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The Role of Education and Training in Entrepreneurship Development in Nepal

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ABSTRACT

There is a growing interest among policymakers and academics around the world about the role of entrepreneurship in the socio-economic development of a country. It is believed that if any society works towards encouraging its people to pursue their careers in creating enterprises through creative ideas it will be able not only to grow economically but will also be able to sustain in the long run. Various factors contribute to the development of entrepreneurship in a society; socio-cultural influence is one of the important factors. Though there are various components of socio-cultural factors, this study focused on the impact of education and training on entrepreneurship development. The method adopted was a cross-sectional survey and the design is descriptive. The findings show that education and training play some roles in making an individual motivated towards entrepreneurship. However, the significance of the influence could not be found in the present study. Therefore, it can be concluded that to develop entrepreneurship in a society, education and training on various dimensions of it should be encouraged by societies for their socio-economic growth.

KEYWORDS: Entrepreneurship, socio-cultural influence, education and training

INTRODUCTION

The role entrepreneurial activities play in the socio-economic development of a society is very obvious. Any society which is oriented towards entrepreneurship has a better chance of growth in today's highly competitive world. Therefore, there is a growing interest among stakeholders such as government policy-makers, academicians, and entrepreneurs themselves to understand the factors affecting entrepreneurship in society.

Entrepreneurship can be defined as a phenomenon in which a new venture is created by pursuing an innovative idea. It includes risk-taking with a novel idea which adds value to the people. This is a socioeconomic activity which contributes to the development of a country.

Various factors affect entrepreneurship development in a society. These include risk orientation of the people, achievement orientation, creative ideas development capabilities, support from the government and other institutions. Another important factor which plays an important role in entrepreneurship development is education and training. In this regard, Sluis, et al. (2008) argue that among many factors that contribute

to entrepreneurial success, but one easily influenced determinant of entrepreneur outcomes is education.

It is believed that people with different types of skills are likely to involve in entrepreneurial activities. In addition, entrepreneurial and other education activities play a vital role in encouraging people towards entrepreneurship. Therefore, fostering entrepreneurship through education and training has also received increasing attention from universities in many countries (Bakotić & Kružić, 2010). Furthermore, it has been found that the entrepreneurs often have a formal university education which makes them ready for the tough market game (Robinson & Sexton, 1994).

Wu and Wu (2008) assert that education as a factor influenced attitude towards entrepreneurship and perceived behavioural control has a positive effect on entrepreneurial intention. Hattab (2014) argues that his study findings suggest a positive relationship between entrepreneurship education and intentions and perceived desirability while no relation existed with perceived feasibility or self-efficacy. Basu and Virick (2007) also found that variables of education and family have a positive relationship with the attitudes toward entrepreneurship.

Education can also contribute towards developing the entrepreneur's analytical and managerial abilities to define a strategy, introduce planning and control systems, replicate these systems if necessary, screen applicants and recruit employees for specialist positions within the business and delegate tasks, all of which are essential for business expansion (Casson, 1991).

Sluis, et al. (2008) state that there is some evidences of an increasing trend in the return to schooling over time. Education has become more worthwhile over the years to achieve superior business performance. This is in line with the dramatic shifts in industry and occupation compositions and technological advances over the last two decades, which favour educated aspirants for entrepreneurship. However, there is no evidence of a systematic relationship between an individual's schooling level and the probability of selection into entrepreneurship. This does not contradict the economic theory, which points out that education has two opposite effects on entrepreneurship entry. Still, the relationship between schooling and performance is significant and positive, in line with economic theory. To formulate more precisely, the higher the schooling level or the more years of education have been pursued, the higher are the chances that performance is good: earnings are higher, growth is more likely, survival chances are better.

