

Entrepreneurship and Small Business Management Concepts and the Undergraduate Business Curriculum: What Content Should be Taught to Whom, and Where?

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Abstract

This paper reports the findings from one part of a multi-phased curriculum research project aimed toward increasing the emphasis upon entrepreneurship and small business management in the authors' business school. Specifically, this aspect of the research examined the content domains of "Entrepreneurship" and "Small Business Management" within the context of the undergraduate business curriculum. Using qualitative and quantitative analyses of the content the principal textbooks prepared for use in these domains, it was determined that there is little reason to treat the two domains as separate in an undergraduate program.

Introduction

From the mid-1980's onward, a rapid rise in the number of small-to-medium-sized organizations (SMEs) caused them to become acknowledged as the "job generators" that have propelled growth in entire the U.S. economy. This phenomenon is attributable largely to downsizing in larger firms, which led to divestiture of business units, and drastically altered the patterns organizations use to secure resources necessary for attainment of their objectives. Thus by today, such practices as out-sourcing, formation of "business partnerships," and the use of contract and contingent workers is common practice. The net effect of these changes is creation of new opportunities that have been seized upon by entrepreneurs. In many cases the new opportunities created by downsizing have been a salvation for workers who were displaced by the movement in the first place.

The growth and significance of SMEs in the nation's economy has been paralleled by increased interest in the small business management and entrepreneurship domains within the academic community. At a recent USASBE Conference, Arnold Cooper (1998) cogently documented the growth of entrepreneurship and small business management credit courses, majors, and tracks, as well as non-credit programs, workshops, and services in U.S. colleges and universities. Additionally, he observed that the growth of academic interest has been accompanied by an increase in the number of professional associations and professional journals which make entrepreneurship, small business management, and closely related topics the focus of their attention.

These realities have prompted many business schools which lacked significant programs in either small business management and/or entrepreneurship to revisit their offerings with an eye toward change. An examination of this type in the authors' business school (Northeastern Illinois University, Chicago) concluded that current offerings in these areas were probably both insufficient and unfocused. Subsequent efforts to assess their school's situation led the authors to frame a multi-faceted research project, now partially completed. This paper reports the findings from the first phase of that project, which could be considered as a mini-case-study of

how one business school has sought to increase the emphasis upon entrepreneurship, small business management, and related topics in its curriculum.

Background for the Study

A scan of a variety of internal and external sources revealed that entrepreneurship and small business received scant attention in the authors' school compared with the emphasis given to those topics at other, competing business schools. Inattention, unawareness of the trends, and/or the lack of a campus champion for these domains provide the simplest explanations for this circumstance. The authors' school offers one three-credit, elective undergraduate course each in "Entrepreneurship" and "Small Business Management," and neither course is a required component in any of the school's five undergraduate majors. The authors determined that, despite their relative lack of intimacy with the domains, they would try to become the campus champions for changes to the status quo.

A review of course syllabi suggested that, despite their different titles, topic coverage in the two courses was so similar as to be nearly redundant. Moreover, the content of the Small Business Management offering struck the authors as remarkably like that of the largely-abandoned "Introduction to Business" courses that were a business school staple during the 1960s and 70s. The Intro to Business course typically offered a few chapters on accounting, a few in marketing, a few in management, a few in finance, and a chapter or two on Economics, MIS, and Business Law. Most current Small Business Management texts seem to take the same approach. This led the authors to question what value-added would accrue to business majors who took such a course. If the course were directed to non-majors, a case can be made for added value, but in the authors' business school both courses are available only to business majors, as elective choices.

In examining the content of the entrepreneurship course and the text it employs, great emphasis appeared to be placed upon the personal traits and qualities which are required for "success" as an entrepreneur or small business owner-operator. Anecdotal tales about successful and unsuccessful entrepreneurs were also stressed. Though these discussions are interesting, the authors came to question how much in all of this is actually teachable.

