachi, 2008).

Ex-president of Republic India A.P.J Abdual Kalam during his address to student at Mauritius University (2006) said, Universities should provide environment to student in their course of study for presenting and implementing their ideas. We should teach them about calculation of risks for gaining a huge success under the ethos of moral business. Student should be able to take decision and risks while they deal with challenging tasks in business environment. Business education teaches individuals about starting up a business and helps to make it innovative and leading activity (Wani, 2013). Studies of Hood and Young (1993) reveals content, skills, behaviour, mentality & personality are main & primary approaches that should be developed in person to be a successful entrepreneur. Entrepreneur must have sense of creativity and should possess adequate skill & mentality with appropriate behaviour according to situation so that compete other professionals in market. Sense of creativity makes entrepreneur different from others and make them a leading market share holder. Creativity and subsequent growth of business generate knowledge that is considered as creative knowledge (Hood & Young, 1993). Educational institutions work for nurseries to young entrepreneur. A quality educational institution pave way for decreasing gaps among entrepreneur and corporate sector. In Pakistan 117 business schools are offering courses about setting up new venture and running business (National Business Education Accreditation Council, 2016). Study finds business schools in Pakistan are not satisfying needs of students and corporate sector of the country. Current International education ranking provide substantial evidence about decline in education standard in Pakistan. Quality of education, lack of access to higher education for student and relevancy of course material accordingly international standard are main challenges for Higher Education Commission (Anonymous, 2007). Pakistan secured 129th Position in global competitive index ranking out of 144 (see Table 1and Figure 1). Pakistan is facing education crisis because of poor quality of education provided by educational institution (Anonymous, 2014). Young people received education from business school about setting up a business and feeling that they do not possess knowledge, Skills and Abilities to run business.
Comparison of Early stage entrepreneurial activity showed 9.08% people were engaged in self-business activity (see Figure 2). The attitude of people in Pakistan toward entrepreneurship is less favourable with compare to people of other country having same living condition (Alam, 2011). Megacity Project survey 2015-2016 explored 9.3% people are running their own business. The attitude of people toward entrepreneurship associated with various factors i.e. Knowledge, skills & abilities required to run business, quality of educational institution, Parenting styles. Studies explored entrepreneurship teaching methods in Pakistan are in phase of infancy. Institution are lagging aspects of promoting entrepreneurship by introducing short courses and using traditional way of teaching (Qureshi & Fawad, 2015). Studies reveals Pakistan much far behind with its neighbour countries in Global competitiveness. Yearly comparison of Global competitive score is not showing a positive significant increase since 2012-13 to 2016-17 (See Figure 3 & Figure 4). Irfan and Awan (2012) found positive correlation between teacher’s competencies and students’ performance. Teachers’ competencies are not matching with international standard which is responsible in decline in performance of students in their academics. Behaviour and attitude of students toward studies is also significant factor affecting their performance (Irfan & Awan, 2012).
Comparison of Total early stage Entrepreneurial Activity (TEA) and Young Entrepreneur in Karachi

Global Competitive Score (Pakistan)

Comparison of Global Competitive Score (1-7)
Research Question
What is role of educational institution in development of entrepreneurs?

Research Objective
The objective of study is to analyse role of educational Institution in development of entrepreneurs.

