

# ENTREPRENEURIAL DEVELOPMENT PROGRAMS FOR GRADUATES: CASE STUDY OF UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

Kefah Njenga, PhD

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

## Abstract

For the past two decades, there has been an increase in interest among policy makers and academics about entrepreneurship education. In Kenya, the United States International University-Africa (USIU-A), one of the major private universities, is at the forefront in offering programs in or related to entrepreneurship. These include courses and programs offered at both the undergraduate and graduate levels. This paper highlights the achievement of one of these programs, the Global Social Sustainable Entrepreneurship Program (GSSE), which aims to train undergraduates with necessary business and entrepreneurial skills while they study at the university.

## Introduction

It has been widely accepted that entrepreneurship is the engine that drives the economy of most nations. Empirical evidence suggests that entrepreneurs have been responsible for the creation of new jobs and contribute significantly to the economic development through market evolution and product and technological innovation (Jack and Anderson 1999; Gorman, Hanlon, and King 1997). Given the growing importance of entrepreneurship, a number of international organizations are now involved in various entrepreneurship development programs, while many countries encourage entrepreneurship amongst their people (Koh 1995).

Interest in entrepreneurship education has also experienced unprecedented growth. Evidence of this growth can be seen in the rapid increase of universities in developed countries offering entrepreneurship courses and programs such as those at Harvard University, which currently offers 33 entrepreneurship-related graduate courses. Over the last five years, Harvard graduates have started 182 companies and have collectively raised \$1,200,000,000 in funding. Their 2013-14 business plan competition awarded \$300,000 in cash prizes. Fifty-seven percent of the total graduate entrepreneurship faculty have started, bought, or run a successful business. 127 individual mentors worked with students through an officially sponsored school program.

The University of Michigan currently offers 62 entrepreneurship-related graduate courses. Over the last five years, its graduates have started 106 companies and have collectively raised \$34,100,000 in funding. Their 2013-14 business plan competition awarded \$140,000 in cash prizes, and \$108,500 in prize money was won in other competitions. Fifty-four percent of the total graduate entrepreneurship faculty have started, bought, or run a successful business. 162 individual mentors worked with students through an officially sponsored school program. At Stanford University, 53 percent of the total graduate entrepreneurship faculty have started, bought, or run a successful business. Forty-four individual mentors worked with students through an officially sponsored school program. This and the proliferation of books, journals, and other publications devoted to the subject is more than telling of the importance of entrepreneurship in the space of higher education.



However, this interest has not been confined to the US and Europe alone; other countries are also expending a great amount of effort on fostering entrepreneurship education (Brockhaus 1991). This includes countries in Africa such as South Africa, Kenya, Nigeria, and Ghana, and also in Southeast Asia, where small economic engines have been used to foster economic development. The greatest concern that I have as a researcher is the “copy and paste” method that some universities have adopted to replicate entrepreneurship courses developed elsewhere, believing that they will work in developing countries. There is much work that still needs to be done to strengthen the environment for entrepreneurship in developing countries; this is an important field for creating economic opportunity and social/environmental outcomes for citizens across the globe. Entrepreneurship can mobilize people, resources, and innovative practices that are fundamental to the ways we organize societies. In this paper, entrepreneurship is put in the context of a developing country. Economic aspects of business-based entrepreneurship, social aspects of civil society-based entrepreneurship, and aspects of combining economic/social aims in a sustainable development are elaborated here.

Many policy-makers recognize that entrepreneurship education is now a component of new economic strategies for fostering job creation, and that a new generation of graduates could be produced who create jobs not only for themselves but also for others (Khan 1994).

In Kenya, the government has realized the need for and importance of entrepreneurship education. This can be seen in continuous efforts by a number of government agencies such as the ministry of industrialization and enterprise development, the vision 2030 directorate, and the ministry of youth and sports affairs, which have been spearheading entrepreneurship programs and training to

promote and inculcate an entrepreneurial and innovative culture among university graduates. Many universities have also started offering entrepreneurship courses and programs at both the undergraduate and graduate levels, and some of them even provide an infrastructure for students to start their own businesses while studying. The authorities believe that universities can effectively create an entrepreneurial climate to stimulate enterprise awareness and access potential entrepreneurs.

