

COLEMAN WHITE PAPER

MAJOR UNRESOLVED ISSUES AND OPPORTUNITIES IN ENTREPRENEURSHIP EDUCATION

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Abstract

Since this is a Keynote Address and not an academic paper, this talk is conceptual and meant to be a stimulus for conversation throughout this Conference. The usual academic trappings such as an extensive list of references will be forgone and any claim to academic rigor is renounced. This is my chance to argue that, contrary to last year's Coleman White Paper presenter, the entrepreneurship legitimacy debate rages on and that we as entrepreneurship educators have much work to do to deliver on our ideology and promises. I sincerely thank the Coleman Foundation for giving me this chance to rant and rave.

This presentation begins with the premise that high quality education is about change, hopefully for the betterment on the individual student and also for society as a whole. It is also argued that the domain of entrepreneurship education is creation – as Venkataraman states it “how opportunities to bring into existence future goods and services are discovered, created, and exploited.” This creation is the opposite of oppressive bureaucracy. Entrepreneurial creation is founded in freedom!

The overriding question, which I address, is “as educators, can we deliver on our promises?” We note that presently over 400 institutions of higher education and uncountable training companies and agencies offer coursework in entrepreneurship. The students are still coming in droves to be educated in things entrepreneurial. But who are the teachers and how well qualified are they to teach high quality courses in entrepreneurship? How valid are reputational rankings of entrepreneurship programs? Should entrepreneurship education be only the property of B-Schools? How do we measure our educational outputs? How do we continue to counter colleagues who are skeptical about the validity of entrepreneurship as an academic field?

Let's take a ride to entrepreneurship country.

MAJOR UNRESOLVED ISSUES AND OPPORTUNITIES IN ENTREPRENEURSHIP EDUCATION

“Education is not the filling of a pail, but the lighting of a fire”
William Butler Yeats

My sincere thanks to the Coleman Foundation for inviting me to present my ideas. I hope that in the end you will be pleased with your decision.

Entrepreneurship Education and Institutional Resistance

Let me first address a fundamental question: “What is high quality education?” My argument here is that education is about change. Educators are change agents. Changing what? Students who enter a high quality course leave it changed for the better. Master teachers and engaged learners proceed through a hierarchy of student achievement. Mortimer Adler noted that the lowest stratum on that hierarchy is fundamental facts. Facts can be organized into information. But that is not enough. Information can be the foundation for knowledge. Deeper knowledge becomes understanding. And after many immersions and actions, a few lifelong students can gain wisdom. Finally, wise and ethical people bring great benefits to the larger society. All of this change is progressive and each teacher helps build the student platform for a constant “reach exceeding one’s grasp,” to paraphrase Robert Browning.

As entrepreneurship educators, most of us from schools of business, we each have educational visions and goals. Schools of business, of course, have ideological foundations. Mostly, they are organized around business functional areas. Of these, finance, accounting, sometimes marketing and now information sciences possess the greatest clout. The foundation for the B-school ideology is control in organizations. And the unit of analysis for these concerns about control has mostly been the large corporate form. Now comes along a great market demand by students who wish to learn more about entrepreneurship. Controlling corpocracy alienates most of these students. And the academic powerbrokers now ask, “Who moved my cheese?” In a recent paper examining the increase in entrepreneurship teaching positions, Todd Finkle and David Deeds found a 253% increase in entrepreneurship faculty positions from 1989 to 1998. They state, however:

“Despite the increase in popularity within the field <of entrepreneurship>, there has also been considerable resistance from within the faculties of many institutions to the expansion of entrepreneurship programs. Faculty outside the field have been, and many remain, very skeptical about the validity of entrepreneurship as an academic field, the quality and rigor of entrepreneurship research and the need to hire faculty to teach and research in the field. The past decade has seen the confluence of opposing forces.” (Working paper. 1999. Case Western Reserve University, p. 2)

Ideologies are difficult to change. Karl Mannheim put the change process in focus when he wrote:

“When we attribute to one historical epoch one intellectual world and to ourselves another one, or if a certain historically determined social stratum thinks in categories other than our own, we refer not to the isolated cases of thought-content, but to fundamentally divergent thought-systems and to widely differing modes of experience and interpretation.” (Karl Mannheim. 1936. Ideology and Utopia, p. 57.)

