

# EMBEDDING ENTREPRENEURSHIP IN UNIVERSITY CURRICULA

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APEC HRD

## **An overview of issues in APEC Economies**

*The role of Higher Education and Entrepreneurship Training from the perspective of APEC member economies*

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PACIFIC ECONOMIC COOPERATION COUNCIL



## The main questions

What sort of business environment is suited to entrepreneurs?

What role do SMEs and entrepreneurs play in the APEC economy?

Are all entrepreneurs the same? Is there a curriculum for entrepreneurship?

Do entrepreneurs need education more than they used to as a result of globalisation and APEC?

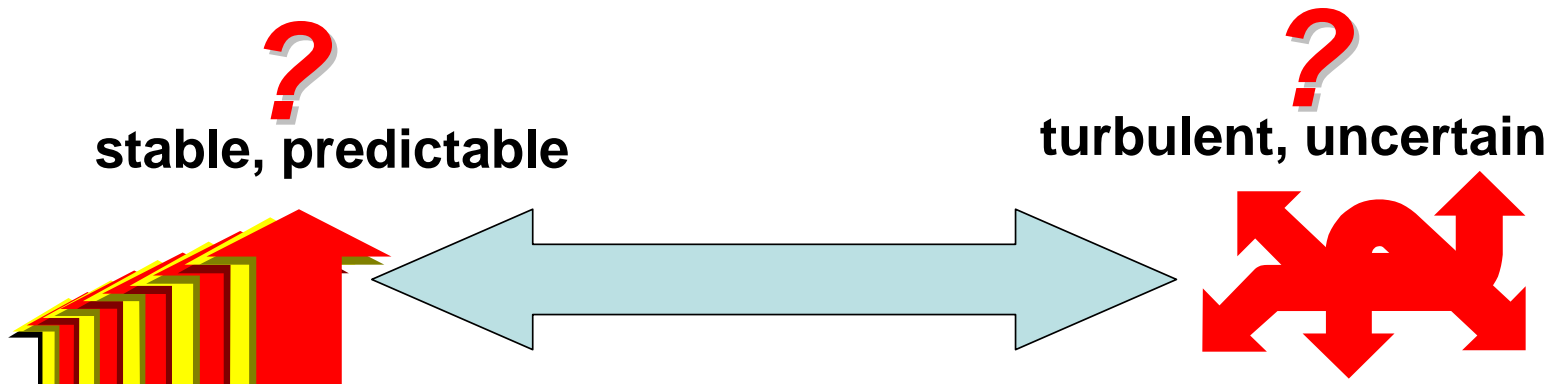
if APEC needs more and better entrepreneurs - how can education help meet those needs?

How can universities better help entrepreneurs?

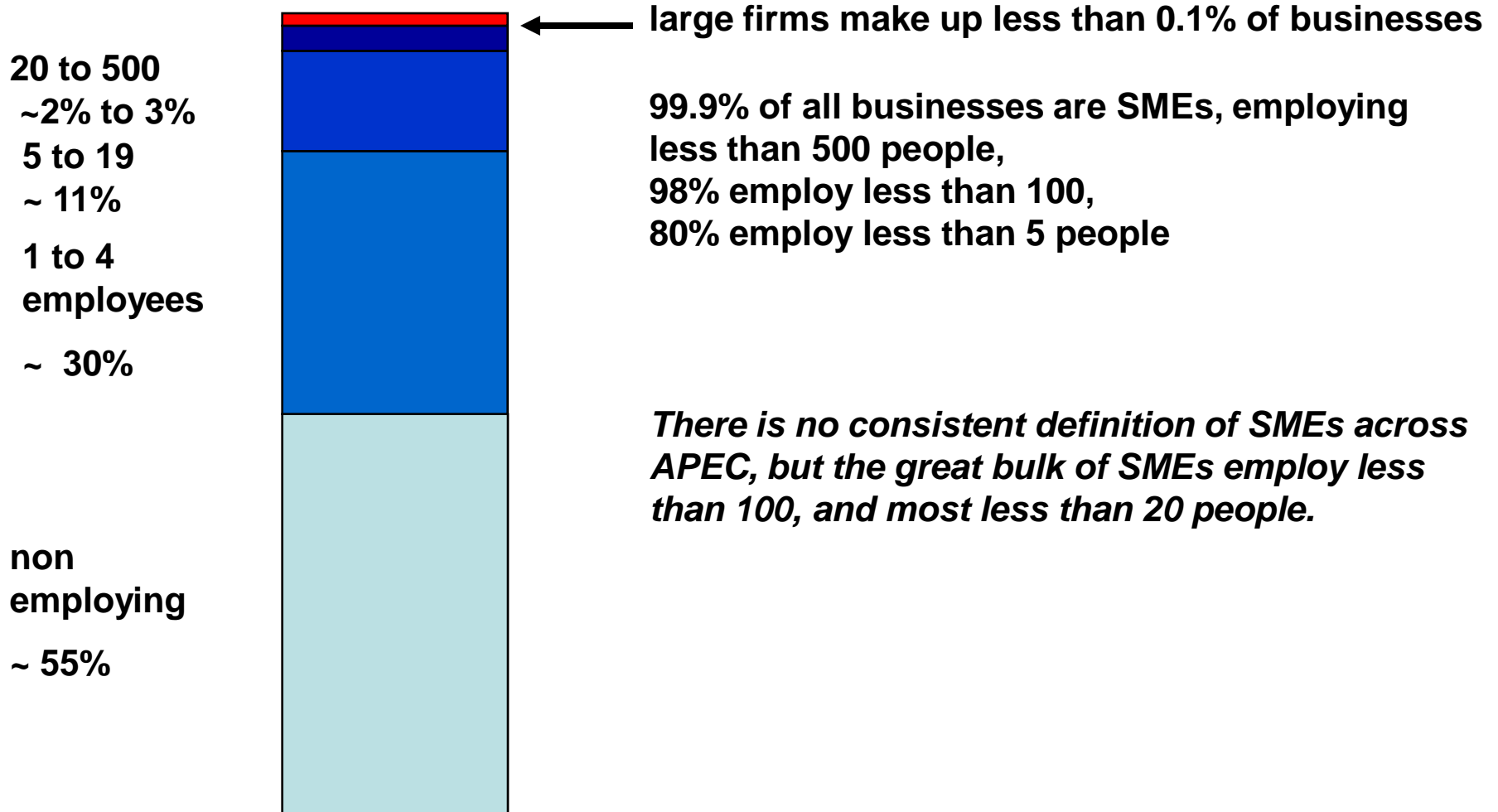
## Key points to take away

1. Entrepreneurs, and the SMEs they manage, make a major contribution to economic growth and dynamism.
2. The entrepreneurial engine relies on a lot of entrepreneurs willing to try, and acceptance that some fail in doing so.
3. Most developing APEC economies need many more experienced and educated entrepreneurial managers able to compete in a much more globalised world.
4. Entrepreneurs are a minority. Not all entrepreneurs are the same. A single curriculum approach is not appropriate.
5. Learning by doing is important in entrepreneurship education. So is assistance and mentoring when it is needed.
6. Education is only one of the links need in a chain of factors affecting entrepreneurial success; if other links (like finance or infrastructure) are weak or missing, education will not help as much as it could.