These initial, cursory, steps yielded three research questions:

1. Should the business school add an undergraduate major in entrepreneurship/small business? If so, what courses should comprise this major? And, can such a major be structured to add value for a student who is already a business major?
2. What content in the academic domains of entrepreneurship and small business management should be taught? Is entrepreneurship a distinctly different domain from small business management? And, can content from these two, closely-related domains be taught in ways so that the experience adds value for the undergraduate business major?
3. Should all undergraduate business majors be exposed to entrepreneurship concepts and a "self-employment" option via required course work? Should this exposure be developed via a new, required, core course taken by all majors? Or, should it be developed via a

matrix model approach, like that used by many business schools to teach concepts such as ethics, diversity, and the international dimension of business activity?

With respect to the first question, the school’s Dean’s Business and Industry Advisory Board (an external group of executives and business professionals) was asked if they would endorse the concept of a new undergraduate business major in Entrepreneurship. Their answer was “No.” The Board’s view was that this type of major would be self-limiting for students who pursued it. Instead, the Board encouraged business school leaders to infuse entrepreneurship and small business management concepts into students’ academic experiences in some other manner.

Having been advised against developing a new major, the authors turned their attention to the second research question: how to define appropriate academic content for Entrepreneurship and Small Business Management course offerings. Work pertaining to this question is the prime focus of this paper.

Research Objective

The objective for this study was to identify the content domains of “Entrepreneurship” and “Small Business Management” as baccalaureate business disciplines. Are their boundaries sufficiently distinct that they should be treated pedagogically as separate areas of study, or is the domain overlap so extensive that they can be combined into one course offering that satisfactorily addresses students’ needs and interests with little or no loss of academic depth and rigor? While the issue may be of some interest purely on its own merits, it is likely to be especially relevant to those who plan curricula for small and/or resource-limited business programs.

To identify the domains for the two areas, this work relied on an exploratory content analysis of 24 textbooks published over the period 1972 to 1998, grouped into three sets based on each book’s title or introductory discussion. Ten of the books focus primarily on small business management; eight, on entrepreneurship; and the remaining six textbooks either combine the two disciplines or assert explicitly that they are not meaningfully different. Figure 1 lists the book titles and the group to which each was

assigned.

Figure 1. Texts used to compare Entrepreneurship and Small Business Management.

Domain	Author(s)	Title	Year
Entrepreneurship and Small Business Management	Anderson and Dunkelberg	<i>Managing Small Businesses</i>	1993
	Hatten	<i>Small Business: Entrepreneurship and Beyond</i>	1997

	Longenecker, Moore, and Petty	<i>Small Business Management: An Entrepreneurial Emphasis</i>	1997
	Steinhoff and Burgess	<i>Small Business Management Fundamentals</i>	1993
	Tate, Cox, Hoy, Scarpello, and Stewart	<i>Small Business Management and Entrepreneurship</i>	1992
	Zimmerer and Scarborough	<i>Essentials of Entrepreneurship and Small Business Management</i>	1994
Entrepreneurship	Dollinger	<i>Entrepreneurship: Strategies and Resources</i>	1995
	Fry	<i>Entrepreneurship: A Planning Approach</i>	1993
	Hisrich and Peters	<i>Entrepreneurship</i>	1998
	Kuratko and Hodgetts	<i>Entrepreneurship: A Contemporary Approach</i>	1995
	Stevenson, Roberts, and Grousbeck	<i>New Business Ventures and the Entrepreneur</i>	1994
	Timmons	<i>New Venture Creation</i>	1994
	Vesper	<i>New Venture Experience</i>	1996
	Zimmerer and Scarborough	<i>Entrepreneurship and New Venture Formation</i>	1996
Small Business Management	Broom and Longenecker	<i>Small Business Management</i>	1975
	Corman and Lussier	<i>Small Business Management: A Planning Approach</i>	1996
	Grieco	<i>Management of Small Business</i>	1975
	Hodgetts	<i>Effective Small Business Management</i>	1982
	Kuriloff, Hemhill, and Cloud	<i>Starting and Managing the Small Business</i>	1993