Various studies further highlight the important role played by education in the development of entrepreneurship in societies. For example, Oosterbeek et al., (2010) contend that despite the differences to be noted in both the personal and the behavioural approaches, education plays a critical role in the development of enterprising citizens, by identifying and triggering vocations in individuals, promoting entrepreneurial mindsets and skills and entrepreneurial intentions and behaviours. Therefore, it is argued that education and training, based on solid learning theory, can contribute to increased management knowledge and to developing the psychological attributes and behaviours associated with entrepreneurship (Lee et al., 2006). This can make a great difference in generating a new breed of entrepreneurs (Paço, et al, 2013).

Taking cues from the above discussions, the study's objective was to explore the influence of socio- cultural factors in entrepreneurship in Nepal; more specifically the role of education and training. The study was designed with a view to explain educational attainment and training as factors that influenced people entering into entrepreneurship. The study attempted to answer the research question such as how educational attainment and training affects entrepreneurship development in a society.

METHOD

A positivist approach was preferred for this study by using survey method since it helps to make generalizations to large populations from the results. The research design adopted was descriptive with cross-sectional study in nature which attempted to assess the impact of educational attainment and training on entrepreneurship development in Nepal. This research was concerned with examining and explaining some variables and their relationships at a particular point of time. Hence, the cross-sectional sample survey design was considered to be the appropriate choice.

Several sources of information were searched before selecting the sample enterprises. It is because there are several agencies in which entrepreneurs register their businesses. For example, private and public limited companies are registered in the Office of the Company Registrar, trading firms are registered in the Department of Commerce, travel and tourism-related enterprises are registered in the Hotel Association of Nepal, Nepal Tour Operators Association, Nepal Association of Travel Agents and others. Similarly, businesses also register themselves in concerned municipal offices, chamber of commerce and other agencies. Therefore, ascertaining the exact number of enterprises was difficult. Hence, the study firstly selected the enterprises which were registered with related chambers of commerce and industry as members. Therefore, this was assumed to be a preliminary population for the study. The surveyed entrepreneurs mostly included small and medium-size enterprises because the majority of entrepreneurial activities begin and usually conducted in small scale. The study was carried out by purposively selecting entrepreneurs from Pokhara and Kathmandu valley. The two places were selected for their importance in Nepal's economy as prominent business centres. Kathmandu is the capital of the country in which main business activities occur. Hence, it was selected as a sample place. Pokhara is Nepal's major tourist destination with substantial business activities. Therefore, the place was chosen for the study. They were also chosen for the obvious reason of easy accessibility. The sample selected was designed to be broadly the representative of the geographical distribution of micro and small enterprises in both the places. Though 280 questionnaires were distributed among various entrepreneurs, the usable response was 225. Among them, 135 were from Kathmandu and 90 were from Pokhara. The selected sample size was guided by past studies and accessibility of entrepreneurs.

Stratified judgment sampling method was adopted to choose the sample from the population. The strata included entrepreneurs with various state of educational attainment, training attended, men and women entrepreneurs from both the cities. It also included entrepreneurs from various ethnic groups of Nepal.

The survey was conducted with a structured questionnaire. The items included were derived from literature reviews which indicated some of the major factors affecting the entrepreneurial orientation of an individual. Education and training were among important variables which affect entrepreneurship. Hence, these two variables were selected for the present study.

The questionnaire included basic demographic information like gender and caste. Then the educational background of the entrepreneur was also recorded through questions such as whether s/he was illiterate, literate, high school educated, SLC passed, intermediate-level passed or bachelor degree and beyond.

The entrepreneurs were further asked to mention about the training they had received before or after entering into the business. If they had received any training they were enquired about the nature of training attended which explored whether the training was related to the enterprise they were operating. They were further enquired on any additional training they had attended besides the technical training. They were also asked

whether the training received and business they were running were related or not. If they said yes, then they were further asked if the training had influenced the choice of enterprise run by them. This was explored because there was some evidence that educational background and training attended by individual influenced the choice of enterprise.

The survey was conducted by using online forms, emails and personal contacts and referral from one respondent to another.

The analysis of data was primarily done through the description of the state of educational attainment and training received by respondents. Mann Whitney and Kruskal Wallis tests were conducted to test the significance of responses made.

