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## Entrepreneurship Education at Universities: Suggestion for A Model Using Financial Support

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### Abstract

The public sector is not the only one that creates more and better jobs in developed countries. In addition, the private sector seems to have a major role in solving the problem of unemployment. But according to recent studies, the oldest and largest private companies cannot seem to provide new opportunities to combat unemployment. This poses a question: which type of companies can provide employment to those individuals seeking it? Lately, it seems that only companies which use advanced technology and startup companies can provide new jobs to those seeking employment. Currently, the mission of the university as an institution has changed. Education of entrepreneurship is the one of the important areas of study in universities all around the world. Developments on information and technology have reached a high level, creating new challenges and problems for universities. Additionally, universities have to change their teaching models and methods to reach contemporary levels. It is possible for universities to revise their missions and visions. These missions should include objectives of education and a suitable strategy that considers the private sector and its expectations from universities. Collaboration with industry and other related sectors can support universities, and encourage them to add courses like “Entrepreneurship” to their curricula. In addition, this encourages universities looking for new partnerships. One such partnership is called KOSGEB (in Turkish), which is a state owned “Small and Medium Enterprises Development Organization”. KOSGEB can provide fiscal aid, some refundable and some not, to all small and medium enterprises. KOSGEB also provide huge opportunities to potential entrepreneurs who want to establish a new business through its Entrepreneur Support Program. One component of the program is to provide monetary support – up to 100,000 TRL in total. In this study, we will discuss the Entrepreneur Support Program of KOSGEB, and whether it is feasible for solving the problem of unemployment after university education. We ask if this program is a good collaboration to help students, and how universities can apply this support program to their academic program.

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## **1. Introduction**

The role of the university is critical to the growth of entrepreneurial intentions, and we argue that an individual's decision in favor of or against becoming an entrepreneur depends on the multi-level context provided by the university. This study explores how a university's support impacts students' entrepreneurial intentions and finds that entrepreneurship education, concept development support, and business-development support increase such intentions. Most of the previous literature suggests that students perceive the education and concept-development support (educational and cognitive) from their universities as highly influential on their entrepreneurial intentions.

European countries emphasize entrepreneurship education at universities. German speaking countries in particular take place ahead on researching and teaching about enterprise. Therefore the concept of entrepreneurship is considered by the community. Recognition and explanation of business circumstances serves to change entrepreneurial thinking and mindset. (Volkman, et al., 2010)

## **2. Literature Review**

General agreement about entrepreneurship is the important factor for economic expansion all around the world. In addition to this, the university has a vital role both in supporting research and development and in teaching entrepreneurship to students. (Davidsson, Low, & Wright, 2001) (Haase & Lautenschlager, 2011) (Elaine & Gray, 2013) Emphasis of university entrepreneurship education is like preparation for the business world for turning theoretical knowledge to information. Therefore university education can teach people how to run a business. (Abereijo, 2015)

In the literature, there are various approaches to teach entrepreneurship methods. According to Wright, Bitner, and Zeithaml (1994) traditional education at universities about entrepreneurship includes lectures and seminars as a passive method. This method suggest that all of the students are like an "empty box" to which a teacher can add theoretical knowledge. This method can be criticized that it is not focused on new phenomena on enterprising behavior and following only managerial concepts.

Another approach of entrepreneurship education at universities is related to a dynamic and active method, or learning by doing. This method suggests a goal oriented way to teach student all of the components of analyzing, evaluating, and constructing knowledge that students need. This approach also makes guidance to pedagogical knowledge for lecturers on how they can concern with the students and their teaching techniques. (Abereijo, 2015)

This paper provides suggestion about financing methods for entrepreneurship education at universities. Private sectors may support these entrepreneurship programs. Supporting entrepreneurship is limited to the budget of universities. Universities may overcome this problem, they may establish a business that it can give support to the student who want to investigate and start up a business. But this paper suggests that financial support to the students can come as government aid.

## **3. Methodology**

Entrepreneurial universities are valued because of their economic output (such as patents, licenses, and start-up firms) and technology transfer mechanisms (Tijssen, 2006). It is important for universities to position themselves as hubs of entrepreneurship by nurturing an entrepreneurial environment and providing substantial contributions to the economy and society (Gnyawali & Fogel, 1994).