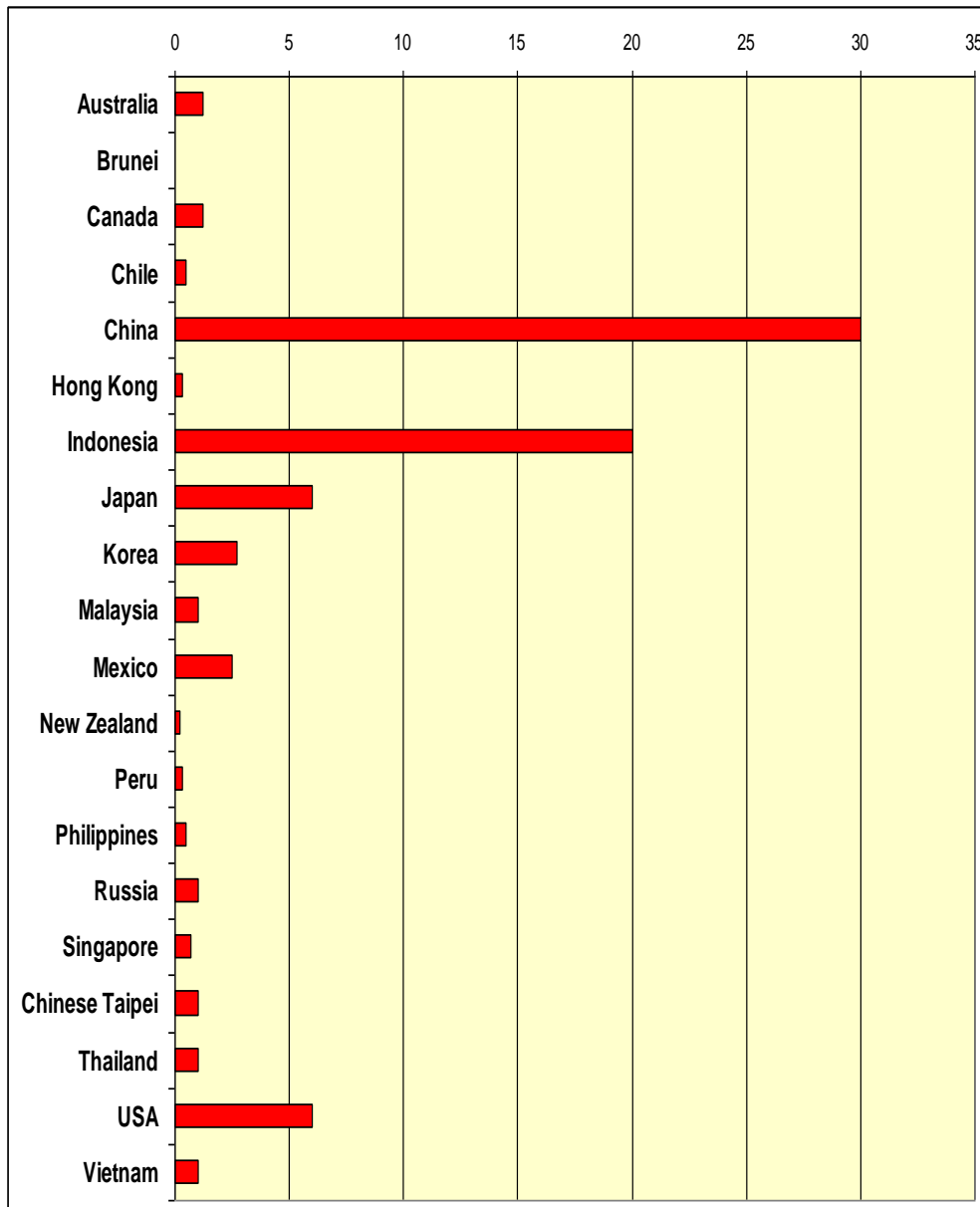
what sort of business environment is best for entrepreneurs and firm creation?



## What is an SME? Most entrepreneurs manage an SME



## How many SMEs are there in APEC?



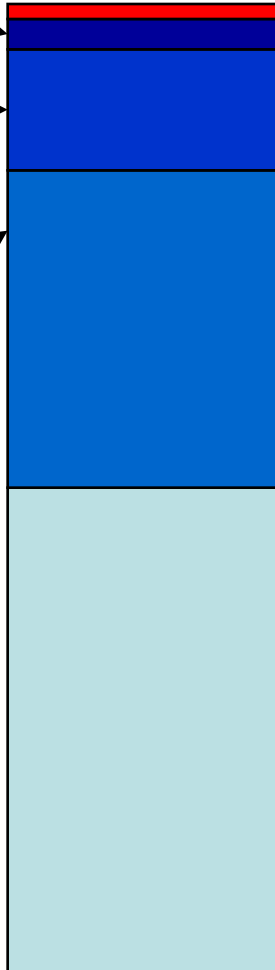
*There are now about 77 million SMEs in APEC, about 30 million of them in China, **but there should be about 100 to 120 million***

## What do these SMEs contribute?

Medium 19 to  
500 or so

Small  
5 to 19  
employees

Micro less  
than 5  
employees  
about 80%  
of SMEs



large firms make up less than 0.1% of businesses, contribute between 40% and 60% of employment, and about 50% of GDP.