RESULTS

The following section presents major data related to educational attainment and training attended by respondent entrepreneurs including their brief profile. The section provides some ideas about what kind of people become entrepreneurs in the country. It also further highlights responses from entrepreneurs with regard to the role played by education and training in their becoming entrepreneurs.

Profile of Entrepreneurs

This section incorporates the profile of entrepreneurs covered under the study. Their profile was assessed through types of business, ownership patterns, number of employees, legal status, gender of the entrepreneur, their educational qualifications, and their ethnic/caste. The profile was created to develop a general understanding of the enterprise and entrepreneurs.

Types of Business and Educational Qualification

Educational qualification of an individual affects the choice of profession. Similarly, it is believed that the nature of business chosen by entrepreneurs is also influenced by one's educational qualification. Therefore, information on the educational qualification of entrepreneurs was collected.

The majority of the entrepreneurs in the sample had a good educational background. Out of 225 respondents, 33 percent had completed their intermediate level of education which is equivalent to higher secondary level. About 31 percent of them had graduate degrees with them. Twenty percent of them had completed their secondary school education (SLC passed). Less than 10 percent mentioned that they had attended schools but did not complete the degree (under SLC). Very small number of respondents told that they only could read and write. It was interesting to note that only one entrepreneur told that he was illiterate. This indicates that education helps people in entrepreneurial venture creation.

Gender and Educational Qualification

The findings depict that both male and female entrepreneurs have understood the importance of education. More than 50 percent of 51 female entrepreneurs in the sample had either a graduate degree or completed their intermediate level of education. Similarly, more than two-thirds of men had the same kind of educational attainment. One of the hypotheses of the study was that educational background influences entrepreneurship. The level of educational attainment of the entrepreneurs covered in the study gives an indication of the hypothesis being true (test of the hypothesis will be presented later for this). The indication is in congruence with the notion that education has a strong impact on an individual becoming an entrepreneur.

Caste and Educational Qualification

Traditionally, Brahmin and Chhetri castes are presumed to be more educated in Nepal, though there is no clear data available to prove this point, it can be stated based on the observation made in the society. The caste system in Hinduism is based on what one does as a profession. For example, Brahmins mostly were involved in teaching and priestly works. Chhetris were rulers and mostly involved in serving the army. Newars were traders and Gurung, Magar were known for their farming-related activities. Because of the nature of work, they were traditionally involved in Brahmins were more educated than other castes. Therefore, 34.52 percent of them were graduates in the sample. About 21 percent of Chhetris were graduates. However, 23 (35.93 percent) respondents from the Newar community had completed their graduation which is one percent more than Brahmin respondents. This is a different situation than what used to be traditionally believed about these communities. The reason for this might be the changing social system of the country where people involved in the business are realizing the need for being better educated for managing their activities effectively. Moreover, there is a general belief in the Nepali society that graduate Brahmin prefer to join either government service or teaching and other professions than entering into the business whereas regardless of their educational attainment, Newars prefer to enter into a business usually due to their family and socio-cultural backgrounds. This might be the reason why more Newar graduates were found as entrepreneurs in the sample.

Influence of Training and Education on Entrepreneurship

Wellner (2002) states that trends in income and education, as well as cultural influences, have played out in varying ways among racial and ethnic groups, and that has resulted in differing rates of success among minority entrepreneurs by race. He provides an example to prove his point by stating that with higher incomes and higher levels of education than any other group in the US, Asian Americans are also the most successful at running their own companies. People choose those ventures in which they have some idea. It is also found that many people start businesses related to their field of study after completing training and education. There are several such examples in the world. So, the role played by education and training cannot be overemphasized. Therefore, respondents were asked whether they had attended any training which might have influenced them to become entrepreneurs. Their responses are presented below.