The development of entrepreneurial universities is a widespread phenomenon that has attracted policy-makers’ attention. However, despite the increasing interest in academic entrepreneurship and new-venture creation by students, little empirical research has identified organizational-level factors that can foster entrepreneurial intention among university students (Walter, Auer, & Ritter, 2006).

3.1. Motives and Objectives of Suggested Model

The main objectives of entrepreneurship education at Universities and in the same time for KOSGEB can be listed as follows (KOSGEB, 2015);

- Establishing successful and sustainable enterprises,
- Disseminating the entrepreneurship culture,
- Developing entrepreneurship by establishing the Business Improvement Centers (BICs),
- Raising the employment level,
- Supporting entrepreneurship based on the local dynamics

These objectives may help both teachers and students learn how economic growth and regional growth can improve employment.

3.2. Model for Universities

Entrepreneurship education at universities may provide training and support as critical factors in developing positive perceptions of competence for start-up firms. Entrepreneurship can be taught and learned in universities. Krueger & Brazeal, 1994 suggest that entrepreneurship education should improve students’ perceptions of the feasibility of entrepreneurship by increasing their knowledge, building confidence, and promoting self-efficacy.

Table 1. KOSGEB Financial Support for New Entrepreneurship

| SUPPORT COMPONENT   | Payback Station | UPPER LIMIT (TRL) | SUPPORT RATIO (%) (1st & 2nd Regions)         | SUPPORT RATIO (%) (3st & 4th Regions)         |
|---|-----------------|-------------------|---|---|
| Enterprise Establishment Support  | No Payback      | 3,000             | 60<br>(Female or handicapped entrepreneur:70) | 70<br>(Female or handicapped entrepreneur:80) |
| Business Expenses Support   | No Payback      | 12,000            |   |   |
| Machinery, Equipment and Office Hardware Support<br>Operational Costs Support | No Payback      | 15,000            |   |   |
| Fixed Assets Investment Support   | With Payback    | 70,000            |   |   |

Source : KOSGEB, www.kosgeb.gov.tr

According to Table 1, the Regions are highly important for calculating the Supporting Ratio which is determined by the Government as an Investment Incentives of each city in Turkey. They have been divided into 6 regions by the level of development of cities. In accordance with these regions, a supporting ratio for financial aid has been determined. For instance if a company is placed in the 3<sup>rd</sup> or 4<sup>th</sup> region, and its owner is female, KOSGEB may help this company in startup level of 70% of total supporting ratio.

Affirmative action in this Financial Support has been applied for female and handicapped entrepreneurs. This may also encourage to them to establish new enterprise. Support Components in Table 1 are representatives in 4 fundamental levels for new entrepreneurship. Firstly establishment support can provide up to 3,000 TRL for all expenses during start up procedures of companies. Each company needs some payment for the registration fee to the Board of Chambers and Trade, and other payment to register to professional institutions, etc. Secondly business expenses support includes to provide monthly expenses like electricity, water, phone and internet, etc. up to 1,000 TRL each month. Other without payback support is related to buy machinery, equipment and office hardware up to a total of 15,000 TRL. There is non-refundable support provided by the KOSGEB in the first 2 years to each new entrepreneur. KOSGEB can provide final support which business needs to buy fixed assets and other investment assets with payback period without any interest expense. It is provided by the state owned banks which has work together with the KOSGEB. This financial support may help each new entrepreneur throughout 2 years.

Universities can use KOSGEB's Financial Support for new entrepreneurship for students who want to attend Entrepreneurship Class. If universities want to start this education, they can combine this lesson with the syllabus. Every semester universities need to start all paperwork with KOSGEB. Therefore KOSGEB can update which universities and departments want to start new entrepreneurship lessons. The teacher of the lesson should have knowledge and experience in entrepreneurship and related topics.