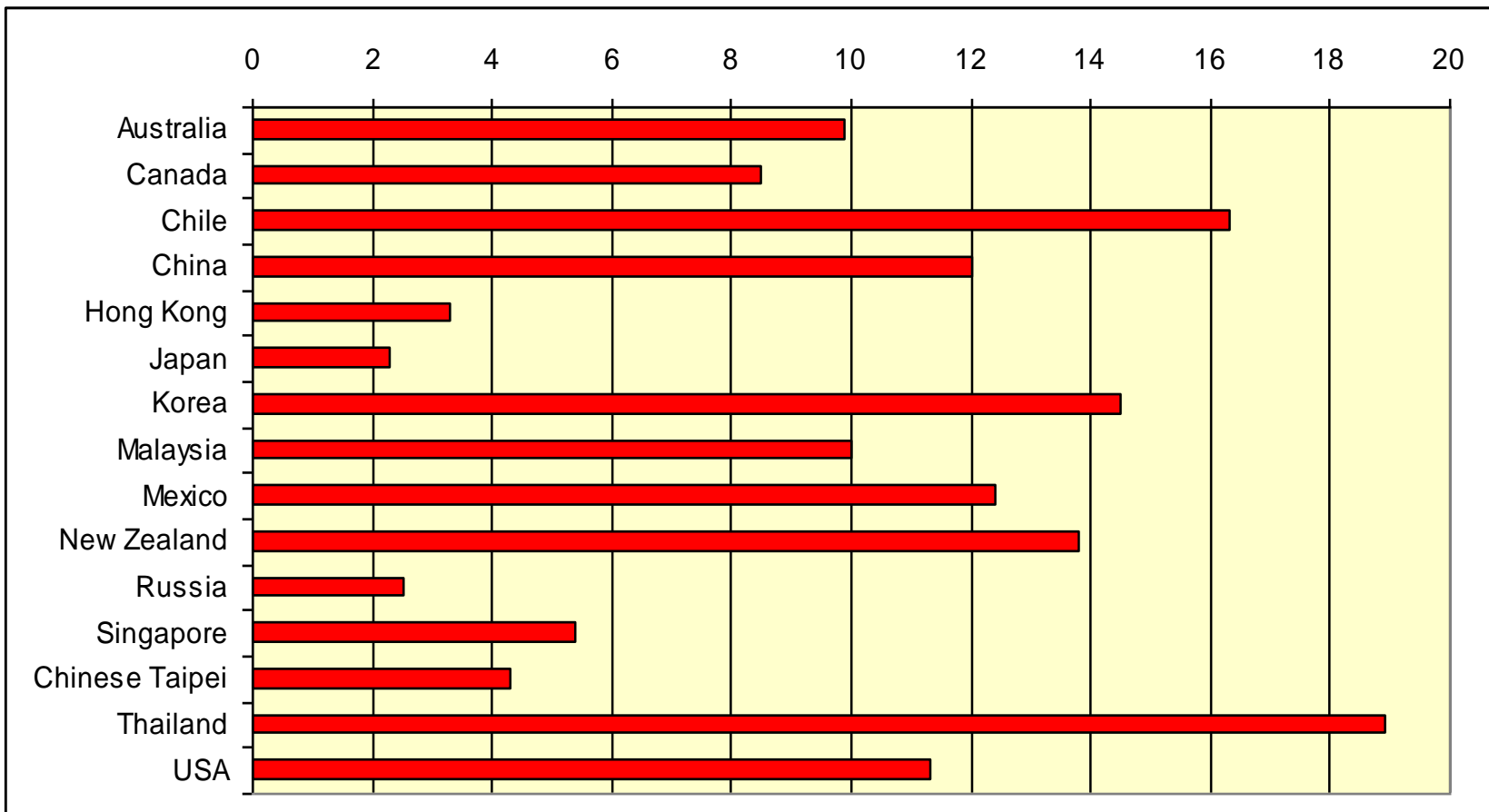
Large firms usually destroy jobs, ie are net job destroyers

SMEs contribute about half of GDP, and about half of all jobs. About 20% of jobs are from medium, 20% from small and 20% from micro

***But SMEs, especially new micro and small enterprises create most of the growth and flexibility in the face of change .***

Most SMEs start with an entrepreneur, and entrepreneur rates differ

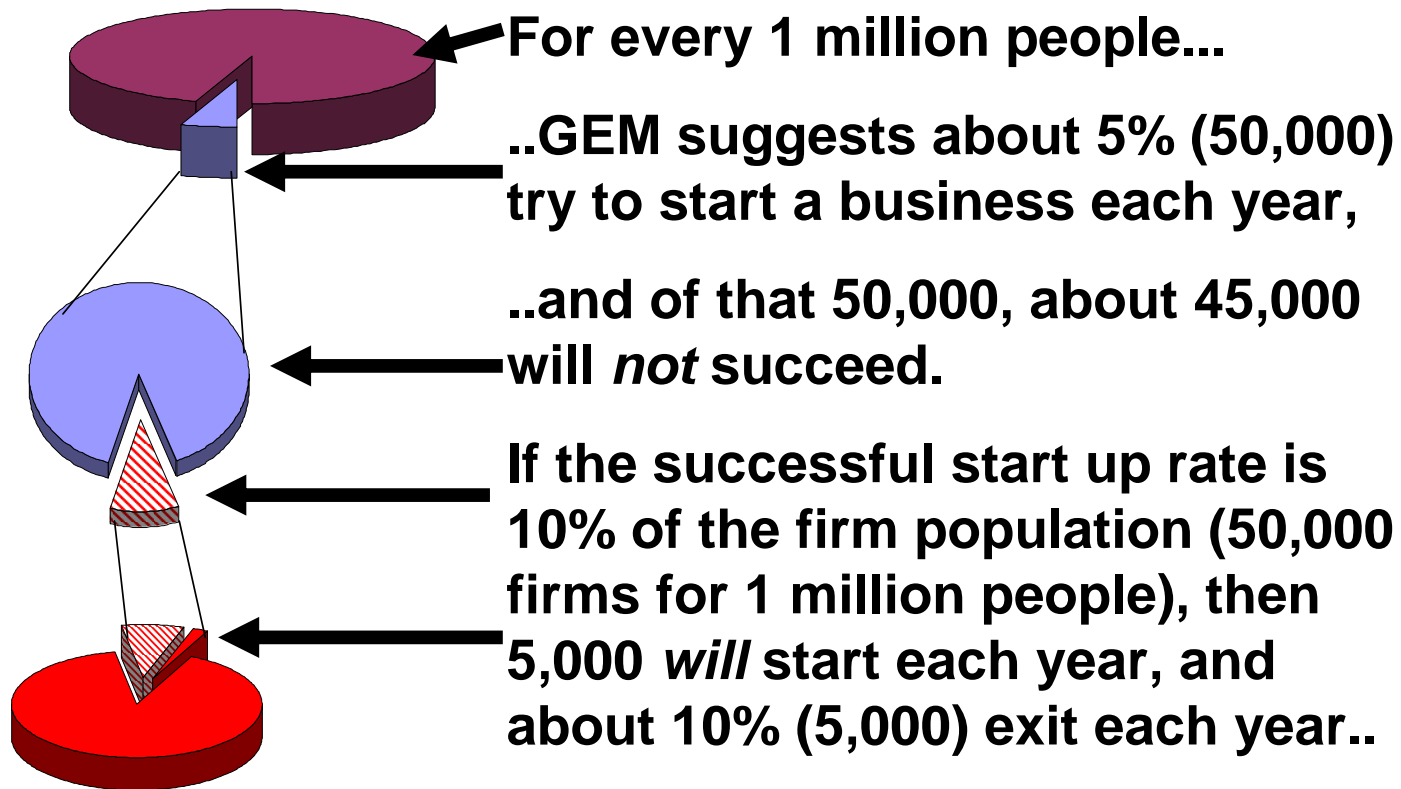
## GEM TEA (Total Entrepreneur Activity) Rates for APEC Economies 2003 Percent of Adult population starting or running a business less than 42 months old