Table 1

Status of Training Received by Entrepreneurs

Training Received	Frequency	Percent
Yes	73	32.4
No	152	67.6
Total	225	100.0

As shown in Table 1 when the entrepreneurs were asked to give their views about training, more than two thirds (67.6 percent) of them told that they did not receive any training related to their business. This indicates that Nepali entrepreneurs usually enter into entrepreneurial activities without proper training. There is a general trend of entering into any profession without proper training in Nepal. People do not prepare themselves well in the related skills before entering into any profession. Only limited experience or exposure is deemed sufficient to do any business or getting a job. However, around one third (32.4 percent) of the respondents told that they received training related to their business. When a separate analysis was done about this response

it was found that people who attended some skills training had started their business after learning the skills and gaining confidence to run the enterprise. These entrepreneurs had received training on computer, beauty treatment, handicraft, and boutique and started businesses related to the skills learnt in the training. This indicates that though Nepali entrepreneurs still do not widely believe the importance of training and education before starting any business, the trend is slowly changing and more and more people are now realizing that they need to have some training for success of the business.

It is also believed that training and education, besides providing some knowledge about certain subject matter, also work as a motivating factor in the choice of profession. Therefore, it was thought to be essential to assess whether training and education motivate people to become entrepreneurs. Hence, a question was asked to explore this idea. Those entrepreneurs who told that they received some kind of training related to the business were asked to mention whether they thought that training they had received motivated them to become entrepreneurs. There was a huge agreement on this. Nearly 90 percent of them agreed that the training was the main motivating factor for them to become an entrepreneur. This indicates that training provides necessary confidence and exposure to an individual to become an entrepreneur which makes people feel motivated to become entrepreneurs after attending the training. This emphasizes on the role training plays in converting an individual into an entrepreneur. If appropriate training is provided to the people many of them can use their skills to start an enterprise. Hence, respondents were asked about how they think about training as a motivational factor for them to become entrepreneurs. The responses are as follows:

Table 2

Training as Motivating Factor in Making People Entrepreneurs

Gender of the entrepreneur	Mean	Number	SD	Mean rank
Female	4.3846	26	1.2025	37.62
Male	4.6200	50	.7253	38.96

As depicted in Table 2, only 50 out of 174 male entrepreneurs told that they had received some kind of training related to their business. Similarly, out of 51 female entrepreneurs, 26 had received business related training. When they were asked about whether they thought that the training had motivated them to become an entrepreneur the mean value for male entrepreneurs was 4.62 which were slightly more than women entrepreneurs whose mean value was 4.38. This indicates that both men and women entrepreneurs believed training being an important motivator for becoming entrepreneurs. Moreover, the means were compared by using Mann Whitney (MW) test for the difference. The MW value was 627.000 and P value was 0.744 indicating that there was no significant difference in the ranks given by male and female entrepreneurs about training as a motivating factor for them to become entrepreneurs. People who attend training related to a certain profession are likely to be motivated to enter into such business because of their understanding of the business received through the training. In fact, for individuals, it becomes natural to go into the business of their knowledge. When respondents were asked to give their view on this, the majority of them answered that training highly motivated them to become an entrepreneur. This is indicated by the mean value of more than 4 given by entrepreneurs from all kinds of businesses studied. The highest mean value of 4.6667 was given by entrepreneurs in tourism-related business. This shows that people trained in this type of business are most likely to start an enterprise on their own.

When asked to the sample group of Nepali entrepreneurs about the relationship of the education they completed and the businesses they were operating, majority of them 137 (68.9 percent) told that their educational background and the type of enterprise they were running were not related. This might be because most of the entrepreneurs covered during the study were micro and small ones; they enter into the business after learning by doing about the business. This usually includes working in another enterprise for some time. Getting ideas about the basics of the business and after developing a sufficient level of confidence people start their own business. The perception of the entrepreneurs about the role played by education to general people was assessed. Out of 223 valid responses, 159 (71.30 percent) were in agreement that education plays an important role for an individual to become an entrepreneur while remaining either disagreed or were not sure about the role played by education. As discussed earlier, however, the educational background of the entrepreneurs did not match with the given statement. Therefore, it can be concluded that despite the reality that educational background was not the main reason for entering into entrepreneurship for the group they still believe the role played by education for the success of any kind of profession. This will probably lead the future generation of people to become more entrepreneurial than now. Educational qualification of entrepreneurs and their views on whether education motivated them in entrepreneurship was assessed by asking a question related to it. The highest mean value was given by graduates (3.2319), which confirm the view that educational qualification has a positive impact on motivating people to become entrepreneurs.

