

IMPACT OF BUSINESS EDUCATION AND FAMILY BACKGROUND ON ENTREPRENEURIAL  
POTENTIAL

**Impact Of Business Education And Family Background On Entrepreneurial Potential**

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ABSTRACT

The present study is conducted to investigate the entrepreneurship potential among students from various universities of Pakistan, and also to unveil the fact if educational qualification and family background have any significant impact upon such potential of students. The reason for conducting this study is that entrepreneurship is the key factor in making a country progressive and competitive in the present world's complex global business environment. An endeavor also have been made in this research to point out to the academicians and other stakeholders of educational sector of Pakistan whether or not the present educational system has any significant impact on grooming and developing entrepreneurship potential among the university graduates who are getting business and commerce related education.

KEY WORDS: entrepreneurship, business, commerce, education, motivation, potential.

## INTRODUCTION

Entrepreneurship is the transformation of an innovation into a sustainable enterprise that generates value. Innovation is about partnerships which entail advancing new and innovative ideas which are relevant to various communities. Partnerships create and promote entrepreneurship, the development of technology and its commercialization. Human resource development and its capacity building are vital factors that enhance competitive innovation and thus lead to a successful and progressive entrepreneurial system. Keeping in mind the problems faced by Pakistani entrepreneurs it can be easily concluded that only about one-half of new business ventures survive five years, and 95 percent of all business organizations are small. We need to learn as much as possible to positively impact the success rate for new business ventures.

Government and strategic policymakers have a major role to play in creating a culture that accelerates and promotes entrepreneurship potential throughout society. Promoting entrepreneurship and enhancing the entrepreneurial dynamic of a country is an inevitable element of any government's commitment to boosting economic growth and public welfare of society as a whole. Entrepreneurialism demands enthusiasm, commitment, dedication and persistency backed by matching intellect without which serious impediments can have devastating impact on the business and industrial environment of the country.

Entrepreneurship is of vital importance throughout the world and globally vast area of research has been dedicated to this field. For developed countries, this new venture establishment results in revitalizing and stimulating the economic growth, catalyst of technological innovation, major source of employment and incubator of market and new product development and diversification. For developing countries, it can be taken as a source of employment creation, engine for economic progress, wealth creation and reducing the social differences. Hence, small business enterprises and entrepreneurship is widely encouraged and persuaded by the governments who make such policies so as to ensure economic growth and entrepreneurship encouragement. Entrepreneurship-led development could potentially create a virtuous circle of growth and reform in Pakistan capable of overcoming the constraints of violence, bureaucratic inertia, and the country's many vested interests.(Looney, 2012)

The present study aimed towards finding the impact of Family Background and Business related education qualification on the entrepreneurship potential and abilities of young graduates from the district of Jhang. Previously different researchers have been engaged in finding empirical evidence related to this important aspect of entrepreneurship and different findings have been provided by them. But in Jhang, a district located in the center of Punjab, this type of study has been undertaken for the very first time.

## LITERATURE REVIEW

In past many researchers have been discussing the impact of family background and education on the entrepreneurship potential of individuals. Nemati and Gulzar(2010) found that family background of an entrepreneur plays an important role in making a person an entrepreneur. The entrepreneur idolizes that person in the family who is an entrepreneur and gets motivated to start his own venture. The study of education showed that though education is not a prerequisite to start a new venture but with the expansion of business functions education plays an important role. They further argued that capital is not the basic need to be an entrepreneur: it is just a mix of your innovativeness and capabilities to be successful in your business.(Nemati & Gulzar, 2010)

Oosterbeeck(2010) analyzed the impact of a leading entrepreneurship education program on college students' entrepreneurship skills and motivation using an instrumental variables approach in a difference-in-differences framework. They showed the results that the program does not have the intended effects: the effect on students' self- assessed entrepreneurial skills is insignificant and the effect on the intention to become an entrepreneur is even negative.(Oosterbeeck, Van Praag, & Ijsselstein, 2010)

Sumra et al.(2011) undertook a research on factors which influence the inclination of taking entrepreneurship as a career choice among the business graduates in Pakistan. Entrepreneurship can be taken as means to overcome unemployment and improving social status. They found that the present youth of Pakistan is showing a very low inclination towards entrepreneurship and hence, the trend is declining rather than to augment. There are only a small proportion of current business students which are interested in doing their own business. A vast majority is still planning their career to become employees in organizations.(Sumra, Safarish, Suhail, & Ahmad, 2011)

National culture of a country influences the entrepreneur's intention to start new business. Perceived feasibility, perceived desirability and entrepreneurs experience has a direct impact on entrepreneur's intention. The study finds out the impact of culture on entrepreneur intention, different cultures have different ways to influence the entrepreneur intention and different ways to impact on intentions towards perceived feasibility and perceived desirability. Culture varies from country to country, within country different provinces, how different cultures, different traditions, norms and values. So in future, it helps to analyze entrepreneur's intention in different cultures (Sajjad, Shafi, & Dad).