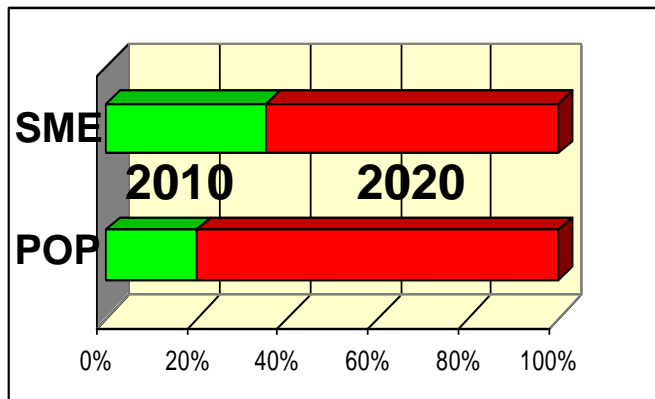
**Not all entrepreneurs who think about it actually start an SME**

**Entrepreneur densities suggest  
5% of the population run an SME**

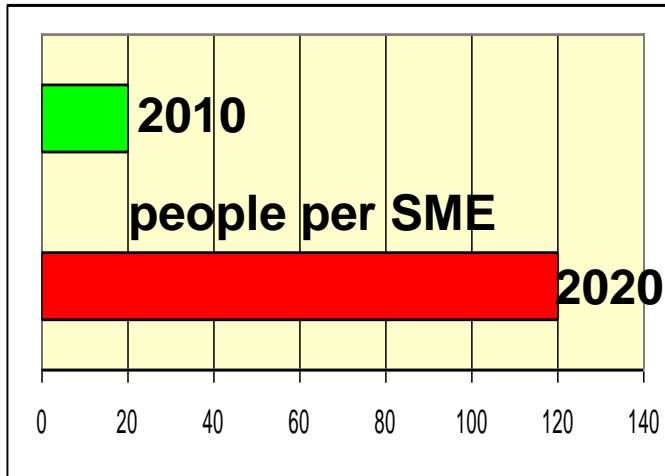


## Developing APEC usually falls short of formal entrepreneurs

*a 5% benchmark suggests that 1 in 20 persons should have experience in managing a formal SME, but ...*



2010 economies have 19% of APEC's human population but have 35% of the SMEs. China has half of APEC's population but only 18% of APEC's SMEs.



2010 economies have about 20 people per SME, while 2020 economies have about 120 people per SME - there is a shortage of about 70m entrepreneurs in APEC!

## How does the entrepreneurial Engine work?

about 1%  
of firms

Large firms employ about half the workforce,  
but add relatively few net jobs

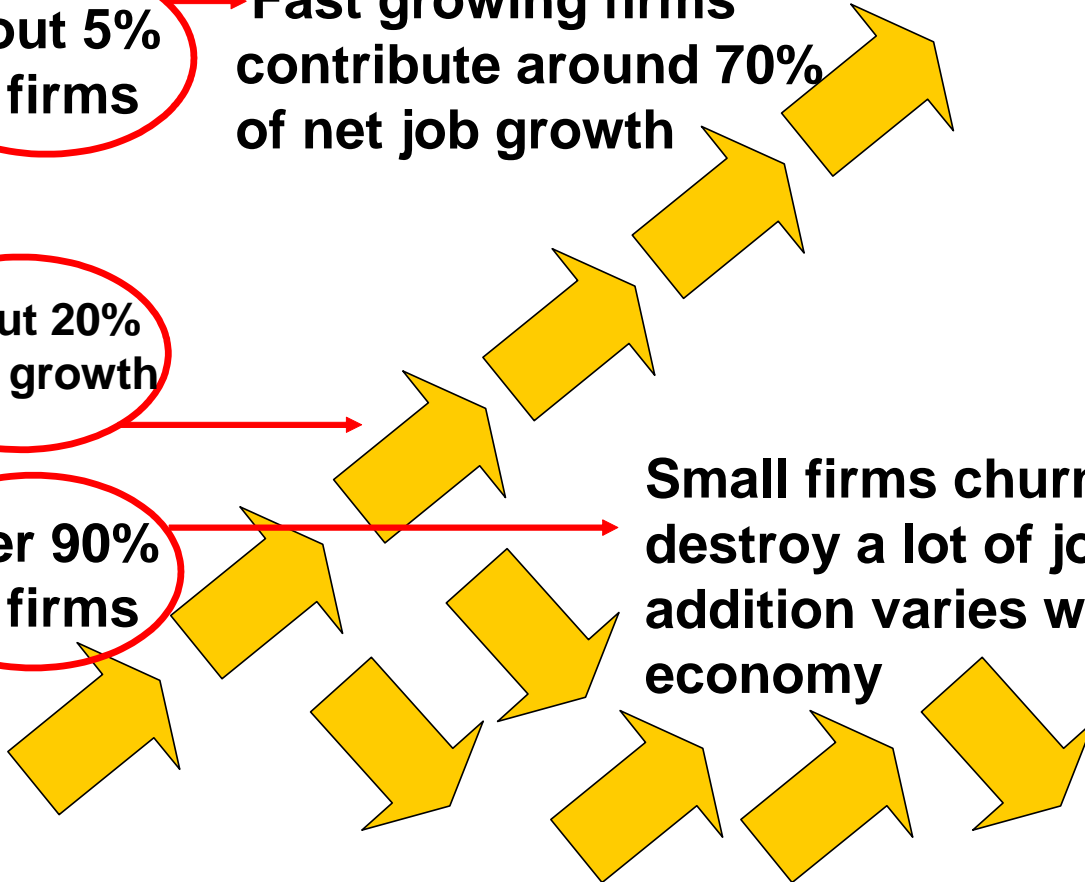
about 5%  
of firms

Fast growing firms  
contribute around 70%  
of net job growth

about 20%  
seek growth

over 90%  
of firms

Small firms churn, add and  
destroy a lot of jobs, - net  
addition varies with cycle and  
economy