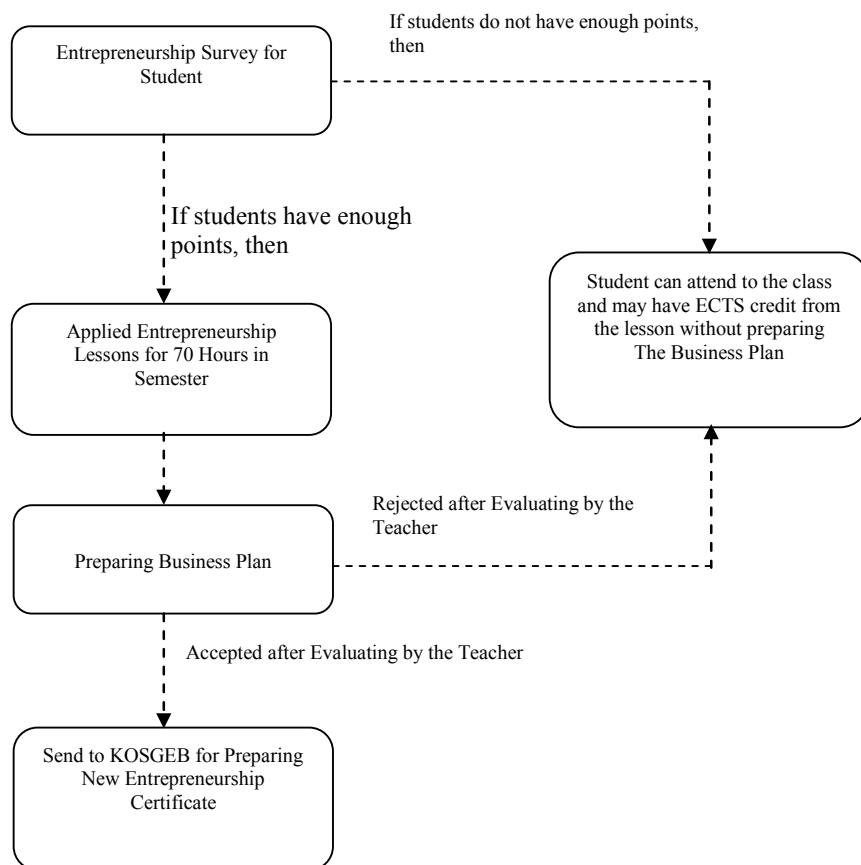


Fig. 1. Flowchart of University Entrepreneurship Lesson

Due to Fig. 1. The university may add The Entrepreneurship Lesson to the Bachelor's Curriculum. This lesson must include 70 hours in total of education time during one semester. 24 hours of 72 hours must be used with computer laboratory for analyzing and filling out the business plan.

Initially, every student who attends the Entrepreneurship Lesson has filled out the Entrepreneurship Survey provided by KOSGEB. After evaluating the surveys, the teacher can determine which one is suitable and feasible to start up the business. It is possible to find some students who have an idea for a new business to start up, but the teacher can advise each student to find a better idea. Kraaijenbrink, Groen, & Bos, 2010 suggest that universities can provide knowledge and skills to the student who are in need of this knowledge to start up a business. It is also determined as a traditional role of universities and teachers. If they couldn't find any feasible idea for a startup business, they can also attend the class to receive ECTS credits of the lesson. If a student needs financial support from KOSGEB, they have to prepare a feasible Business Plan and send it to KOSGEB. KOSGEB may add all students who have earned a New Entrepreneurship Support Certificate to its database to hold for the future. Besides, KOSGEB can evaluate this Financial Support feedback from students as a new entrepreneur whether they have been successful or not.

#### 4. Conclusion

The university's role is critical to the growth of entrepreneurial intentions, and we argue that an individual's decision in favor of or against becoming an entrepreneur depends on the multi-level context provided by the university. This paper provides a suggestion about a financing method for entrepreneurship education at universities. Private sectors may support entrepreneurship programs like this. Supporting entrepreneurship is limited to the budget of universities. For universities to overcome this problem, they may establish a business that they can give support to the students who want to investigate and start up a business. But this paper suggests financial support to students can come as government aid. Universities can use KOSGEB's Financial Support for new entrepreneurship to students who want to attend Entrepreneurship Class. If universities want to start this education, they can combine the syllabus with this lesson. Every semester universities need to start all paperwork with KOSGEB. Therefore KOSGEB can update which universities and departments want to start new entrepreneurship lessons. KOSGEB can provide fiscal aid, some refundable and some not, to all small and medium enterprises. KOSGEB can also provide huge opportunities to potential entrepreneurs who want to establish a new business through its Entrepreneur Support Program. One component of the program is to provide monetary support – up to 100,000 TRL in total. In this study, we suggested the Entrepreneur Support Program of KOSGEB, and whether it is feasible for solving the problem of unemployment after university education.

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