Global Perspective on Development of Entrepreneurs
Entrepreneur development is the process of enhancing business knowledge, skill & abilities of individuals through structured training and programs of capacity building. It increases the pace of incorporation of new business entities by making new cohort able to set up business. This process leads to generation of new employment opportunities and hasten the pace of economic growth of the country. Linkage of small businesses, set up by newbies can be helpful in incorporation of large business entities that can give a big push to economy. It is one of leading driver of country’s economy (Wani, 2013). Entrepreneurship education inculcate individuals about business skills for setting up a business and to make business a valuable entity (Brown, 2000). It is a capacity building program that focus on setting up & running business under rules and regulation define by state (Gorman et al., 1997). Studies of Izdonim (2010) discussed that entrepreneur education equipped students with knowledge and skill required to start up new business entity. It should be collated with practices of setting up a new ventures. This Study was conducted on student attending entrepreneur education as major course work in business school of high learning. It also reveals youth possess diverse entrepreneurial characteristics and with time the entrepreneur education is capable to provoke their intention of becoming businessperson. It is not necessary attending entrepreneur education in business schools may lead intention to be an entrepreneur. Entrepreneur education motivates people to start their own business. It inclines selfconfidence of people and prepare their mindset for taking risks. It also prepare newbies for helping their future employer in business decision making process that affect business growth (Izedonmi, 2010). Study reveals entrepreneur skills that are required to incorporate a new business entity should be discussed at all levels of youth education (Arogundade, 2011). Studies conducted in Romania reveals students feel can do more and having skills to evolve new idea are more likely to have entrepreneurial intention. Entrepreneurial interest is associated with self-efficacy of students (Shook, 2008). Entrepreneurial self-efficacy is the capability of individual to perform various task and roles successfully that are required to be an entrepreneur. Entrepreneurial self-efficacy depends on five factors individuals’ skills of marketing, innovative skills, management, risk-taking abilities, and command on financial controls. It has positive correlation with intention of individual to start new ventures. Studies finds ability and intention to start a new venture is a diverse trait of individuals. Student with course marketing, management, and financial control has the higher entrepreneurial self-efficacy than students of psychology. Different groups of students indicated different level of entrepreneurial intention (Chen, 1998). Intention Model provide theoretical paradigm for analytical rationality of behaviour. It explained, predict behaviour is better in contast to individual or situational variables. Predictive power helps in post hoc explanation of entrepreneurial behaviour (Krueger, 2000). Moreover, study of Taormina, identified psychological characteristics of successful entrepreneurs and business success. These characteristics have strong link with each other and have potential to affect the mentality of individuals (Taormina & Kin-Mei Lao, 2007). Segal and Borgia found positive relationship
between entrepreneurial intention and perceived feasibility & net desirability of individuals. An increase in perceived feasible and net desirability can lead an increase in entrepreneurial intention (Segal et al., 2005). Entrepreneurial orientation has strong impact on entrepreneurial intention. It can raise entrepreneurial intention of individual with its increase in one time (Cachon & Cotton, 2008). Global competitiveness of individuals and entrepreneurial skills associated with entrepreneurial orientation (Lee & Peterson, 2000). Individual perception is associated with the environment of existence. Environment play an important role in personality development of individuals. It affects entrepreneurial competencies and entrepreneurial intention. (Schmitt-Rodermund, 2004) Studies on promotion of entrepreneurship in Nigeria reveals entrepreneur education has potential to decline unemployment in Nigeria. It inclines business skills of young entrepreneurs (Gidado & Akaeze, 2014). During 2005-2009 private sector in China grew by 30% annually. 25% adult population in China is entrepreneur which is comparatively two times higher than US adult population. Universities in China are providing unique opportunities to students. They are engaging them in different project started by Chinese in Asian countries (School of Management Zhejiang University, 2016). U. S. state department is running Global Entrepreneurship program in US to create an entrepreneurial ecosystem. It focuses on seven core areas of entrepreneurship (U.S. State Department, 2016). Malaysian government intuited entrepreneur development institute for rapid growth of young entrepreneur. It has plan to develop 1000 young entrepreneur by 2020 under the umbrella of Global innovation and Creativity Centre (Nor, 2015). Studies conducted in Australia identified, through entrepreneurship program government can promote SMEs. Entrepreneurship programs can enhance technical and innovation skills of people (Charoenrat & Harvie, 2014). Roy and Bhattacharje (2013) conducted study on outcomes of Youth entrepreneur development program. Study finds institution of entrepreneur development are more focusing on academics of institution. Study suggests technical training should be part of studies. Student of entrepreneurship learning should be trained in organizations. Study also recommends a proper mechanism should be prepare to create linkage between institution and corporate sector (Roy and Bhattacharje, 2013).