Ali et al.(2010) found how external factors can influence the development of entrepreneurial intentions. They showed the effect of different governance variables on entrepreneurial intentions. Primary data was collected from a sample of 550 students belonging from different

universities of Pakistan. Structural equation modeling technique was used to analyze the data. They found negative effects of individual governance variables on student's entrepreneurial intentions. Their study proposed a system of good governance to develop higher level entrepreneurial intentions.(Ali, Tajddini, ur Rehman, Ali, & Ahmed, 2010)

Junejo et al.(2008) found that only few entrepreneurs of small scale Industries of Sindh Pakistan in the perspectives of educational back ground have high educational base and possessed the managerial abilities. But contrary, the majority of entrepreneurs have low educational base, lack of managerial knowledge and conservation oriented attitude results in underutilization of capacity in low growth of units, sales and profit per year.(Junejo, Rohra, & Panhwar, 2008)

Akber et al. discussed a comprehensive and detailed experience of some promising entrepreneurs and prove that, providing the entrepreneurs with the right environment is of vital importance. They play a crucial role in stimulating change in the market system and revolutionizing it. They signified the need for creation of enterprise and new business environment in Pakistan and how entrepreneurs can give competitive edge to a developing nation.(Akbar & Bashir)

#### OBJECTIVES

The main purpose of conducting this study is to find if Family Background and Business related Educational Qualification has any significant impact on the entrepreneurial skills of young graduates. In order to achieve this objective the following hypothesis were developed.

There are also some secondary objectives addressed in the study. Eg we can judge whether or not our educational system is grooming the young generations to become efficient and successful entrepreneurs.

#### HYPOTHESIS

Family Background: In order to test whether or not family background has any significant impact on the entrepreneurship abilities of students, following null and alternative hypothesis were made.

H<sub>0</sub>: Entrepreneurial Abilities of students belonging to business and non-business families are equal.

H<sub>1</sub>: Entrepreneurial Abilities of students belonging to business and non-business families are not equal.

Educational Qualifications:

In order to test whether or not commerce or any business related educational background has any effect on the entrepreneurship abilities of students following null and alternative hypothesis were made.

H<sub>0</sub>: Entrepreneurial Abilities of business and non-business graduates are equal.

H<sub>2</sub>: Entrepreneurial Abilities of business and non-business graduates are not equal.

### RESEARCH METHODOLOGY

For the purpose of testing the validity of above stated hypothesis, a Sample of 75 male graduate and post graduate students from various Universities was gathered by filling the questionnaire. Out of these 75 questionnaires, 12 had some missing values and so were excluded from the analysis. Among the remaining 63 students, 24 belonged to business families and 39 from non-business families. A student was considered as having a business family background if any of his Parents, brothers, or uncles was engaged in any type of business. Furthermore 40 of the students were Commerce or Business Administration graduates or post graduates while the other 23 were from other Academic fields. First of all the Cumulative Score of each student was calculated using SPSS 16 in order to check his Aggregate Entrepreneurial Abilities.

This total score is further divided into following four categories.

TABLE 1

<b>ENTREPRENEURIAL POTENTIAL</b>	<b>CUMULATIVE SCORE</b>
<b>LOW POTENTIAL:</b>	0 to 25
<b>SOME POTENTIAL:</b>	26 to 50
<b>MODERATE POTENTIAL:</b>	51 to 75
<b>HIGH POTENTIAL:</b>	76 Plus

### QUESTIONNAIRE

A questionnaire consisting 32 items based on likert Scale where 1 represented strong agreement while 10 strong disagreement to the statement was delivered to the students and they were asked to fill the questionnaire carefully and honestly. First 12 questions were aimed to test the Motivation, next 9 to test the capacity and remaining 6 and 5 to check the Networking and Support respectively. Proper instructions were also provided to the students so that there should not be any ambiguity in their minds about the interpretation of the items of questionnaire.

### Analysis Used to Test the Hypothesis

In order to accept or reject our null hypothesis as stated above different statistical methods were considered. But most suitable method found was the Independent Sample T-Test. Difference between the Means of 2 separate groups of our data was tested for its significance using Independent Sample T-Test. Another reason for using Independent Sample T-Test is that the population Standard Deviation and Variance is unknown, so we can use this test and not the Z-Test where Sample is compared with a population whose Standard Deviation is known. Regression Model was not used because  $R^2$  of the Regression Model was too low.

#### Assumptions for the Independent Sample T-Test

**Independence:** Observations within each sample must be independent (they don't influence each other)

**Normal Distribution:** The scores in each population must be normally distributed.

In our Data Set both features of the above stated assumptions are present. As our two groups of data (Business and Non-Business Family Background, Commerce and Non-Commerce Education) are independent from each other. And also the data of Cumulative Scores is approximately balanced. All the 34 items (including 2 questions relating to the family background and educational qualification) collected from each questionnaire filled by the students were then entered into SPSS 16. Then Cumulative entrepreneurship Score of each student was found in following manner.