Petrof, Carusone, and McDavid	<i>Small Business Management: Concepts and Techniques for Improving Decisions</i>	1972
Scarborough and Zimmerer	<i>Effective Small Business Management</i>	1996
Siropolis	<i>Small Business Management</i>	1997
Steinhoff	<i>Small Business Management Fundamentals</i>	1974
Sullivan and Lane	<i>Small Business Management: A Practical Approach</i>	1983

Domain Definitions

All but four of the books offered or cited definitions for “small business management” and/or “entrepreneurship” early in their narratives. With only minor variations, the small business texts adopted either or both of the sets of guidelines established by the Small Business Administration (SBA) and the Committee for Economic Development (CED) as domain criteria. The SBA guidelines differ somewhat across agricultural, manufacturing, wholesaling, and retailing/service firms, but in general use annual revenue and employee counts to set boundaries between small and large businesses, and further specify that a small business “be one which is independently owned and operated and which is not dominant in its field of operation. (Small Business Administration, 1998).” The CED defines a small business as one which meets at least two of four criteria: independent management, usually by the firm’s owners; capitalization by an individual or small group; local operations (excepting markets); and small size relative to its largest competitors (in Broom and Longenecker, 1975). There appears to be consensus among the small business text authors that independent ownership and small relative size are the key distinguishing features of small business.

Entrepreneurship, as a concept, has little to do with the size of the organization in which it is enacted. It refers, instead, to value creation in an environment of risk, and may occur even in very large

firms (a venue for which the word “intrapreneurship” has been coined). Typically, though, entrepreneurial behavior is associated with the start-up phase of a small business, or with significant strategic changes in an existing firm. Hatten (1997), for example, contrasts entrepreneurship as “the process of identifying opportunities for which marketable needs exist and assuming the risk of creating an organization to satisfy them” with small business management as “the on-going process of owning and operating an established business. (31)” In similar fashion, Stevenson, Roberts, and Grousbeck (1994) identify a “spectrum” of managerial

behaviors, from “the ‘promoter’ who feels confident of his or her ability to seize opportunities regardless of the resources under current control” to “the ‘trustee’ who emphasizes the efficient utilization of existing resources. (5)” In their view, entrepreneurial behavior leans toward the “promoter” end of that spectrum; administrative behavior, of the kind normally associated with management of an on-going small business, toward the “trustee” node.

Both of these two texts note explicitly, however, that the two processes overlap. Further, some authors use the terms “entrepreneurship” and “small business management” interchangeably Scarborough and Zimmer, 1996; Tate, Cox, Hoy, Scarpello, and Stewart, 1992; Hodgetts, 1982; Broom and

Longenecker, 1975). The boundary, then, between “entrepreneurship” and “small business management” is a fuzzy one. In a rather revealing convoluted, Hatten (1997) asserts both that “...while there is overlap between them, there are enough differences to be studied separately (30)” and that “[w]hile you cannot

study one without the other, they are different. (31)”

Analysis

The analysis proceeded in three stages. First, a topical outline was constructed for every one of the 24 books by reading them fully; i.e., the investigators chose not merely to extract lists of topics from the texts’ tables of contents or indices. In the second stage, the set of topics was reduced to those that were common to at least half of the 24 books. That step yielded 19 topics (described in this paper’s appendix), including the major business functional areas, strategy formulation and business planning, acquisitions and start-ups, international business, and business ethics. The number of pages devoted to each topic was then counted for each textbook and expressed as a percentage of the book’s length (see Table 1). The final step entailed a series of quantitative and qualitative investigations into the similarities and differences in topic coverage among the three groups of texts.

Table 1. Percentages of total textbook lengths devoted to 19 common topics.

