

# Entrepreneurship education: How can universities help reduce unemployment?

By [Prof Dr Chris Friedrich](#)

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South Africa has a high unemployment rate and sluggish economic growth. It's time to consider what our academic institutions can do to reduce unemployment and to help the poor - by taking what they do best (education) and applying it to one of the most effective mechanisms for economic growth and empowerment (entrepreneurship).



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In academic literature, entrepreneurship has been widely acknowledged as an important mechanism for economic growth and employment creation. Various studies have shown that entrepreneurship is one of the most effective means for alleviating poverty in developing and transitional countries, and that increasing the quality and number of entrepreneurs creates employment and supports innovation and the economic empowerment of individuals.

## Entrepreneurship in education

The time has now come for educational institutions in South Africa to play their part in developing entrepreneurs. Entrepreneurship education needs a significant upgrade in terms of its scope and scale. And entrepreneurship skills and the motivation to start a business should be brought to all students at universities, not only those registered specifically for entrepreneurship degrees. The goal is to increase startup rates by enhancing students'

entrepreneurial skills and motivation.

This requires a radical mindset change for students - but also, critically, for educationalists and politicians. It is the leadership of universities who need to initiate this change.

What role can universities in South Africa play in improving the entrepreneurial mindset and motivation of students and boosting startups?

## Entrepreneurship education vs business management

First of all, it is important to acknowledge the distinction between entrepreneurship education and business management. While business management courses are about leadership, administration, sales and marketing, entrepreneurship courses deal more with innovation, personal initiative, achievement orientation and risk-taking.

There is empirical evidence that entrepreneurship courses in South Africa are not necessarily achieving the goals mentioned above. The most successful courses are those that provide a thorough practical orientation to entrepreneurship education, focusing on learning by doing - whereby students are not only learning about entrepreneurship but also how to become entrepreneurial.

## Changing the mindset

My colleagues and I already demonstrated (to a statistically significant extent) more than 10 years ago, in possibly the first controlled study on the African continent, that it is possible to change the entrepreneurial mindset of (UWC) students, who at the time had to open and run a business in small groups. The control group, which didn't participate in this hands-on approach but participated in normal business courses, didn't change their mindset at all. Successful students in the hands-

on group also wanted to continue with their businesses after the end of the course - and many did so.



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In recent large-scale research initiatives in African countries like Uganda, Kenya, Liberia, Tanzania and Rwanda, where hundreds of students participated in (on average) 30 hours of practical entrepreneurial training, students improved their entrepreneurial mindset significantly in comparison to a control group that had taken a standard business-related course.

The focus of the training was an action-based intervention to enhance the entrepreneurial mindset and to support the creation of a small company. The training also aimed at supporting the personal initiative of participants (being self-starting, proactive and persistent), as well as goal setting, entrepreneurial environmental knowledge generation, action planning/execution and self-efficacy. This is evidence-based best practice in entrepreneurship education in Africa.

One year after the training, the results showed a massive increase in startups by the entrepreneurial training group. 18 months after the training, each student who participated had on average created 2.82 jobs - a clear indication that even a relatively short intervention can not only change the mindset of students, but also boost startups and create employment.

## International inspiration

It is also helpful to look at successful Asian countries like Malaysia, Thailand, and Indonesia, and examine how they have structured entrepreneurship education. In many of these universities, entrepreneurship education is not only part of their vision and mission statements, but part of the real student experience: they even have compulsory basic entrepreneurship courses for all university students. Based on my experience at the University of Ciputra in Indonesia, for example, no student can graduate if he or she has not started a business.

There are many ways universities can help to reduce unemployment - and one of the most effective ways is through entrepreneurship education.

## ABOUT THE AUTHOR

Prof Dr Chris Friedrich is Extraordinary Professor at the School of Business and Finance, University of the Western Cape (UWC), and is linked to the University of Applied Sciences, Glessen, Germany. His work deals with evidence-based best practices of entrepreneurship education at universities, and how to improve entrepreneurial performance.

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