

# Entrepreneurship Education: The Challenge for SME in Madhya Pradesh



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*Small-scale enterprises play a very important role in increasing the base of entrepreneurship. This paper is fully literature review based. The objective of the study is to discuss various problems of entrepreneurial education of small-scale enterprises. Small-scale enterprises are providing large scale employment with low investments and prove to be a second largest manpower employer after agriculture. Problems arise in small-scale enterprises give rise to industrial sickness. Study concludes that industrial sickness is more severe in a mixed economy like India that affects the performance of the small-scale sector & has a direct impact on the growth of the economy. If the suggestions made are carefully implemented through various government bodies they will certainly enhance create balance between the rich and the poor through creating employment by the small-scale enterprises in India.*

**Keywords:** Small-scale Enterprises, Entrepreneur, Entrepreneurship, Education, Industrial Sickness.

## 1. Introduction

### 1.1 Small and Medium Scale Enterprises

SME's are the base of Indian economy. Economic development of a country is directly related to the industrial growth. The expansion of industrial sector leads to creation of employment opportunities and improvement of living standard of people. They play a key role in a planned investment with its low investment, high potential for employment generation, diversification of industrial base and spread of various industries to rural and semi –rural areas (Kansal and Sonia, 2009). They are the means through which accelerated economic growth and rapid industrialization have been achieved (Sausser, 2005; Birch, 1987). The problem of sickness in industries is very serious in India as it has adversely affected the health of the industrial sector. Despite small scale enterprises contributes to industrial growth, enhancing poverty alleviation, technological innovation, raising export, entrepreneurship skills and bringing about sustainability.

### 1.2 Entrepreneurship

Entrepreneurship refers to a set of abilities embodied within an individual. Development of entrepreneurship culture and qualitative business development services are the major requirements for industrial growth. Entrepreneurship emerges from an individual's creative spirit into long-term business ownership, employment creation, capital formation and economic security. Entrepreneurial skills are essential for industrialization and for alleviation of mass unemployment and poverty. As in developed economies, entrepreneurship has the potential to be the engine of economic growth through its impact on technology and innovation and the allocation and mobilization of the factors of production.

### 1.3 Education

Education provides technical competence and mastery of analytic tools to future entrepreneurs and others who will participate in activities related to innovation and growth. Education can stimulate creativity and imagination and facilitate their utilization. Entrepreneurial education has also been defined in terms of creativity and innovation applied to social, governmental, and business arenas (Gottlieb and Ross, 1997). Education is one way by which entrepreneurial spirit can be fostered and the increased consensus related to the convenience of incorporating entrepreneurship to universities programs.

Several universities, both public and private, started introducing entrepreneurship courses, incubators and business plan contests. Universities have the responsibility of responding to social needs, and therefore cannot ignore the importance of entrepreneurial education, and the strengthening of an entrepreneurial culture in the society. Entrepreneurial education is primarily aimed at stimulating entrepreneurship in the sense of business start –up and ownership or at developing competence for increased possibility seeking behaviour within existing firms (intrapreneurship).

Entrepreneurship education is quite important for stimulating economic activities for those who would start their own businesses and those who wish to develop professionally inside existing companies. Entrepreneurship education and training impact levels of entrepreneurial attitude, aspirations and activity, which then affect the level of new enterprises in the economy (Bosma, Acs, Autio, Coduras, & Levie, 2009)

### 1.4 Importance of Entrepreneurial Education in Universities

- a) Develop entrepreneurship and develop an entrepreneurial culture with the purpose of fostering economic growth through the creation of new firms and employment.

- b) Change the attitude towards the entrepreneurship function, the entrepreneur, and the entrepreneur's image among students.
- c) To generate job for others.
- d) Develop and stimulate the entrepreneurial skills, producing in the mid and long term, a generation of new and better trained entrepreneurs, well informed about when, where, with whom, and how to start a new business.
- e) Prepare students for a dynamic labor market where entrepreneurial skills are valued and looked for by large companies.
- f) Contribute to the development of intrapreneurs.

### 1.5 Focus of Entrepreneurial Education

- a) Contextualize professional Training.
- b) Decision-making, personal involvement, social action.
- c) Commitment to real-life business objectives.
- d) Acceptance of relative, occasional Inequality.

## 2. Research Methodology

In this paper, literature has been classified into various categories based on literature review study available on MSME and entrepreneurship from various journals and research papers which are most appropriate for understanding the importance of entrepreneurial education in MSME.

## 3. Need of the Study

MSME have occupied an important place in the process of industrialization in India as these are spread over rural and economically backward areas and can help in raising income. There is an attempt to study the problem of entrepreneurial education in micro, small and medium scale enterprises especially of Madhya Pradesh state. So there is an urgent need to accelerate the development of small scale industries, especially in a less developed region like Sagar district in order to generate employment opportunities and raise the living standard of the people.

## 4. Problems of Entrepreneurial Education in MSME in Madhya Pradesh

Despite the important role played by small-scale enterprises in the economic development of the countries; some of their major operational challenges are faced by an entrepreneur in India.