Thus, in B-Schools we experience divergent **thought-systems**. The experience and interpretations of faculty and administrators in the traditional control-oriented finance and accounting disciplines creates an ideological chasm with teachers and researchers of entrepreneurship. The value systems tend to be quite different between the two groups of scholars. Entrepreneurship teachers value the creation process, which is in alien juxtaposition to those who find control all important. And control is the fundamental basis of bureaucracy. Yes, there is a needed balance between structure and chaos, but freedom is necessary for entrepreneurship and creation to thrive. These conflicting value systems will also determine approaches to teaching and learning. More on this later.

Why this diatribe? I am trying to make the point that we have not won the war. I realize that my statements are extreme. Some of my best friends are professors of accounting or finance! And not all of these scholars are against the entrepreneurship groundswell. And not all entrepreneurship scholars are creation-oriented. But, the majorities of both camps are involved in competing thought-systems. There is no assurance that student demand for entrepreneurship will continue ad infinitum. We have to deliver or we will lose our base just as surely as it was created. Later in this talk I will discuss a few of our delivery problems. But let me wrap up my argument that we are still facing institutional resistance. Finkle and Deeds who were quoted earlier summarize what they have found:

Overall, the results of our study are encouraging for the field of entrepreneurship, however the vast majority of the hiring appears to have been either non-tenure track or untenured assistant positions. Therefore, we must conclude that the growth <of faculty positions> is encouraging for the field of entrepreneurship within Schools of Business and Management, however the field has yet to be **institutionalized**. Recognition by the AACSB of the need for entrepreneurship education, the promotion of untenured assistant professors to tenured associate professors and the development of departments or divisions of entrepreneurship remain hurdles that the field must surmount.” (Finkle and Deeds, p. 5)

We have the challenge to work for institutionalization of the entrepreneurship vision and educational mission. Are schools of business the only place to do this work? I will discuss this issue later.

So, what must we do? As I have said, ideological organizational assumptions are hard to change by people with a vision. Institutional resistance has energized some reformers throughout history and some have given up. Parker Palmer in his book The Courage to Teach provides some sage advice for promoting our vision:

“Grant, for the moment, that institutions are as powerful and resistant to change as the pessimists say they are. The question then becomes, ‘Has significant social change ever been achieved in the face of massive institutional opposition?’ The answer seems clear: *only* in the face of such opposition has significant social change been achieved. If institutions had the capacity for constant evolution, there would never have been a crisis demanding transformation.” (Parker Palmer. 1998. The Courage to Teach, p. 164.)

For the remainder of this talk I will address some of the issues and opportunities that our transformation journey should address. My main emphasis will be directed to the question: “Who is teaching entrepreneurship courses and are we delivering on the promise?”

Issues and Opportunities in Entrepreneurship Education

Qualified Teachers

As was pointed out by Finkle and Deeds, non-tenure track adjunct professors deliver a huge percentage of credit hours produced in entrepreneurship courses. This often yields high quality education due to the hands-on background of these experienced entrepreneurs and business people. Professor Jerry Katz in his Introduction to Randel Carlock’s 1994 The Adjunct’s and New Instructor’s Guide to Teaching Entrepreneurship states an institutional issue regarding adjunct teachers:

“Entrepreneurship faculty largely fall into two groups: tenure-track faculty (including one of the largest numbers of faculty holding endowed chairs of any business discipline) and adjunct faculty. These days the majority of faculty are adjuncts, which is academia’s term for practitioners teaching in the college. Adjuncts are used because they know the subject, usually first-hand, and are willing to share their knowledge. But in hiring the adjunct Academia usually does him or her a disservice. It’s a rare school that actually helps the entrepreneur-turned-faculty in teaching or preparing to teach. That more than anything else, is what I believe makes teaching entrepreneurship hard.” (Jerry Katz. 1994. Introduction in Randel Carlock’s The Adjunct and New Instructor’s Guide to Teaching Entrepreneurship, p. vi.)