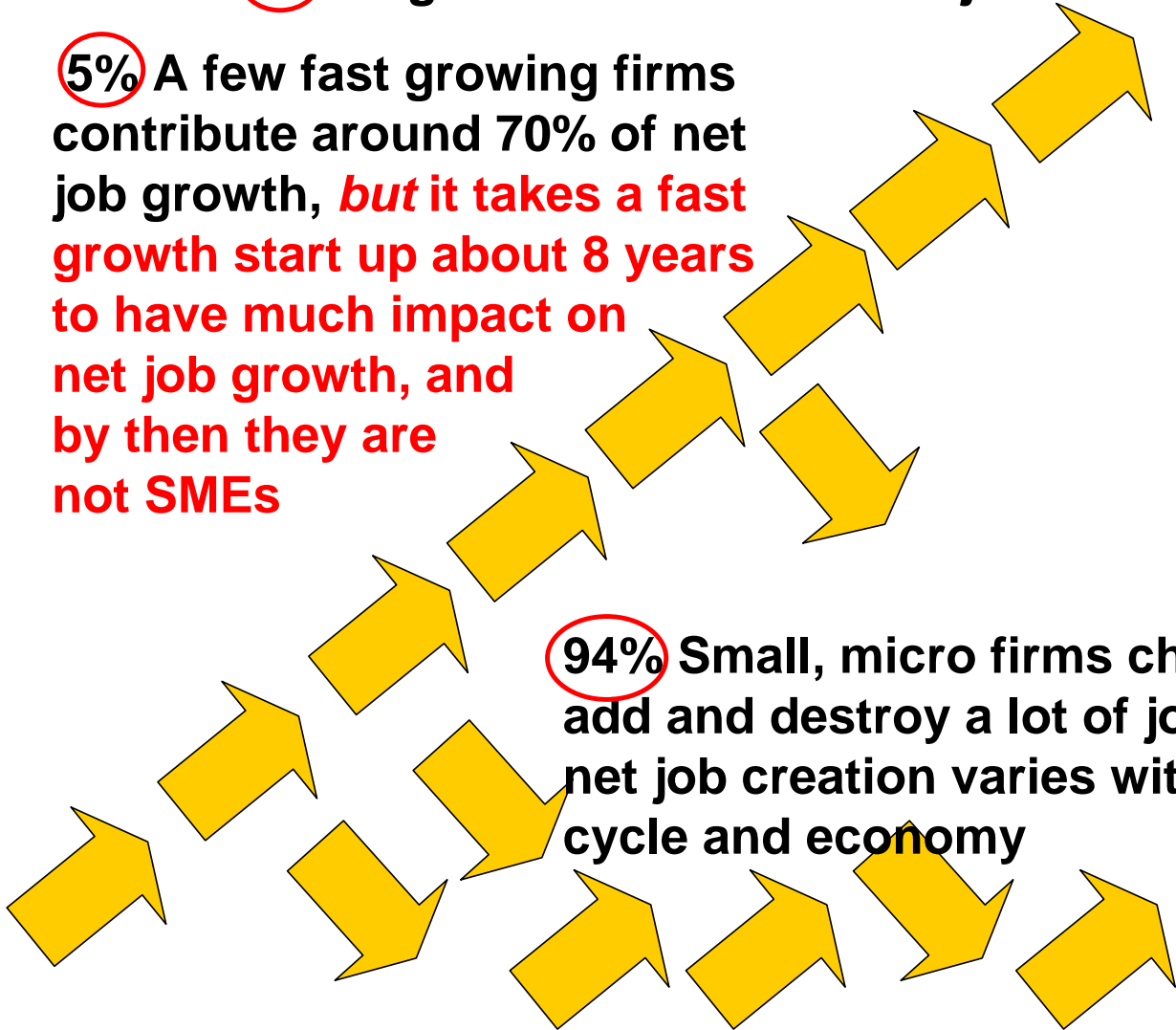


so the engine has a fairly long cycle of 8 years or more

**1%** Large firms tend to be net job destroyers

**5%** A few fast growing firms contribute around 70% of net job growth, *but it takes a fast growth start up about 8 years to have much impact on net job growth, and by then they are not SMEs*