Topic	Entrepreneurship and Small Business	Entrepreneurship	Small Business	All Books
Acquisition and Start-Up	4.1	6.2	2.4	4.1
Accounting and Record-Keeping	1.8	0.3	3.6	2.0
Business Plan	5.0	4.3	1.4	3.2
Capital Sources	3.7	6.4	2.9	4.3
Dissolution, Succession, Sale	1.6	2.1	0.2	1.2

Economic Role and Importance	1.2	0.4	1.1	0.9
Ethics and Social Responsibility	1.9	1.4	1.1	1.4
Financial Planning and Operations	10.0	3.1	11.0	8.1
Global Business	2.6	2.5	1.5	2.1
Human Resources	6.4	0.2	4.2	3.4
Layout and Physical Facilities	1.2	0.0	1.5	0.9
Laws and Regulations	2.6	1.4	1.6	1.8
Location and Siting	2.2	0.0	2.2	1.5
Marketing Planning and Programs	10.0	2.9	13.4	9.0
Ownership Forms (including Franchises)	4.4	2.3	5.0	3.9
Production, Purchasing, Inventory	5.5	0.7	4.6	3.5
Owner traits and skills	1.3	2.5	1.5	1.8
Strategic Planning	1.3	2.5	1.3	1.7
Valuation of the enterprise	1.1	1.7	0.8	1.2

Findings

Multiple discriminant analysis was performed to test whether or not the per-topic page percentages would correctly classify the textbooks into their *a priori* groupings. The value of Wilk's lambda for a test of equality between the means of the two resulting discriminant functions was .089, statistically significant at $\alpha = .05$. Because of the small number of cases, no attempt was made to validate the discriminant model using a holdout sample. The hit-and-miss matrix for the analysis data, however, correctly classified all (100.0%) of the 24 textbooks into their three original groupings. While this result is supportive of differences in coverage among the three groups of books (and of their authors' clarity of

focus), it does not necessarily demonstrate differences among domains.

The data are too sparse to permit MANOVA, so a statistically weaker alternative, multiple t-tests,

was employed to identify differences among the groups by topic. The t-statistics for these analyses, and

their corresponding probabilities, appear in Table 2. The three groups do not differ significantly from each other in mean percentages addressing Ethics and Social Responsibility, Global

Business, the Skills and Traits expected of the owner-manager, and Strategic Planning. All of these except Skills and Traits are strategic rather than programmatic topics. By contrast, each of the groups differs significantly from the others in coverage of Accounting/Record-Keeping, Financial Planning/Operations, Human Resources, Layout and Facilities, Location, Marketing, Forms of Ownership, and Production/Operations. For the most part, this latter set of topics is relatively operational in focus. The ready conclusion is that, while all texts on Entrepreneurship and/or Small Business Management discuss strategic issues to a similar extent, there are meaningful differences across the groups in their coverage of programmatic topics.

Table 2. t-statistics for comparisons by topic across textbook groups.

Topic	Entrepreneurship vs. Both	Small Business vs. Both	Entrepreneurship vs. Small Business
Acquisition and Start-Up	1.37	3.14*	3.07*
Accounting and Record-Keeping	2.91*	3.64*	3.55*
Business Plan	0.45	3.21*	3.15*
Capital Sources	1.45	2.30*	3.15*
Dissolution, Succession, Sale	0.95	5.48*	5.24*
Economic Role and Importance	2.39*	1.70	1.69
Ethics and Social Responsibility	0.60	0.34	0.34
Financial Planning and Operations	3.77*	3.13*	3.07*
Global Business	0.10	1.00	0.99
Human Resources	3.88*	6.61*	6.25*
Layout and Physical Facilities	4.42*	3.41*	3.33*
Laws and Regulations	1.49	0.25	0.25
Location and Siting	6.57*	4.99*	4.79*
Marketing Planning and Programs	4.81*	3.11*	3.05*
Ownership Forms (including Franchises)	2.45*	2.58*	2.54*
Production, Purchasing, Inventory	7.19*	3.88*	3.78*
Owner traits and skills	1.89	1.75	1.74
Strategic Planning	1.89	1.96	1.94

Valuation of the enterprise	1.13	2.20*	2.17*
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* Significant at $\alpha = .05$.

Excepting discussion of layout and location decisions (omitted in the entrepreneurship texts), all of the topics are addressed in all three sets of textbooks. The differences among them may be substantial, but are largely of emphasis rather than of content, reinforcing the notion that there is considerable overlap between discipline domains.

