

## Developing the next generation of potential entrepreneurs: co-operation between schools and businesses?

J. Kroon, S. de Klerk and A. Dippenaar

School of Entrepreneurship, Marketing and Tourism Management, Potchefstroom University, Potchefstroom, 2520 South Africa

To realise the dream of an African Renaissance and a better life for all South Africans, the entrepreneurial energies of all people, including children, should be harnessed to contribute towards economic development, job creation and the alleviation of poverty. Worldwide, various bodies and governments have recognised the importance of entrepreneurship in job creation and as a prerequisite for sustainable economic development. Entrepreneurship development concerns the development of people's potential as a country's most valuable resource. According to a model for entrepreneurship education the challenge is to put more emphasis on creating awareness of the self-employment option and generating interest and desire for engaging in entrepreneurship. More opportunities and support should also be provided for people to learn about the entrepreneurial process. The majority of people who will start businesses in future are currently in the educational system. Integrating entrepreneurial learnership programmes into the educational system in high schools can be critical in developing the skills necessary to start and run successful businesses. The aim of the research was to determine the role and perceptions of business people regarding entrepreneurial learnership programmes in secondary schools. A literature study, complemented by an empirical survey among business people affiliated with the Chambers of Business, was used as the method of research. Conclusions from the study included that respondents strongly agreed that learnership and involvement of business people with schools are essential. It can therefore be recommended that attention be given to an entrepreneurial youth learnership programme for secondary schools.

### Introduction

One of the deepest aspirations of any civilised society is the harmonious integration of young people into the mainstream of business and society as a whole. Young peoples' aspirations, energy, enthusiasm, skills and knowledge are part of South Africa's greatest national asset. Young people are a major factor in determining the future, especially the entrepreneurial future, because they represent a force required to steer and manage the rapid changes and they represent the future capacity for economic growth and development. There are serious and major issues affecting young men and women in South Africa today, like education, unemployment, health, crime and violence, as well as the poor living conditions of many of the youth (North West Youth Commission, 1999:22). The underlying problem to many of these issues seems to be a lack of financial resources, which can be addressed by ensuring more regular incomes, among others through entrepreneurial businesses.

The challenge facing education and business in South Africa is to introduce more practical orientation and greater vocational relevance to entrepreneurial learning. In doing so, practical experience by means of an entrepreneurial learnership programme, which is one of the key elements in the development of entrepreneurial people, will enhance the entrepreneurship development process.

### Youth entrepreneurial learnership programme

A youth learnership programme can be defined as a multi-year programme that combines school- and work-based learning in a specific occupational area and is designed to lead directly to either a related post secondary programme, entry-level job, or registered learnership programme (US Department of Education, 1997:74).

Accordingly, a youth entrepreneurial learnership programme can be defined as a part-time multi-year programme that combines school- and work-based learning in Economic and Management Sciences as learning area in Curriculum 2005, which can also be extended to a tertiary entrepreneurial learnership programme.

### Entrepreneurship education

Entrepreneurship education goes much further than the traditional view of starting a business. This preparation should develop a generation of people who are more creative, innovative and risk-taking, where change is accepted as the norm (Kao, 1992:14). A population such as this would probably be more successful in all spheres of life. Entrepreneurship education is a prerequisite for the economic development of a country, where entrepreneurs initiate change and renewal (Jennings, 1994:293).

Entrepreneurship in the South African context has become more important than ever. Not only have more small businesses been

created, but large corporations are increasingly looking for new employees who think in entrepreneurial terms. Not enough confirmation exists that educational institutions worldwide give people the tools they need to succeed in the real world. A lack of common sense and initiative seem to exist, which is essential to drive an entrepreneurial business. The people needed in the workplace should be able to identify a problem, analyse the problem, find a solution and execute the solution. People exiting the educational system are much less entrepreneurial than they should be (Budman, 1997:33). The mindset regarding employment in South Africa will have to change drastically as the contract and project era is entered. An entrepreneurial mindset is required to cope with shorter, multiple careers and contracts, as well as with the disappearance of rigid job responsibilities. Promotion within businesses will be increasingly based on individuals' entrepreneurial mindset and skills (Westcott, 2002:2).

Entrepreneurship education should place more emphasis on creating an awareness of the option of self-employment, generating interest and desire for people to learn about the entrepreneurial process and develop the skills necessary to start and run businesses of their own successfully (OECD, 1996:20). Youth entrepreneurial learnership programmes can play an indispensable role in developing entrepreneurial people.

For the purposes of this study emphasis is placed on business peoples' contribution towards enhancing entrepreneurial skills and determining of their perception and role in this regard.

### A lifelong entrepreneurship educational model

A lifelong entrepreneurship educational model is proposed to put the skills and experience required to pursue an entrepreneurship career in perspective. According to this model, all young people should be exposed to entrepreneurship education in a lifelong learning process, where all role players fulfil a role. This lifelong entrepreneurship educational model is portrayed in Figure 1. This model is divided into five phases, with a break before phase four.