Case Study of Karachi

Karachi is the biggest city of Pakistan with estimated population 22.8 million people (Demographia, 2016). It is centre of economic activities and generating 35% of total revenue (Janjua, 2015). Karachi is also hub of education in Pakistan. 80% population of Karachi attended schools for education. Immigrants from various areas of Pakistan come to Karachi for sake of quality education (Amer, 2013). Young people in Karachi are less motivated toward entrepreneurship activity as compared to young people have same living conditions in different countries of the world (Alam, 2011). Nawaz and Mehmood discussed three-dimensional view included views of student, Institutional Management and Corporate sector in Karachi. Studies included was based on survey conducted in five business schools namely IBA, CBM, Hamdard, MAJU and SZABIST. Fifty students from each business school were interviewed. In total, responses from 250 students were collected during interview. Studies finds student are dissatisfied with teaching methods and management systems. Institution are focusing on grading that is leading to decline in quality of education. Institution are dissatisfied with standard maintain by Higher Education Commission. Corporate sector is also dissatisfied with quality of education provided by business institutions in Karachi and rating them as 60% efficient with respect to their requirement sector (Nawaz & Mehmood, 2011).
Educational institutions are focusing on old and tradition techniques of teaching entrepreneurship. Low quality educational institutional causing decline in entrepreneurial intention of young people in the city (Alam, 2011)

Bivariate analysis showed, only 9.3% young people are running their own business. 17.2% young people have adequate knowledge, Skills & abilities to run business and 5.6% do not have knowledge, skills & abilities. Comparison of analysis shows young people have knowledge, Skill, & abilities are more likely to run their own business (See Table 2 and Figure 5, Figure 6 & Figure 7).

Table 2

<table>
<thead>
<tr>
<th>Have run their own business</th>
<th>Knowledge, Skill &amp; Abilities to run business</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>No</td>
<td>94.4%</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>82.8%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>90.7%</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
<td>5.6%</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>17.2%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>9.3%</td>
</tr>
<tr>
<td>Total</td>
<td>No</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Megacity Project Survey 2015 - 2016
Bivariate analysis shows that males are more likely to involve in running their own business. 11.6% males are engaged in business activities in comparison with 6.5% female (See Table 3 and Figure 8 & Figure 9).

Table 3

<table>
<thead>
<tr>
<th>Have run their own business</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>88.4%</td>
<td>93.5%</td>
</tr>
<tr>
<td>Yes</td>
<td>11.6%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Megacity Project Survey 2015 - 2016
Bivariate analysis of dependent variable and independent variable is showing only 46.5% young people feel they have Knowledge, Skills and Abilities to run business. 30.9% young people who did not attended any institution but have Knowledge, Skills and Abilities to set up and run their own business (See Table 4 and Figure 10 & Figure 11).

### Table 4

<table>
<thead>
<tr>
<th>Having Knowledge, Skills and Abilities to run business</th>
<th>Receive business education</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>No: 69.1%</td>
<td>68.1%</td>
</tr>
<tr>
<td></td>
<td>Yes: 53.5%</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>30.9%</td>
<td>31.9%</td>
</tr>
<tr>
<td></td>
<td>46.5%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Megacity Project Survey 2015 - 2016

The young people attended business school for entrepreneurship education are more likely feel they can do their business. Analysis also revealing quality of education provided by business school in city. 53.5% young people attended business school for the course of entrepreneur development are not running their business and not able to startup a new business.
Research Hypotheses
This research is based on data gather during Megacity Project Survey. The survey was conducted in Karachi in the year 2015-16. The purpose of survey was to identify problems of people in Karachi. Mention below following hypotheses are made to test this research.

H₁: Running their own business is dependent on having knowledge, skills and abilities to run business.

H₂: Running their own business is associated with gender.

H₃: Having Knowledge, Skills and Abilities to run business is dependent on having education from business school to run business.

H₄: As knowledge, Skill & Abilities of young people to run business increases the percentage of young people running their own increases.

H₅: As percentage proportion of female increases the percentage proportion of young people running their own business decreases.