The United States International University-Africa (USIU-A) has designed an entrepreneurship program that is unique, in the sense that it not only encourages but also stimulates the graduates to experiment with businesses during their studies. This paper highlights the entrepreneurship program at USIU-A, a leading private university in Kenya that focuses mainly on business and management.

### **Entrepreneurship Education**

The literature on entrepreneurship education seeks to establish that it is a vital ingredient in the development of future entrepreneurs, and that university graduates are a striking source of potential entrepreneurial talent. The issue relating to the question of whether entrepreneurship can be taught has also been well discussed. For example, Ronstadt (1985) suggests the relationship between education and entrepreneurial success, while Vesper (1986) describes what should be taught. However, the field of entrepreneurship education often suffers from how to define what constitutes “entrepreneurship education” (Hansemark 1998). Curran and Stanworth (1989) defined it as an education with the purpose of changing an existing situation and by doing so creating a new product or service and thus a higher economic value. Gibb (1992) further suggests that the task of entrepreneurship education is to develop enterprising behaviours, skills and attributes, and also to enhance the students’ insight

into and knowledge of doing business. The behaviour aspects, skills, and attributes that may be exhibited by an entrepreneur might include opportunity seeking, initiative taking, making things happen independently, problem solving and risk taking, commitment to work and tasks, ability to cope with or enjoy uncertainty and ambiguity, self-awareness, self-confidence, creativity perseverance, persuasiveness, resourcefulness, negotiating skills, and motivation and commitment to achieve.

Cunningham (1996) and Hood and Young (1994) found that in most universities, entrepreneurship courses were focused mainly on the inculcation of entrepreneurial skills, that is: decision-making, leadership, communication, management, technical, interpersonal, and conceptual skills. Vesper and McMullen (1988) and Solomon and Fernald (1991) also discovered that although training in entrepreneurship has been carried out in many contexts, most of these seemed to focus on entrepreneurial abilities. It is generally accepted that entrepreneurial skills can be taught and learned through practice and repetition; although the development of these skills is a function of time, it may be faster in certain environments (Tan and Venkatapparao 2001).

Harris, Forbes, and Fletcher (2000) and Gibb (1987) contend that fostering entrepreneurship culture among university students is not without problems. In the university itself, many values and structures are in contrast with what is required in entrepreneurship education. These include emphasis on corporate entities and ignoring small business, and the emphasis on transfer and dissemination of knowledge and truth, which is inconsistent with entrepreneurial behaviour that focuses on the importance of ambiguities and uncertainties. Therefore, Gibb (1996) suggests that entrepreneurship education should be designed to concentrate more on the process rather than the content,

with “how-to” aspects being more important than “know what.”

### Entrepreneurship Programs in Kenyan Universities

Entrepreneurship has also gained interest and research among the academics in Kenya. This increased interest has emerged for a number of reasons, namely the recognition of entrepreneurship’s contribution to job creation and economic development. Furthermore, studies based on data students enter in their forms when choosing their majors or minors show that a significant number of university students expressed an interest in taking courses or entering into programs on entrepreneurship. This explains the growing number of universities that have added courses and programs on entrepreneurship to the curriculum.

There are currently more than 40 public and 20 private universities in Kenya, according to the Commission on University Education (CUE), which accredits all universities operating in Kenya. These universities, since inception, have been producing countless managers, professionals, and scientists required by both the public and private sectors, with or without entrepreneurial mind and competence. The context of developing countries brings a focus on issues related to low economic development and poverty alleviation, economies in transition, and emerging markets, as well as development of both social and political infrastructure beyond what commonly is elaborated on in western-dominated entrepreneurship discourse. Thus, it is also paramount to critically scrutinize entrepreneurship activities, the promises it stands for, and possible outcomes. In the wake of increasing criticism of the neoliberal market economy, this paper opens up new questions, such as: How can we know that a specific entrepreneurial activity is good?

Nonetheless, many of these universities are now offering courses in entrepreneurship and/

or small business. Most of these courses or programs take place within, or as an adjunct to, the education system. United States International University-Africa (USIU-A) is at the forefront in offering comprehensive programs in entrepreneurship education to both undergraduate and graduate students. These programs include formal entrepreneurial courses, Global Social Sustainable Entrepreneurship (GSSE) either as core or elective subjects, industrial attachment where students are assigned to various organizations prior to graduation, and the New Economy Venture Accelerator (NEVA). The main purpose of this paper is to focus on the achievement of the GSSE program.