The Entrepreneurship Division of the Academy of Management published this Guide. But the adjunct “problem” has become even more critical since 1994. In another study of endowed chairs conducted by Katz in 1999 (sponsored the Coleman Foundation, the Kauffman Foundation and the University of Colorado-Boulder Deming Center for Entrepreneurship) as of October, 1999 there were 271 endowed positions in entrepreneurship up from 123 in 1994. Many of these positions are filled by non-tenure track instructors most of who were entrepreneurs and adjunct teachers. But a large percentage of these chairs are unfilled and the money used by deans to support all types of rather mischievous programs having nothing to do with entrepreneurship.

I would argue that we need strong adjunct professors and instructors, but as well we need more Ph.D. Programs in entrepreneurship including some that are nontraditional for entrepreneurs who desire a terminal degree and want to teach. Presently, the Entrepreneurship Division of the Academy of Management has a Task Force on Doctoral Education in Entrepreneurship, which I created when I was Chair over two years ago. This Task Force is analyzing the content of "ideal" Ph.D. education in entrepreneurship and has surveyed B-School deans regarding such programs. This survey shows that legitimacy is still the obstacle.

Not all professors are enthusiastic about adjunct professors of entrepreneurship. The Journal of Business Venturing in its two latest issues (January and March, 2001) has a two-part article on entrepreneurship education by Professor Jim Fiet. The first of these articles is titled "The Theoretical Side of Teaching Entrepreneurship." Fiet blatantly derogates adjunct teachers by stating:

"Students must learn theory in order to understand the future consequences of their entrepreneurial decisions. Thus, it seems improbable that adjuncts can effectively teach the course. Teaching theory is rarely the strength of adjuncts." (Journal of Business Venturing, 16(1), January, 2001, p. 9.)

I have a rather fundamental and huge critique of Fiet's article and would love to debate him. Nevertheless, his criticism of adjunct faculty is on the record. Yet, the reality is that adjuncts are carrying the field of entrepreneurship and tenure-track scholars need to support their contribution. One beginning support mechanism is a two-year old Program named Lifelong Learning for Entrepreneurship Professionals (LLEEP.) This Program is developing hands-on teaching clinics for adjuncts around the US. The original idea was developed at the University of Colorado-Boulder in collaboration with the Price Institute, the Kauffman Foundation, Babson, Stanford, Berkeley, and Miami of Ohio. The idea has expanded to provide entrepreneurship teaching experiences for professors from any disciplines who now are being attracted to teach entrepreneurship courses. The next clinic will be in Boulder April, 19-22, 2001. This clinic is titled "Dynamic Classroom Tools for Managing the Entrepreneurship Classroom." I have brochures if any of you know of adjuncts or colleagues who might be interested.

I will now raise some issues that in my opinion we must address if the institutional transformation is to succeed.

Measuring Entrepreneurship Teaching Results

What is the ultimate result that should be expected from entrepreneurship education? Many people believe that the ultimate metric should be whether or not our students create businesses. The final Success Magazine rankings for entrepreneurship programs placed great emphasis on this measure. If this is the major outcome, then where is the research which can prove to the institutional gatekeepers that we are doing great service for our students who are fulfilling their dreams by creating new ventures? Until June 2000 no rigorous published studies were available to measure this outcome.

A study at the University of Arizona titled “Impact of Entrepreneurship Education” conducted by Alberta Charney and Gary Libecap found startling results. The Kauffman Foundation funded the study. Charney and Libecap surveyed 2,484 Eller College alumni, 460 of whom had graduated from the Berger Entrepreneurship Program since 1983. Among their key findings, compared to other Eller College Alumni, entrepreneurship graduates:

- Are three times more likely to start new businesses. The study found, after controlling for personal and environmental factors that “entrepreneurship education increased the probability of . . . being instrumentally involved in a new business venture by 25 percent, . . .”
- Are three times more likely to be self-employed (11 percent after controlling for personal and environmental factors.) They are more likely to be employed full time and less likely to work for government or nonprofit entities.
- Have annual incomes that are 27 percent higher and own 62 percent more assets. “Controlling for personal characteristics, entrepreneurship education increases the income of graduates by \$12,654.” Controlling for individual characteristics, entrepreneurship graduates working for large firms earn about \$23,500 more than their counterparts.
- Are more satisfied with their jobs (the margin, after controlling for outside factors, was about 1 percent.)