**94%** Small, micro firms churn, add and destroy a lot of jobs, - net job creation varies with cycle and economy



and is underpowered in APEC

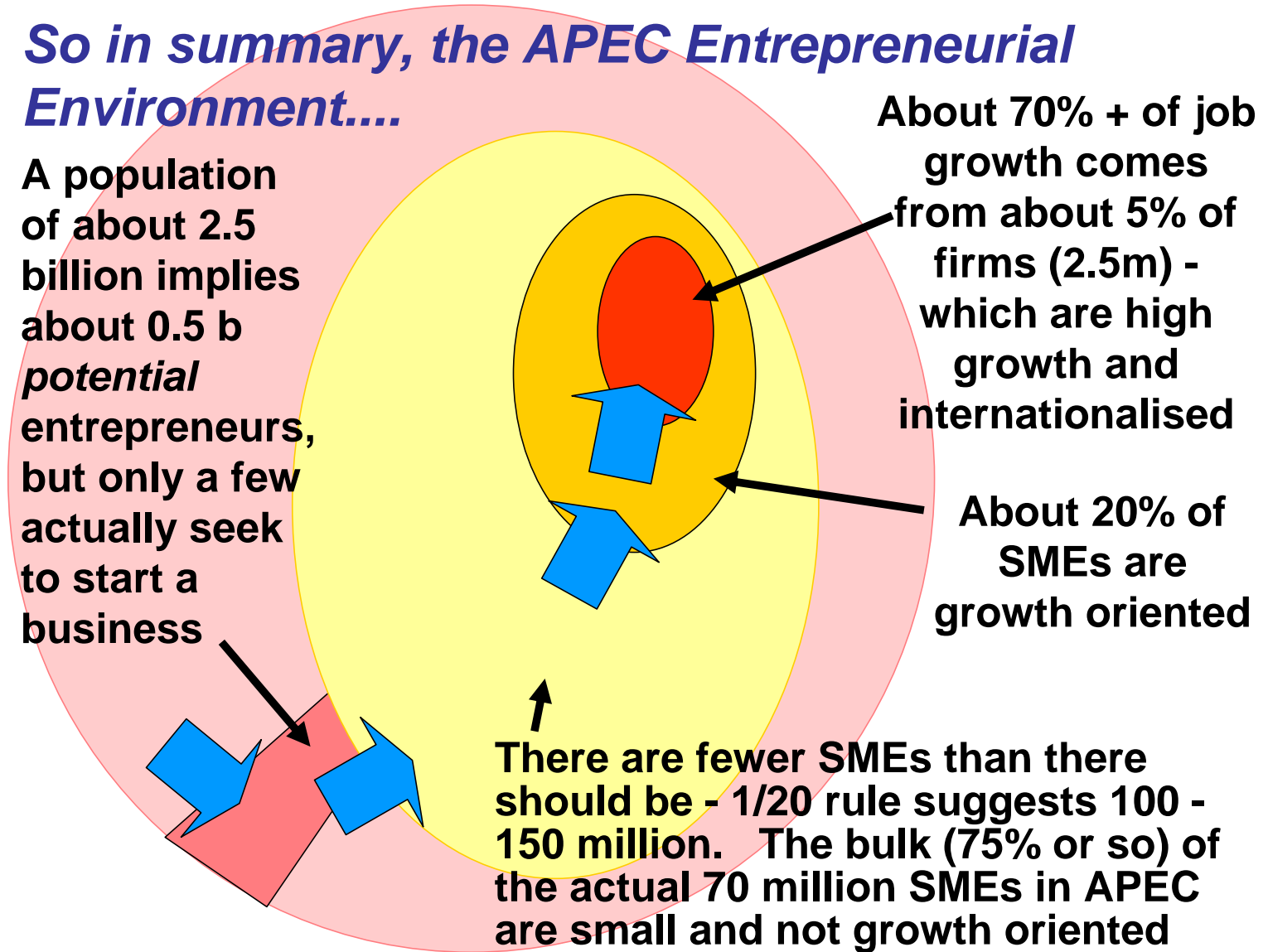
## ***So in summary, the APEC Entrepreneurial Environment....***

**A population of about 2.5 billion implies about 0.5 b *potential* entrepreneurs, but only a few actually seek to start a business**

**About 70% + of job growth comes from about 5% of firms (2.5m) - which are high growth and internationalised**

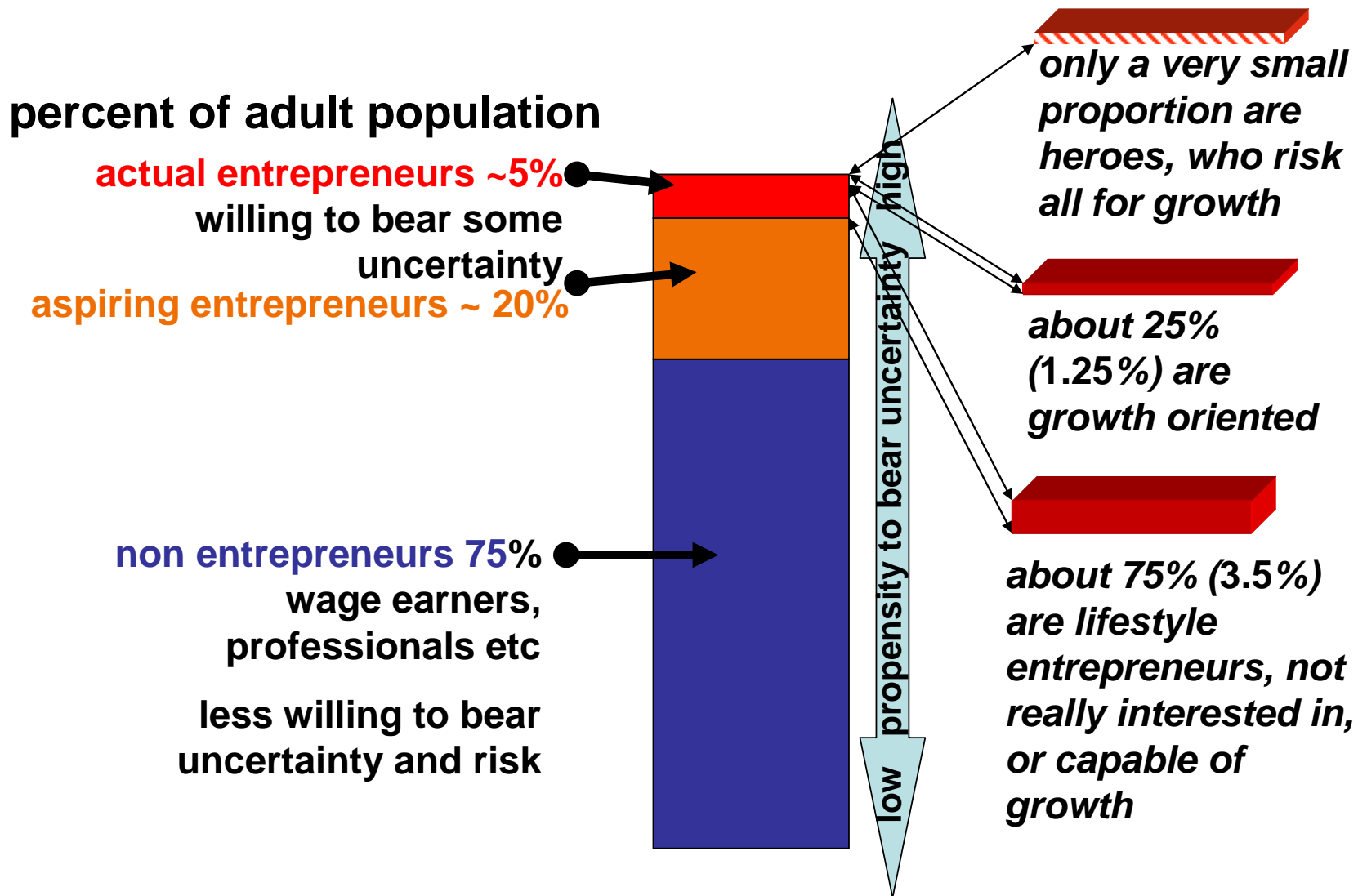
**About 20% of SMEs are growth oriented**