The GSSE program was initiated in fall 2012, when a group of students were admitted to pursue a postgraduate diploma in Global Social Sustainable Entrepreneurship (GSSE) at USIU-A. As the number of students grew, the university authority formally recognized it as a program with a lot of potential and allocated one building as a business incubation center now known as NEVA within the university campus. It has been a policy of the university to create an infrastructure for student entrepreneurs for the purpose of increasing the number of start-ups among the graduates and, in the process, creating an enterprising image for the university. As the only university with a well-defined and elaborate student incubation center in the country, it also aims that every graduate should be provided with the opportunity to develop entrepreneurial competencies as an integral part of their studies. The objectives of NEVA/GSSE are: (i) to provide graduates with the necessary entrepreneurial skills to develop and run their own businesses upon graduation, (ii) to expose students to hands-on experience and real-world business practices, and (iii) to inculcate an enterprising culture among university undergraduates.

The GSSE/NEVA program is open to all undergraduates and graduates. However,

participating students must currently be enrolled full-time or part-time at USIU-A and also be strongly motivated. Admission to the program is through selection guided by an application form and interviews. Successful applicants are required either to run their own business, start a business, or have a compelling business idea. To meet the GSSE/NEVA objectives, these students are encouraged to build teams and register their businesses in the form of partnerships or limited companies. Students must have their own capital to start the business or be introduced to venture capitalists by the NEVA office, where they pitch their ideas for funding. Upon completion of their studies, these students will have to return the business premise to the university. They also have the option to either sell their assets and inventories to other aspiring students or take it with them and start a business at another location of their choice.

So far we have had 136 students from cohorts 1 to 6 (this includes the students who dropped along the way). Sixty-nine students have received 2,000 USD as scholarships and paid 1,000 USD as fees. Fifty students have received 1,500 USD as scholarships and paid 1,500 USD as fees, and 17 students have received 1,000 USD as scholarships and paid 2,000 USD as fees. As for the start-ups, we have had about 50 start-ups in total that have come out of all these students. Most of these have not progressed due to lack of funding, though the students are still passionate about their ideas.

Student business ideas include water harvesting, agribusiness, camel meat, agriculture produce value addition, and services such as cancer early testing and screening. There are already some ventures that have scaled to market and we are proud to have incubated the afya poa venture, a health financing scheme for the “juakali” or the informal sector as it is known in Kenya. Other ventures that have reached the market

include the camel meat, which has already fully commercialized. This venture looks at empowering pastoral communities to not only look at the camel as a means of transport and prestige based on the number of camels owned, but also as a source of income: the meat and milk have a lot of medicinal value and can be used to take care of patients who suffer from hyperacidity, hypertension, pneumonia, and respiratory disease. Children suffering from malnutrition can benefit from the consumption of camel meat and dairy products from camels.

Interest in this program among the students has increased considerably, and the number of applicants has also grown each year. To date, the university has trained and produced more than 110 graduates under this program, and a significant number of them are involved in their own businesses. The success of this program suggests existence of vast and hitherto untapped entrepreneurial potential in segments of society. The GSSE program as designed is supposed to encourage entrepreneurship and innovation among the undergraduates and graduates; these students confirmed that they were looking for more hands-on, practical learning experiences in entrepreneurship.

The program increases students' knowledge and understanding of businesses, and it provides them with the opportunity to get to know the business in its environment and to discover the constraints which arise as a result. The GSSE/NEVA program seeks to produce a cadre of graduates who are effective not only in entrepreneurship, but also possess skills necessary to take their careers into new areas of activity. Ronstadt (1985) argues that education can provide good support as the entrepreneur evolves, and entrepreneurial education should include "know-how" competencies in addition to "know what" competencies. Therefore the GSSE/NEVA program concurs with the notion that entrepreneurship is more than knowing

about the elements of a business, it is also an understanding of what business is and how to manage and grow it for commercial and personal success.