The spss command "compute variable" was used for this purpose and each item was named v1 to v32. These items were multiplied with their respective weights and then added to compute the cumulative score of each individual. Thus a new variable naming cumulative entrepreneurship score was added by spss. Then motivation, capacity, networking, and support of each student were also computed by similar manner. Then this cumulative score was further recoded by using the command "recode into different variable" to assess the potential level of each individual. Value "1" was assigned to high potential, "2" moderate potential, "3" some potential, and "4" low potential. Independent sample t-Test was then applied in SPSS to analyze whether the difference between means of our 2 groups is significant or not in order to accept or reject our Null Hypothesis.

## RESULTS AND DISCUSSION

## IMPACT OF FAMILY BACKGROUND ON ENTREPRENEURSHIP POTENTIAL

First of all to test the impact of Family Background on entrepreneurship abilities of students, Independent Sample T-Test was applied and results showed that family background has a significant impact on the entrepreneurship abilities of students. Table 2 clearly shows that there exists a difference between the means of business and non-business families' and this difference is significant as sig(2 tailed) value shown in Table 5 is less than  $\alpha$ (0.001 is less than 0.05). So we would reject our Null hypothesis and conclude that family background do have a significant impact on the entrepreneurship abilities and potential of young students.

Similarly the Motivation and Capacity etc to start and operate business of those students who belonged to a business family were also higher than the other group. Table 8 & 9 given in the end of article gives a comprehensive detail of all the separate abilities of the students and their significance values. And we can see from these tables that apart from Family Support all three variables show a significant different between the 2 groups.

TABLE 2

## MEAN SCORES AND SIGNIFICANCE VALUE OF BUSINESS AND OTHER FAMILIES

FAMILY BACKGROUND	MOTIVATION	OPERATING CAPACITY	NETWORKING CAPACITY	SUPPORT FROM FAMILY	CUMULATIVE SCORE	SIG(2 TAILED)
BUSINESS	<b>35.5345</b>	<b>17.3214</b>	<b>11.0893</b>	<b>9.6296</b>	<b>73.7292</b>	0.001
OTHER	<b>29.9261</b>	<b>14.5698</b>	<b>9.0476</b>	<b>7.7384</b>	<b>60.2051</b>	

Note: All the supporting tables are given at the end of the paper.

Above Results are significant at 1%, 5% and 10% significant level.

## IMPACT OF COMMERCE AND BUSINESS EDUCATION ON ENTREPRENEURSHIP POTENTIAL

Now in order to test our second hypothesis; entrepreneurship potential among business and commerce is equal, we would again use Independent Sample T-Test. The results of test are shown in following Tables 3 which clearly show that difference between Mean Entrepreneurship Scores of 2 different educational groups is insignificant as the sig(2 tailed) value 0.767 is greater than 0.05. So we reject our null hypothesis and accept the alternative hypothesis. From these statistics we can conclude that Business and commerce education has no significant impact on the entrepreneurship skills and potential of students.

Similarly if we look at the table given below, we can find that Motivation and other capacities etc of the business and other graduates are also not significantly different. All the detail of these values is given in table 10 &11 in the end of article.

TABLE 3

ACADEMIC QUALIFICATION	MOTIVATION	OPERATING CAPACITY	NETWORKING CAPACITY	SUPPORT FROM FAMILY	CUMULATIVE SCORE	SIG(2 TAILED)
BUSINESS	<b>32.7500</b>	<b>15.7826</b>	<b>9.9891</b>	<b>8.3864</b>	<b>65.8188</b>	.767
OTHER	<b>31.0100</b>	<b>15.4200</b>	<b>9.6250</b>	<b>8.6058</b>	<b>64.5543</b>	

Note: All the supporting tables are given at the end of the paper.

TABLE 4

	Family Background	N	Mean	Std. Deviation	Std. Error Mean
CUMULATIVE ENTREPRENEURSHIP SKILLS SCORE	Business	24	73.7292	8.90680	1.81809
	Other	39	60.2051	17.46245	2.79623

SUPPORTING TABLES DERIVED FROM SPSS

ENTREPRENEURSHIP  
POTENTIAL

N	Valid	24
	Missing	6
Mean		1.50
Median		1.50
Std. Deviation		.511
Variance		.261

a. Family Background  
=Business

ENTREPRENEURSHIP  
POTENTIAL

N	Valid	39
	Missing	6
Mean		2.13
Median		2.00
Std. Deviation		.767
Variance		.588

a. Family Background = Other

## CONCLUSION

From the above discussion we can conclude that family background significantly affects the entrepreneurship skills and abilities of students. Whereas business education has no significant impact on developing the entrepreneurship abilities of the students. These results are consistent with the previous findings by various scholars that our education system has the deficiency that even in the business related studies the entrepreneurship abilities of the students are not groomed. Even in mba programs very little part of the syllabus relates to entrepreneurship. On the other hand the descendants of those parents who are already engaged in any kind of business do have an explicit potential to start and operate their own business. Government and other stakeholders of educational sector need to rethink their policy relating to designing the curriculum and framework of business education. This is of great importance that this sector should not be overlooked by the policymakers as entrepreneurship can play a vital role in economic development and prosperity of Pakistan. Business and commerce education system should be restructured in such a way that it should be able to produce entrepreneurs who can actively participate in the process of augmenting the handicapped economy of country. Further research can be done in this regard for the betterment of society.

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