

ASSESSING THE NEED FOR SMALL BUSINESS MANAGEMENT/ENTREPRENEURSHIP COURSES AT THE UNIVERSITY LEVEL

Lloyd W. Fernald, University of Central Florida

George T. Solomon, The George Washington University

ABSTRACT

University graduates were surveyed to determine their desire to have had an opportunity to take small business management/ entrepreneurship courses as a regular part of their curricula. A questionnaire was administered to a stratified random sample of 2,000 male and female graduates of the University of Central Florida.

Strongly suggested by the survey results and in confirmation with our many suspicions, there is a strong demand for small business educational programs. Increased course offerings in small business management/entrepreneurship classes will clearly benefit and fulfill the need for enhanced capabilities in dealing with the limitations and unique problems existing in the small business arena.

INTRODUCTION

Virtually everyone will agree that small business plays a crucial role in both the stability and health of the national economy. Approximately 97% of all business in the United States and Canada are categorized as "small." As a group, small business employs nearly 60% of the work force, produces 45% of the gross national product and creates two-thirds of the new jobs (4, p.3).

More specifically, the special contributions of small business include providing new jobs, introducing innovation, stimulating economic competition, aiding big business, and producing goods and services more efficiently. Data released from the Office of Advocacy, Small Business Administration, show clearly the special contribution of small firms in the expansion of employment. Small firms have been the leaders in adding jobs since 1980. Firms with fewer than twenty employees added more jobs between 1976 and 1982 than did firms with five hundred or more employees primarily because new jobs come from the birth of new firms and their subsequent growth (5, p. 63).

It is the purpose of this paper to report on the results of a survey conducted in an effort to ascertain data regarding the desire, on the part of university graduates, to have had an opportunity to take small business management/entrepreneurship courses as a regular part of their curricula.

LITERATURE REVIEW

History & Its Effects on Small Business

Unfortunately, the small business failure rate has been quite high in the United States. Research derived from the data base of the Small Business Administration indicates that 60% of all new firms do not survive six or more years (2). This is a significant factor since the costs of business failure involves not only financial costs, but psychological and social costs as well.

The owner of a failed business suffers a loss of invested capital, business creditors, and sometimes even an entire life's savings. These losses are further compounded by the injurious psychological effects associated with the blow to self-worth and self-esteem related to the failure of a business. Finally, and perhaps more importantly, social and economic disservice are being experienced by the community as a whole. These injuries include the elimination of goods and services that the public wants and needs, the reduction in the number of jobs available in the economy, and the resulting unemployment of the entrepreneur and his/her employees.

Numerous variables affecting the failure rate of small businesses exist. One of the primary areas which has been empirically shown to predict small business success and/or failure is management expertise. According to Dun and

Bradstreet's Annual Report, one of the major causes for all business closings, almost 90%, is directly related to poor management of the firm (3, p.45). Other factors affecting success and/or failure rates of small business include, "inadequate sales, insufficient profits, and heavy operating expenses," which often serve as aphorisms for inferior management (6, p.29).

The Art of Small Business Management

Managing a small business is simply sequencing activities and events so that these activities are accomplished in a manner which will permit the entrepreneur, or owner's business, to succeed. To achieve this sequencing, managers of small firms must understand the management process. Every organization, regardless of size, requires good management to survive and prosper. Management knowhow involves knowledge relative to setting goals and objectives, leading, planning, organizing, and controlling from a small business perspective (4, p.33). Small businesses have limitations and problems that differ from those of large concerns. Many of these limitations and problems accrue because of the small size of the operation (1, p.16).

The Value of Small Business/Entrepreneurship Training

Few students realize the high probability that they will someday become either directly or indirectly involved with a small business enterprise and its management. Such involvement may include: - ownership of their own business; - being an employee of a small business; - being an employee of a large organization (the majority of whose customers and suppliers are small business concerns); and/or - economists, bankers, legislators, lawyers, accountants, as well as others.

All of the above are concerned, for one reason or another, with the problems and opportunities confronting small business and the free enterprise system (1, p.1). A small business/entrepreneurship course can help prepare individuals for future small business relationships. What is unfortunate, however, is that many individuals, including entrepreneurs themselves, do not perceive entrepreneurship as a career. "Nevertheless, the creation and development of one or more new enterprises is a passage, a field of pursuit, a calling, a way of life that fits the basic notion of a career. For some the passage is brief, but for many it represents the bulk of their adult lives" (7, p.71).

Therefore, in the current age of the entrepreneur, small business management training is increasingly important. In ever increasing numbers, people are pursuing the Great American Dream of owning and operating an independent business. This resurgence of entrepreneurial spirit is the most significant economic development of the 1980s and the trend is continuing into the 1990s. The new entrepreneurs are rekindling an intensely competitive business environment that had all but disappeared for nearly three decades. The enterprises of these entrepreneurs are creating innovative products and services, pushing back technological frontiers, creating jobs and, in the process, keeping a sluggish economy from nose-diving (8).

Role of Small Business & Small Business Administration

In summary, small business plays a key role in moving our nation toward the basic economic objectives of increased employment opportunities, new technological innovations, economic growth, a higher standard of living, and supplying goods and services to U.S. and foreign consumer markets. Small business also has become an increasingly important factor in U.S. efforts to compete in the highly competitive, global marketplace.