#### Phase 1: Basics

This basic phase provides all young people with the vision that anyone can become the owner of a business. Individuals who have not had a role model at home will benefit from the educational system by learning how to start a business. Developing self-respect and self-confidence in young people will promote their internal locus of control (Jennings, 1994:160). In the pre-primary, primary and secondary schools a learning experience is presented that will give everyone the chance to perceive an own business as a real opportunity. Children learn about the economy and the advantages of the market-orientated economic system. Entrepreneurship is enhanced where young children

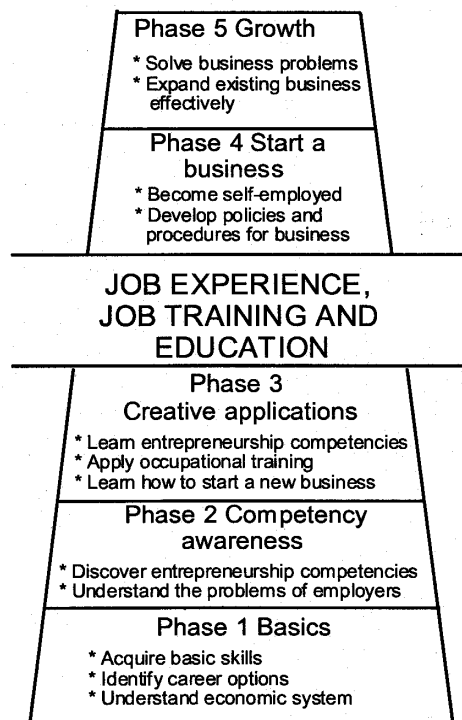


Figure 1 A lifelong entrepreneurship educational model (Ashmore, 1990:214)

get into the mode of earning, saving and investing before their peers do (Ashmore, 1990:213; 219).

The role of small businesses is an important element in this phase, because growing small businesses create the most jobs and entrepreneurs are those individuals who are credited with most inventions. An important task is to teach young people that anyone can be successful if they have the required skills and perseverance.

#### Phase 2: Competency awareness

This phase begins in the educational system where skills concerning business ownership are learned through competency awareness. Examples of small businesses are used in all subjects, for example in mathematics, where cash flow projections can be used to explain addition and subtraction. Import and export can be chosen as a communication activity.

The aim of this phase is to teach individuals the language of business and to perceive business problems from the viewpoint of the small business owner. This means being placed in the entrepreneur's position in order to understand why businesses succeed or fail and being taught the importance of employee productivity, loyalty and competence.

#### Phase 3: Creative applications

The idea of propagating the start of a business at school level has not been around for very long. Most adults do not have the time to learn about businesses when they want to start one. The study of entrepreneurship in schools allows learners to search for opportunities and develop a unique business concept. They learn how to analyse the business environment and community, investigate the demographics of the market and determine their marketing strategy. In this way they learn that markets can be local, national or international.

This phase occurs in the last few years of the secondary school and in technikons and universities. The focus falls on advanced creativity, exploring and finding opportunities, the practical experience of doing a feasibility study and developing a business plan far in advance of actually becoming an entrepreneur.

#### Experience and advanced training

The break in the lifelong entrepreneurship education model is made to emphasise the need for experience and other forms of education. Experience can help to gain insight into the way in which business is started and managed.

Many entrepreneurs decide to start a business during a crisis time in their lives. The so-called "push factor" can be the loss of a job, closing of a plant, death of a spouse, divorce, lack of promotion or the employer's decision to move to another location. Whatever the reason for starting an own business, the experience acquired assists in developing expertise, building networks and understanding how to manage a business.

#### Phase 4: Starting a business

Various training programmes and institutions are available to assist adults in their decision to start an own business. The result of these programmes is better planning and the awareness of opportunities. It can also happen that before individuals invest their personal savings in a business, they realise that an own business is not the answer for them. In this way the number of businesses that fail, can be reduced dramatically (Wyckham, 1990:12).

#### Phase 5: Business growth

This phase is focused on assistance to existing business owners to keep pace with changes, such as the general economic environment, information and technology. The idea is to provide assistance to business owners before they are so far in trouble that it is almost impossible to turn the situation around (Wyckham, 1990:16).

Assistance and continuous training by means of seminars and workshops can help business owners stay in touch with and adapt to changes. The emphasis must fall on financial planning, inventory control, marketing, human resource management, cash flow management and strategic management (Ashmore, 1990:214-217).