Conclusions

The key conclusion to be drawn from this study is that there is probably little reason pedagogically to treat entrepreneurship and small business management as separate domains, at least at the undergraduate level. The topics addressed by extant textbooks for either area are similar, differing primarily in emphasis. For a curriculum planner, the issue is thus not whether to offer separate courses, but which of the disciplines should predominate. This decision will ideally be guided by an understanding of the needs of the school's key constituencies and of the nature of the local economic environment.

A second important influence on curriculum planning is the adequacy of coverage for functional business decisions in other courses. In general, the small business textbooks devote greater attention to these than do the entrepreneurship texts. If students are thoroughly immersed in operational planning via existing course requirements, much of the topical coverage in a small business textbook may be redundant, thus yielding an excellent opportunity for students to become exposed to a relatively in-depth examination of entrepreneurship.

A further curricular influence is the school's desired positioning. The local institutional competitive environment may present an opportunity to differentiate by selecting whichever emphasis is currently under-served.

The findings from this phase of the research will be utilized in the authors' business school as a basis for some initial curricular changes. Further, the knowledge gained constitutes important background information that will aid as other changes, aimed at increasing emphasis upon entrepreneurship and small business management, are implemented.

Appendix

Definitions of Topic Categories

Acquisition and Start-up

Issues surrounding, and decisions about, the start-up of a new business or franchise, acquiring an existing business, and processes for generating and screening venture concepts.

Accounting and Record-keeping

Descriptions of basic accounting documents required for the operation of a business, including (but not limited to) Income Statements, Balance Sheets, Journals, and Cash Flow Statements; also, systems for maintaining accounting records.

The Business Plan

Structure and contents of a formal business plan. Discussion of importance and uses of a business plan. May include separate discussions of marketing, financial, and operations plan documents.

Capital Sources

Descriptions of possible sources of capital for the start-up, acquisition, or expansion of a business.

Dissolution, Succession, and Sale

Strategies for selling, liquidating, or harvesting an existing business; bankruptcy laws; strategies for management succession.

Economic Significance

Description (usually within the first chapter or two) of the importance and/or role of small businesses and/or entrepreneurs in the local and national economies.

Ethics

Discussion of ethical issues and the social responsibilities of businesses.

Financial Management, Planning, and/or Operations

Discussion of the applications of accounting records for decision-making; of sources of operating capital (e.g., revenue, trade credit); of customer credit policies; breakeven and ratio analysis; sales forecasting; pro forma statements.

Global and International Business

Discussion of the international environment and of methods for transacting overseas business.

Human Relations/Personnel

Decisions surrounding the recruiting, selection, training, compensation, and motivation of employees, including job specifications and descriptions. May also include discussion of termination procedures, and of the use of temporary workers.

Layout and Physical Facilities

Selection and configuration of physical facilities within a retail, wholesale, manufacturing, and/or service business.

Legal Issues

Laws and regulations affecting small business, including trademarks, patents, brand names, and other intellectual property; tax and zoning laws; contract law (the Uniform Commercial Code); and laws concerning the hiring and firing of employees. Legal ownership structure is not included in this topic, because it is treated separately.

Location

Decision strategies for choosing markets in which to locate a business; siting issues and criteria.

Marketing

Marketing strategy; marketing planning; market segmentation and targeting; marketing research; the marketing mix; consumer behavior.

Ownership Forms

Legal configurations for business ownership, including (but not limited to) sole proprietorship, partnership, and incorporation. Also includes discussion of the characteristics of franchises.

Production, Manufacturing, Operations Management

Issues associated with the manufacture of goods and services, including relations with suppliers, purchasing, quality assurance, Total Quality Management, and inventory management.

Skills and Traits

Background, motivation, education, experience, training, and/or personality characteristics associated with a successful entrepreneur and/or small business manager.

Strategic Planning

Description of the activities associated with developing a long-term strategic plan for a business enterprise, including SWOT analysis, environmental analysis, competitor analysis, and strategies for growth. In some textbooks, this topic is subsumed into discussion of the Business Plan.

Valuation

Methods for determining the sale or liquidation value of a business enterprise (e.g., book value, market value, expected future earnings).

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