### Challenges of Entrepreneurship Education in Kenya

Despite the articulated and profound benefits of entrepreneurship education, it is still not fully developed in Kenya. The problems that hinder the development of entrepreneurship education in Kenya include but are not limited to:

#### 1. Inadequate equipment and technology.

The cost of equipment is quite high and many budding Kenyan innovators and entrepreneurs cannot afford this basic equipment. This makes it difficult to develop an entrepreneurial culture, as technology is closely related to entrepreneurship. This therefore calls for provision of the much-needed affordable technologies.

#### 2. Entrepreneurship demands a talented workforce.

Our system of education fails to provide the necessary foundation for such. Our formal school system all the way to tertiary and university education does not have a well-developed curriculum that emphasizes initiatives to increase accountability.

#### 3. Finance.

There is need for substantial financial resources for teaching in practical terms for entrepreneurial education, and for financing startups and scaling business ventures in order to produce successful entrepreneurs. These funds could be both internally from savings; financial support from friends; traditional cooperative groups; and societies, or externally from institutions like banks, government agencies, and non-governmental organizations.

These sources do not guarantee funds for youth startups and business expansion

for the following reasons. The funds from internal sources are largely inadequate due to high poverty levels. University graduates and youth have little or nothing they own. The funds from external sources require collateral, which most aspiring entrepreneurs don't have.

- 4. Research and linkages.** Success in entrepreneurship depends critically on openness and linkages with innovation systems in other countries. This is because strong innovation systems depend both on local environment and global connectedness. The level of linkages between our research centers and universities with the outside world is still not fully developed. This is highly essential for entrepreneurship to thrive.
- 5. Cultural barriers.** Entrepreneurship requires a culture that respects risk taking. Without the willingness to take risks, it is not possible to create value from knowledge. The culture of risk taking in Kenya needs to be properly addressed in view of its diverse cultures, which often cause barriers to investment.
- 6. Inadequate infrastructure.** There is inadequacy of facilities like good roads, electricity, access to information and water supply. etc. The lack of a well-developed infrastructure means that it's difficult communicating and disseminating ideas and wares to other areas. Without sales, entrepreneurship cannot be fully grown.

### Recommendations

As a way toward realizing a fully developed entrepreneurship education and effective practice of entrepreneurship by youths/ graduates of tertiary institutions in Kenya, the following recommendations are made:

1. There is need to provide opportunities for youths to raise funds to enable them start up and expand their business enterprises

in a manner that will be significant to them. This may be achieved through bursary awards and other such in-school assistance to enable them to acquire savings before they are out of school, or through grants upon graduation.

2. The government should mandate that financial institutions like commercial banks issue more age-friendly loans. Such loans would have low interest rates and long duration for repayments.
3. Youths should be exposed to training in technology (especially new discoveries) from time to time. This keeps them in tune with trends of the technological world and thus avoids drudgery in their business.
4. There should be efforts to reinforce in youths the concept of risk taking and patience in wealth creation. This instills a positive change toward an entrepreneurial attitude. They would thus develop habits of success out of failure, which is the only way to making money in the long run. Knowing that life is full of risks and success comes from failure; youths will try again where they fail. As the ancient adage goes: Try, try, try again. If at first you do not succeed, try, try, try again.
5. Entrepreneurial instruction must go beyond traditional classroom instruction. This implies the need to involve youths in experiential training through involvement in industry internships, as well as involving experienced entrepreneurs/mentors in their training. These experienced entrepreneurs/mentors will complement the efforts of the instructors by functioning as mentors and role models.
6. The government should set machinery in motion to provide an enabling environment for entrepreneurship. This includes formulation of policies, provision of good roads, pipe borne water, electricity, etc.



7. There should also be openness and linkages with systems of other countries. This encourages exchange of ideas and knowledge through access to research endeavors.
8. There should be strategies for the protection of intellectual property, as well as openness in handling of innovations. Any new discovery with high potential for entrepreneurship should be encouraged and fully funded.

## Conclusion

This paper highlights the growing need to create an enterprise culture that will encourage and foster greater entrepreneurial activity in Kenya. The creation of this environment and the implementation of programs for university graduates who want to start their own businesses will benefit not only the students but also society as a whole. One of the major problems that Kenya is currently facing is graduate unemployment, and increased effort and support to foster an entrepreneurship culture among these graduates may help to overcome this problem. The challenge to the university now is to create entrepreneurship programs that are appropriate for preparing the students for the outside world, and looking at funding opportunities for these budding entrepreneurs in order to take them to the next level.

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