### a) Lack of Education

Due to lack of education, majority of entrepreneurs are unaware of technological developments, marketing knowledge, etc. Lack of information and experience creates further problems in the setting up and running of business enterprises. Education have an important role in increasing the likelihood of survival of new firms (Bates, 1990; Gimeno *et al.*, 1997; Acs, Armington and Zhang, 2007). Due to inappropriate managerial skills: due to lack of enough capital or sheer ignorance of technological advances, entrepreneurs tend to purchase obsolete and inefficient equipment which brings about lower level of productivity and poor product quality. It all results in huge consequences on product output and market acceptability.

Lack of trained manpower and management skills also constitute a major challenge to the survival of SMEs in M.P. According to West and Wood business failures result from lack of experience and competence. Rogers states that inefficiency in overall business management and poor record keeping is also a major problem of most SMEs; technical problems/competence and lack of essential and required expertise in production, procurement, maintenance, marketing and finances have always led to funds misapplication, wrong and costly decision making. The managers in SME are not much aware about knowledge how to manage their financial matter which results in under utilization of business resources. Starting a SME business is risky, but performing efficient managerial skills can make a successful business.

There are numbers of factor which deterring the successes of businesses including poor bookkeeping, lack of technical knowledge about business ,lacking management skills, poor planning for business and lacking in market research .Entrepreneur lacks in knowledge in the basic science and technology also.

### b) Lack of Exposure

Students lack exposure to those entrepreneurs who have paid the price, faced the challenge and endured the failures. Faculty must take the lessons learned from experienced entrepreneurs.

### c) Problems in Educational System

The educational system has not contributed to the development of skills that encourage entrepreneurial spirit. The academic programs of most universities have a tendency to focus the education of their students towards a professional career as employees, and rarely consider the opportunity of developing competencies that will allow alumni to start their own projects. Graduates lack entrepreneurial mentality, given that the educations they receive as well as social expectations are oriented to working and being promoted within big companies.

One of the important problem is the redesign of the educational system given the extensive evidence of a positive relationship between entrepreneurial education and the probability of success of new ventures; and the demand for Universities capable of responding to the need of the changing environment. Entrepreneurial education can be viewed in terms of the skills that can be taught and the characteristics that can be engendered in individuals that will enable them to develop new and innovative plans. It focuses on the expertise that is used to conceive of and commercialize a business opportunity. The skills taught in traditional business education programmes are needed by entrepreneurs as well, but curriculum generally addresses important functions of running a business rather than the elements of creating one. As such, the nature of the contract between university and student is generally about knowledge and not personal development (Gibb, 2002).

### 5. Meaning of Sick Industries

Industrial sickness is a universal phenomenon. It has adversely affected the health of the industrial sector. Small scale industries act as a prime mover for industrial growth, enhancing poverty alleviation and bringing about sustainability. A sick unit is one which is making losses, defaulting on the repayment of loans and payment to creditors. Sickness in industrial units is a gradual process and does not develop suddenly. Small units are more prone to failure and sickness than the medium and large scale industries. A sick unit is one which fails to generate internal surplus, on a contributing basis, to meet its obligations. Sickness in industrial units is a gradual process and does not develop suddenly. In the initial stage, it affects the functional areas like production, finance and management. Industrial sickness is important for modern industrial age; and incidence of sickness has been growing in such large proportions that in the wake of industrial development. The rapid growth of industrial sickness is a serious issue not only for present time but also for future; especially for India during the next century. It has become a matter of concern for all; concerned directly or indirectly as not only, crores of rupees blocked up in several of sick units but also affected the national growth.

The growing industrial sickness in the country is causing great concern to the government and financial institutions because it is sucking the blood of the industry gradually. In fact industrial sickness pervades all around and is posing a very serious problem to different sectors of the economy.

MSME are facing so many problems in their way of development. The growth of small entrepreneurial firms is obviously constrained by the overall state of the economy (Nichter and Goldmark, 2009).

### 6. Conclusions

From the above study it is clear that economic development of a country is directly related to the industry growth .Small scale industries are regarded as the driving force of economic growth, job creation and poverty reduction in developing countries Many enterprises are facing a major problem like lack of reliable and stable economic infrastructure, reduced credit inflow and technological obsolescence would have led inferior quality and low productivity. Technology development should be emphasize in the light of global competition .Financial infrastructure need to be broadened and adequate inflow of credit to the sector be ensured taking into consideration the growing investment demand. Above problems are generated from lack of entrepreneurial education. If education sector is restructured and entrepreneurship subject is given importance then Madhya Pradesh would be best industrial area of the country.

Today both state and central government should focus on entrepreneurial education so that the performance of entrepreneurs is enhanced and which leads to industrial development and ultimately economic growth of the country can be enhanced.

### 7. Direction for Future Research

During the study, it was discovered that the biggest problem is to match entrepreneurial education and business performance. This was untouched. Thus further research should be adopted in this area. Other factors that affect performance can also be researched.

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