Education gives entrepreneurs essential exposure and confidence to start a business. It is interesting to note that people who told that they could just read and write also said that they were motivated by education. This is indicated by the mean value of 2.6667 which is toward the middle of the continuum. This might be because whatever exposure they had through their limited educational qualification proved to be a motivator to become an entrepreneur. A comparison of means of ranks given by the respondent was done by running Kruskal Wallis tests whose value was 8.167 with a P value of .086 which indicates that the responses of respondents with different educational qualification were not different. When entrepreneurs were also asked about their views on what role education plays in society to make people more entrepreneurial, they had different opinions as presented here. Most of the respondents had the opinion that education has a strong influence on individuals to become entrepreneurs. The mean value was near and over 4 which indicates that entrepreneurs with different types of educational qualifications had almost similar views on the influence of education in making people entrepreneurial. When the ranks given by respondents were compared by conducting Kruskal Wallis tests the Chi-square value was 1.288 and P value was .863 which indicates that there was an insignificant difference between their opinions on this issue.

DISCUSSION

There is a growing interest in the role of entrepreneurship in the socio-economic development of any country. It is because entrepreneurs not only create enterprises for themselves, they also create jobs for others. Entrepreneurs also play a very critical role in turning any kind of socio-economic problem into opportunity through their innovative ideas. Entrepreneurs use their creativity and innovation to bring changes in society. Therefore, importance of entrepreneurs cannot be overemphasized.

Due to the growing role of entrepreneurs and their enterprises in the changing world, there is increasing interests among researchers to study about how they contribute

in the development of a society and what are the factors affecting entrepreneurship growth in any society. There are several factors which are believed to impact growth of entrepreneurial culture in a society. Some of them are: family influence, gender, migration, and ethnic/caste group. One important factor which is getting more attention in recent times is the role of education and training in creating and success of entrepreneurs. In this background, the study explored how these factors influence anybody to become an entrepreneur. The findings of the study indicated that there are some situations when educational attainment and training play some roles in making an individual enter into entrepreneurial activities which were similar to findings of other studies which indicated on how entrepreneurship is affected by one's educational background. Nonetheless, the findings also indicated that several entrepreneurs did not believe that their educational background had any role to play in their venture creation. This finding was similar to the findings of Sluis, Praag, and Vijverberg (2008) who found that there is no evidence of a systematic relationship between an individual's schooling level and the probability of selection into entrepreneurship. Rather, they had the opinion that they became entrepreneurs because of their family background because they migrated from their birthplaces and found their enterprises to survive in the new place.

CONCLUSIONS AND RESEARCH IMPLICATIONS

Based on the above findings and discussion, some conclusions can be made. The first one is that entrepreneurship is impacted by various socio-cultural factors such as the entrepreneur's family background, gender, migration status, educational attainment, and training. As we know that education plays a very crucial role in an individual's career whether it is a profession or entrepreneurship. The second conclusion that can be made was that an educational degree plays some role in making an individual confident and exposed enough to take entrepreneurship as a profession. This was indicated from a number of graduate degree holders among entrepreneurs surveyed. Another conclusion was the positive influence of training and education in motivating respondents in becoming entrepreneurs. The research implication of the findings and conclusions is to provide some insight into the impact of education in the development of society so that further studies can be made to ascertain how a critical role education and training plays in developing entrepreneurship in the country. If more information is available regarding the impact of education and training in entrepreneurship development then concerned authorities can design appropriate courses and other approaches of learning to encourage people, especially the younger generation, towards entrepreneurship.

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