**There are fewer SMEs than there should be - 1/20 rule suggests 100 - 150 million. The bulk (75% or so) of the actual 70 million SMEs in APEC are small and not growth oriented**



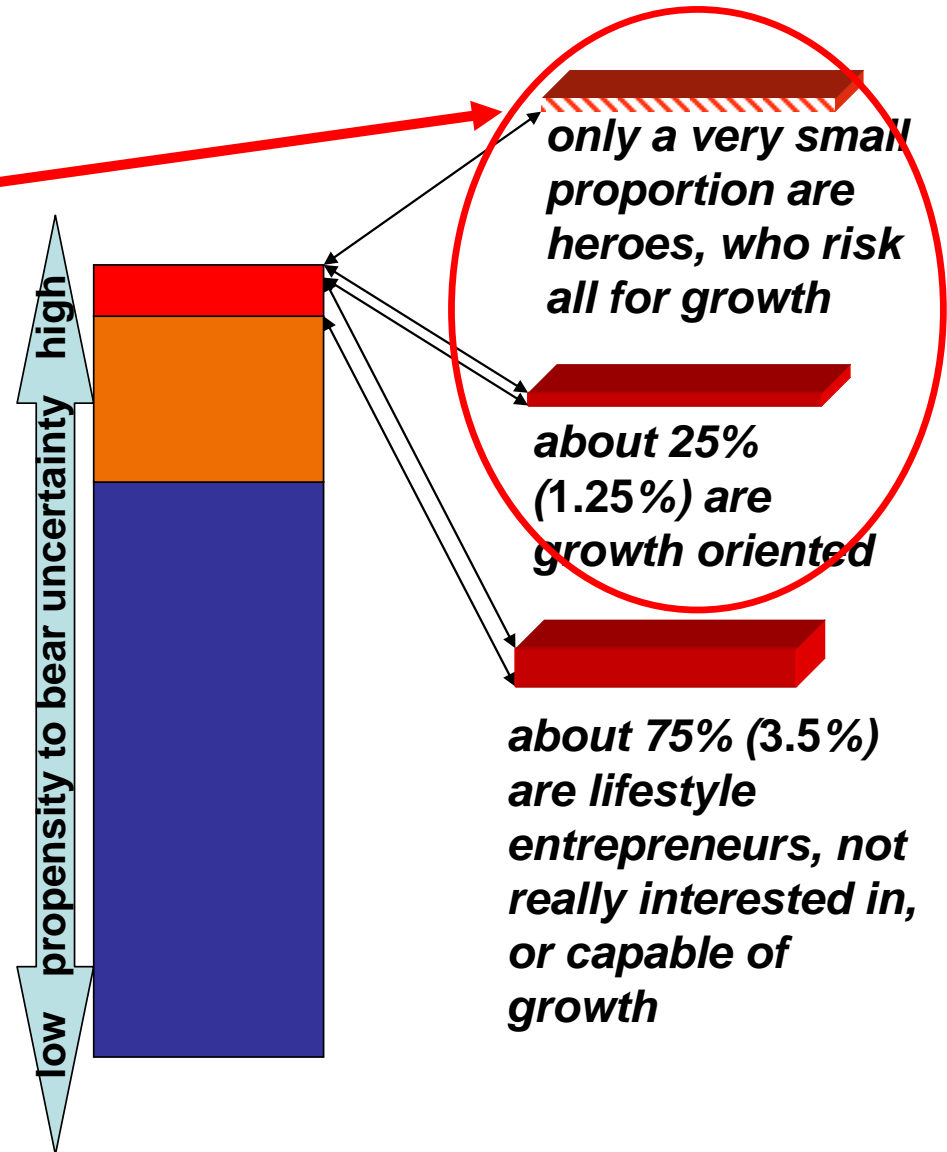
The Entrepreneurial Engine is what drives economies...

**Not all Entrepreneurs are the same!**



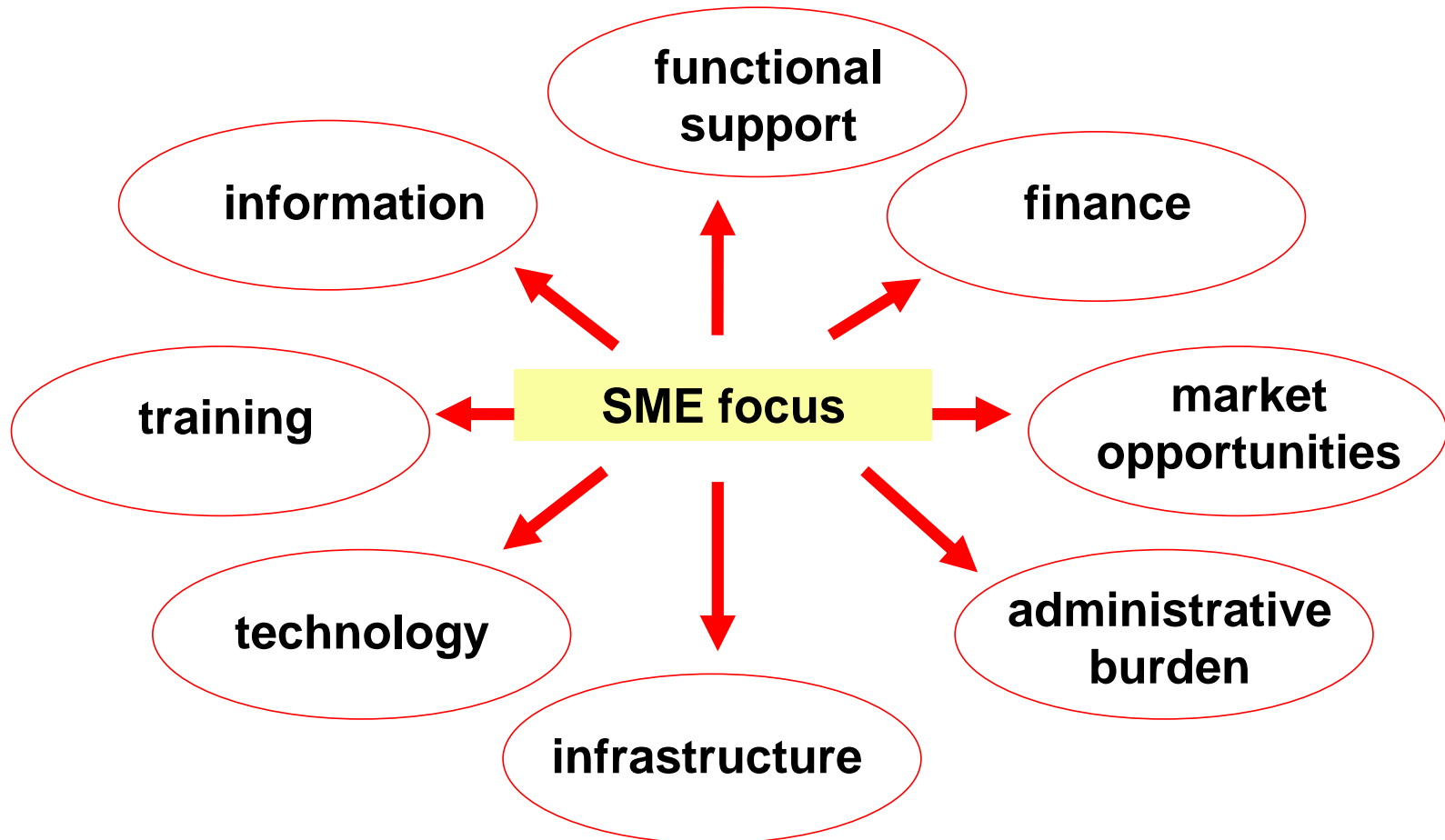
...and depends on less than 5% of the population...