Research Methodology
The study is based on data collected during Megacity Project Survey 2015-216. A two-stage stratified sampling was employed to draw sample. At first stage 1% blocks from each town/cantonment were selected through systematic random sampling after a random starting point. At second stage 15 households were selected from each block after a random starting point. In total 1,991 households were visited for during survey and 11,127 respondents were interviewed. Data is showing that 30% (3,354) respondents are belonging young people of age bracket 15-29. 2,689 young people were available at home for interview during survey that showed response rate of 80.2%. (see complete sampling on link: http://cssr.gmu.edu/university-of-karachi-partnership/megacities2016-karachimegacitiesdata).
Chi Square Analysis
Chi square statistics is a nonparametric test. It analyses relationship between categorical variables. Null hypothesis shows no relationship and research hypothesis depicts association of variables (Statistics Solutions, 2016).

The chi square analysis is showing strong association between running their own business is between having knowledge, skills and abilities to run business. The P – value for \( H_{01} \) is less than 0.05. Running their own business is also associated with gender. The P – value for \( H_{02} \) is less than 0.05. Beside this having Knowledge, Skills and Abilities to run business is having association with having education from business school to run business. The P – Value for \( H_{03} \) is less than 0.05 (See Table 5).

### Table 5

<table>
<thead>
<tr>
<th>Pearson Chi-Square</th>
<th>df</th>
<th>Level of Sig. ( \alpha =0.05 )</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>( H_{01} ): Running their own business is independent of having knowledge, skills and abilities to run business.</td>
<td>1</td>
<td>.000</td>
<td>Rejected</td>
</tr>
<tr>
<td>( H_{02} ): Running their own business is independent of gender.</td>
<td>1</td>
<td>.000</td>
<td>Rejected</td>
</tr>
<tr>
<td>( H_{03} ): Having Knowledge, Skills and Abilities to run business is independent of having education from business school to run business</td>
<td>1</td>
<td>.000</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Multivariate Analysis
All variables in research are recoded into binary digits (1,0) e.g. 0= Don’t have knowledge, Skills & Abilities to run business and 1= have knowledge, Skills & Abilities to run business. Logistic regression is an appropriate statistical tool to analyse dichotomous variables. Model assumes outcome should be discrete, no outlier in the data and no high multicollinearity among variables (Statistics Solutions, 2016).

Multivariate analysis is showing that people who feel they have knowledge, skills & abilities to run business are likely to be an entrepreneur. It has impact of 3.23 times on its one-time rise. Beside this gender is also an important factor with significant impact of 0.67 time on running a business (See Table 6). Table 6

### Table 6

<table>
<thead>
<tr>
<th>Step 1a Variables in the Equation</th>
<th>df</th>
<th>Level of Sig. ( \alpha =0.05 )</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge, Skill &amp; Abilities to run business (1)</td>
<td>1</td>
<td>0.000</td>
<td>3.23</td>
</tr>
<tr>
<td>Female (1)</td>
<td>1</td>
<td>0.005</td>
<td>0.67</td>
</tr>
<tr>
<td>Constant</td>
<td>1</td>
<td>0.000</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Conclusion
Educational institutions play an important role in development of young entrepreneurs. Entrepreneurial intention depends on many factor e.g. educational institution, parenting style, environment of existence and entrepreneurial orientation etc. The study concluded, people received business education from entrepreneurial institutions, have adequate knowledge, Skills & abilities to run their own business. In the case of Karachi only 46.5% young people are feeling they have adequate education background about running business while
they have received proper business education. Business schools are not providing quality education that can create match between business needs and academics of business education.

Policy Recommendation

- Educational institution should adopt new way of teaching entrepreneurship as per international standard.
- Educational institutions should initiate such courses that can motivate students and increase their intention about becoming entrepreneur.
- Educational institutions should prepare students for corporate sector by updating course work as per requirement of corporate sector.
- Educational institutions should provide platform that create a link between students of entrepreneur studies and corporate sector.

Corresponding Author
Ammad Zafar
Student of M.Phil. studies at Department of Public Administration in University of Karachi, Karachi, Pakistan.
Email: ammadzafar16@gmail.com

References