It is noteworthy that some entrepreneurship graduates do work for large firms. But their e-education was useful to these firms. And some students do not create firms but their contributions to entrepreneurial firms was highly useful to the development and growth of these entities.

Although Charney and Libecap found a “handful” of earlier studies, they found that most of these were non-rigorous in their research methods. I would argue that our attempts at institutional reform and acceptance will be more successful if more outcome studies are undertaken. The full study with its methodology is available at <http://www.bpa.arizona.edu/programs/berger/study.html>.

Other Issues in the Institutional Transformation

Interdisciplinary Students

Experiments are now underway to include students in entrepreneurship who are not mainline business students. For instance at the University of Colorado-Boulder, the College of Music, the Engineering College, and the Law School have entrepreneurship programs. The programs are supported by the B-School, which provides basic courses in finance, accounting, marketing, information systems, quantitative methods, and management. Under consideration is that the Deming Center for Entrepreneurship become a Campus-wide operation reporting to the central administration. Entrepreneurship would become a universal theme for all interested students no matter what their major. Also, a freshman and sophomore dormitory is contemplated with entrepreneurship the theme. Once a larger commitment by central administrators is

established, the parochial B-School faculty and administrators would have a more difficult time in resisting the entrepreneurship emphasis.

Related to this strategy, more colleges and universities are establishing entrepreneurship departments and Ph.D. Programs. This independence gives the entrepreneurship faculty a “home” and budgetary power. Such transformations are perhaps a precursor to fully established Colleges of Entrepreneurship, which can further establish legitimacy.

Reputational Rankings

Just as full departments and colleges are ranked, entrepreneurship programs have ranking gatekeepers. Success Magazine ranked the 25 “best” programs and more recently US News and World Report has gotten into the entrepreneurship ranking business. Even gatekeeper professors have gotten into the act. For instance, Bill Gartner and Karl Vesper in 1997 did a ranking, which was published in the Journal of Business Venturing. These rankings are riddled with mischief. The criteria used to rank programs are vague. The people used to do the ranking can be biased. Deans love it when the ranking comes out well. But if the next ranking is lower, a great deal of damage is done. One need only to look at the past two years rankings by US News to note the halo effect of the ranking of “elite” schools which have minimal entrepreneurship programs yet are in the top ten of the rankings. It is speculated that soon Business Week will get into the entrepreneurship programs ranking game. On the positive side of this, since the big school players are now in, perhaps this will lift entrepreneurship education legitimacy nationwide. Reputational rankings are an issue that needs discussion among all devoted entrepreneurship scholars. But the game is probably larger than our influence can impact.

Business Plan as King

All entrepreneurship education programs have courses in business plan preparation. Business Plan competitions are a part of the reputation game. The Super Bowl is the Moot Corp competition in Austin. Winning that tournament brings Wall Street Journal attention. But, as examined earlier in this talk, what are the educational outcomes of this great emphasis on business plans. Can we claim that teaching our students to create business plans has a lasting and positive educational effect? And, for that matter, where is the research that relates business plans to long-term firm performance.

In Sum

What I have tried to do here today is to focus on the long-term institutional legitimacy of entrepreneurship education. There can be no lethargy if we are to move the entrepreneurship cause to the next level. The skeptics are still alive and well. Renewed energy is needed to stimulate institutional reform and continue to establish entrepreneurship education legitimacy. We need to deliver top quality educational outcomes and we need to measure these. We need to attract and develop the next

generation of teachers including the cadre of trained adjunct professors. The war is not over. Vigilance and persistence are still the order of the day. And it is worth the effort.

In closing let me quote Sir Thomas More from Robert Bolt's "A Man for All Seasons":

"Why not be a teacher? You'd be a fine teacher, perhaps a great one.

If I was, who would know it?

You, your pupils, your friends, your God.

Not a bad public, that"

Good day and good teaching.