But it is this small proportion of the adult population (about 1% or less) and less than about 5% of SME population that drive international success, provide much of the resilience, and create around 70% of net jobs!!



**..who need appropriate government and private sector support**

**SMEs can benefit from government support in...**



**..but needs differ by enterprise, and a chain is as strong as its weakest link.**



entrepreneurs need a better education now than before to cope with increased internationalisation

## Activity

1980s

years

2000s

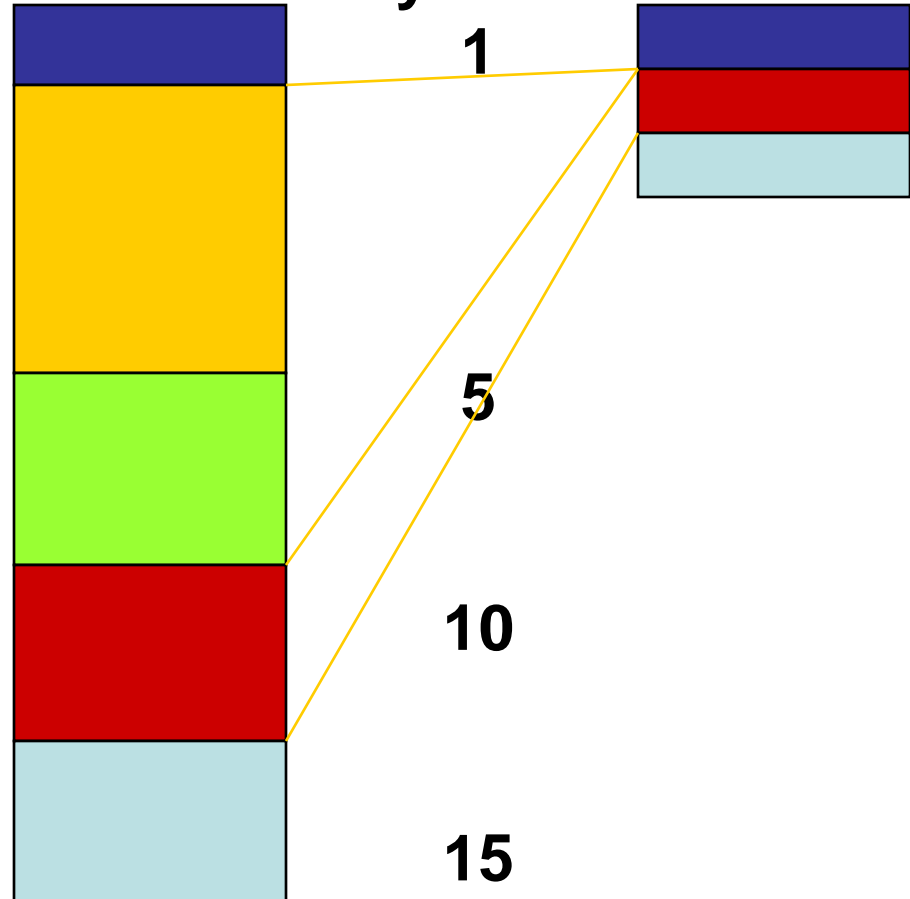
Start up

Home market growth,  
need for bigger market

Use agents to test  
international market

Establish corporate  
existence abroad

Develop global network of  
offices or alliances



what sort of business environment suits entrepreneurs?

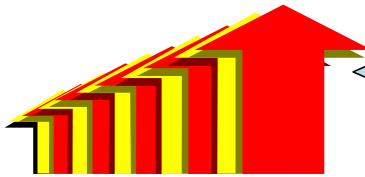
The political challenge facing APEC in designing the business environment best for entrepreneurs and firm creation

suited to lifestyle,  
large businesses,  
wage earners

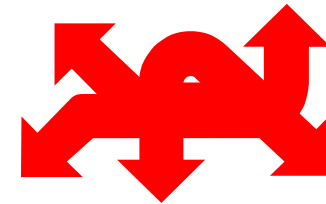
stable, predictable

suited to fast  
growing international  
opportunists

turbulent, uncertain



environment suited  
to electoral  
popularity and most  
micro enterprises  
and start ups



environment suited  
to creating new  
jobs, innovation  
and international  
competitive  
advantage

## How can universities help entrepreneurs?

1. Entrepreneurship programs - courses and degrees in how to start and run successful businesses
2. Incubators and hatcheries - access to office facilities, IT support, etc
3. Mentoring - advice given by expert staff and alumni
4. Networking opportunities - SME can use alumni and student networks for advice, marketing etc
5. IP licensing - ie university licenses its own technology or sublicenses technology from MNCs to SMEs
6. Research - university provides R&D facilities and testing
7. Credentiailling - university runs competitions for SMEs good ideas etc, and then prize winners have better access to major businesses, banks etc
8. Whole of life education - giving people the ability to see new trends, opportunities and the knowledge to capture them

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Thank you!