Unfortunately, as stated earlier, small business suffers from a high failure rate, the result of poor management. Because the management of small business differs relative to the management of large business, the Small Business Administration has established many programs to aid small business. Examples of these programs include:

* SCORE - Senior Citizens or Retired Executives * SBDC - Small Business Development Center (s) * SBI - Small Business Institute (s) * OBD - Office of Business Development in the Small Business Administration

Hundreds of brochures and publications are distributed by the Small Business Administration. This data covers subjects which are directly related to small business management, and include topics such as: * financial management and analysis * general management and planning * personnel management * new products, ideas and inventions

Role of Educational Institutions

In addition, entrepreneurship and small business education in universities has been consistently spreading, from a handful of U.S. universities in 1967 to approximately three hundred institutions today. Financial endowments behind the field have also grown as benefactors have contributed large sums for professorships at around two dozen universities. Currently, "some endowments are coming in levels as high as three million dollars (e.g., at Fairleigh Dickinson University) to seven million (e.g., at the University of North Carolina)" (9, p. 8).

This upward trend in support of educational programs is anticipated to continue and there have been virtually no situations in which schools have phased out entrepreneurship educational programs (9, p.8). Of great importance and significance is the increasing number of universities and colleges throughout the U.S. that are offering academic programs and courses in small business management and entrepreneurship.

METHODOLOGY

Notwithstanding the above, there continues to exist debate on the applicability of small business management/entrepreneurship research and teaching by universities to graduate and undergraduate students. Acceptance is increasing in view of the maturing U. S. market and changing global competition, as well as a greater understanding of the important role small business and entrepreneurship have played over the past ten years. There is, however, still some reluctance to incorporate small business/entrepreneurship courses into university curricula.

This study was conducted in order to investigate the university curricula issue from the point of view of the graduates. The questionnaire was directed to a stratified random sample of 2,000 male and female graduates of the University of Central Florida.

Graduates included in the sample must have graduated no less than five years and no more than twenty years prior to the date the survey was mailed. The sample group selected was based upon a desire to extract data from the experiences, since graduation, of a reasonable cross section of past students. Questions, were scored based on a five-point Likert scale, which included, but were not limited to: * Graduating Division (College) * Level of Graduation (Degree Level) * Gross Sales of Business-Initial Employer * Industry of Employer-Initial Job * Employee Population-Initial Employer * Management Level-Initial Job * Number of Job Changes * CEO Decision Making Patterns * Interest in Small Business Management/Entrepreneurship Courses * Teaching Level for Small Business Management/Entrepreneurship courses

The questionnaire was a closed, anonymous survey. It also solicited responses as to the course topics which respondents considered as preferential issues for inclusion in a Small Business Management/Entrepreneurship courses.

RESULTS

The overall response rate of 11.7% was strongly represented by those holding undergraduate degrees (92.7%) from the College of Business Administration (42.1%).

Upon graduation, the vast majority of the survey respondents (42.7%) secured initial employment at businesses with gross sales greater than \$5,000,000 in the Service industry with organizations having a population greater than 100 employees.

Predictably, the majority (48.5%) of the respondents were originally employed at the entry/bottom level of management and have continued working with their first-time employers (33.1%). At almost one-half of the organizations (48.9%), the CEO made most of his/her decisions with the assistance of internal specialists.

When queried about the desire to take a Small Business/Entrepreneurship course during their educational program, seventy-three percent responded favorably to such courses being taught. Forty-five percent of the respondents felt that Small Business/ Entrepreneurship courses should be taught at the graduate and undergraduate levels (45.1%).

The respondents clearly indicate a distinct need and desire for programs covering topics such as Small Business Management Practices (91%), Legal Issues (85.8%) and Entrepreneurship Development (84.1%).

In spite of the practicality and business community need for these programs, the survey demonstrates that, with exception of the Business Administration College, the opportunity for Small Business/Entrepreneurship courses by other university divisions is minimal.

CONCLUSION

While the requirement for Small Business Management/Entrepreneurship courses at the university level is understood and appreciated by the members of the Small Business Institute Directors' Association, there still remains reluctance on the part of too many higher-education administrators and faculty to increase the number of class offerings in this field of study. Strongly suggested by the survey results and in confirmation of our many suspicions, there is a strong demand for these critical small business educational programs.

As the empirical evidence demonstrates, increased course offerings in small business management/entrepreneurship will clearly benefit and fulfill the need for enhanced capabilities of university/college graduates in dealing with the limitations and unique problems existing in the small business arena.

REFERENCES

- (1)Baumbach, Clifford M., Basic Small Business Management, (Englewood Cliffs: Prentice-Hall,Inc., 1983).
- (2)Birch, David L., "Live Fast, Die Young," Inc., Vol. 3, No. 5 (May, 1981).
- (3)Fernald, Lloyd W. Jr. and George T. Solomon, "Management and Small Business Success: A Preliminary Investigation," United States Association for Small Business and Entrepreneurship Conference Proceedings, 1989, p. 45.
- (4)Ibrahim, Baker A., & Willard H. Ellis, Entrepreneurship and Small Business Management, (Dubuque: Kendall/Hunt Publishing Co., 1990).
- (5)Longenecker, Justin G. & Carlos W. Moore, Small Business Management, (Cincinnati: South-Western Publishing Co., 1987).
- (6)Longenecker, Justin G. & Carlos W. Moore, Small Business Management, An Entrepreneurial Emphasis, (Cincinnati: South-Western Publishing Co., 1991).
- (7)Ronstadt, Robert, "The Educated Entrepreneur: An Era of Entrepreneurial Education is Beginning," Babson College Paper, 1985, p.71. (8)Scarborough, Norman M. & Thomas W. Zimmerer, Effective Small Business Management, (Columbus: Merrill Publishing Co., 1991).
- (9)Vesper, Karl H. and Ed W. McMullan, "Entrepreneurship: Today Courses, Tomorrow Degrees?" Entrepreneurship Theory and Practice, Vol. 13, No.1, 1988, p.8.