#### Employer involvement in entrepreneurship education

In order to build an effective youth entrepreneurial learnership programme the involvement of employers is essential. Businesses employing young people in entrepreneurial learnership programmes are responsible for providing the work-based learning component of the programme. Entrepreneurial work-based learning is a centerpiece of youth entrepreneurial learnership programmes in linking school-based and work-based education. Inspired by Germany's "dual system", youth learnership has been established in more than a dozen countries. Some of the defining characteristics of youth learnership are that employers actively participate and integration of work-based and school-based learning takes place. Integration of academic and vocational learning, linkage of secondary and post secondary education and the awarding of an occupational skill certificate is also general practice (American Vocational Education Research Association, 1996:167).

#### Problem statement

Economic growth and job creation is still one of South Africa's biggest challenges. The South African educational system as such is unable to equip students with the combination of skills and practical experience necessary to start and run a business successfully. People in the business community and those associated with entrepreneurship development and training are concerned about the relevance and quality of students' entrepreneurial learning experiences. Effective ways need to be found to facilitate learners' transitions from school to productive career-orientated employment and eventually to an entrepreneurial career.

The skill requirements of the workplace have increased more rapidly than the education system's capacity to provide those skills effectively. The "skills premium", which refers to the value of having better education and the capacity to apply it successfully in the workplace, is increasing. The erosion in earning power experienced by young workers derives from the widening mismatch between their

skills, experience and education levels and the demands of the dynamic labour market (American Youth Policy Forum, 1997:21). Unfortunately, the gap between employers' requirements for skilled workers and the skills the youth bring to the labour market has been widening (Silverberg, Bergeran, Haiman & Najiatoshi, 1996:21).

The transition from the education system to the world of work needs serious attention. Education for equipping entrepreneurial learners with the much needed economic/entrepreneurial skills should be supplemented with practical experience.

A youth entrepreneurial learnership programme seems to be one of the best and most proven ways to address this problem, but it is almost non-existent in South Africa. Only in careers like medicine, engineering, accounting, social work, pharmacy and psychology students acquire compulsory practical experience and in most cases only at a tertiary education level.

## Aim

The aim of this article was to make opinion-formers, especially educators and business people, in South Africa aware of the role youth entrepreneurial learnership programmes can play in developing young people as potential entrepreneurs.

The objectives of the research were to:

- conduct a literature study in order to establish and integrate the theory relating to youth employment, propose a model for entrepreneurship education and make suggestions for a youth entrepreneurial learnership programme;
- determine business peoples' perception of ideal involvement concerning the preparation of learners as the next generation of entrepreneurial employees and potential entrepreneurs in South Africa;
- establish the difference between the ideal and real involvement of business people in the above preparation; and
- investigate business peoples' views on the contribution and nature of youth entrepreneurial learnership programmes.

## Method

Empirical data were collected by way of a structured questionnaire distributed among all businesses belonging to Chambers of Business in Potchefstroom and Klerksdorp. Questionnaires were sent to the Chambers of Business indicated in Table 1.

**Table 1** Chambers of business

Chamber of Business	Mailed/Delivered	Returned
Ikageng Chamber of Commerce (IKACOC)	7	3
Indian Trader Association Potchefstroom	15	4
Westvaal-Klerksdorp	91	16
Total	149	9
	262	32

The questionnaires for the Ikageng Chamber of Commerce (IKACOC) and the Indian Trader Association were delivered in person and followed up, whilst the questionnaires for the Potchefstroom and Klerksdorp Chambers of Business were mailed and not followed up. The Chambers of Business received their questionnaires as part of their monthly newsletter.

Due to the limited amount of information available on youth learnership programmes, especially with reference to business peoples' involvement, this was an exploratory study to form a base for further research. Literature used relate to vocational education in other countries and was adapted to propose a part-time youth entrepreneurial learnership programme for South Africa.

Statistical analyses consisted mainly of frequency calculations of the variables. Standard deviations, as a measure of variance, were determined to indicate agreement or disagreement with statements

among the respondents. For other questions a Likert-scale was used for each item. This made it possible to determine a ranking for each item, so tendencies could be identified.

To determine if there was a significant practical difference between the respondents' actual involvement (A) and the perceived ideal involvement (B) as tested by the different items on the questionnaire, the A value was subtracted from the B value for each item. The averages for these differences, as well as the standard deviations for these differences, were calculated. Cohen's effect size ( $d$ ) for each item was then calculated. According to Steyn (1999:3),  $d = 0.8$  indicates a large effect size,  $d = 0.5$  a medium effect size and  $d = 0.2$  a small effect size. A large effect size (0.8) means that the distribution of responses is not uniform, because of the significant difference between the respondents' actual involvement and the perceived ideal.

## Results

Demographic information revealed that the respondents in this pilot study were mostly white, from an Afrikaans background, mostly male, and between the ages of 36 to 45 years. Most of them had a degree or diploma with more than ten years' work experience. This is representative of business people belonging to Chambers of Business in this area.

The next section intended to determine business peoples' involvement in developing the next generation of employees' entrepreneurial skills and their perception of how much they should assist.

From their responses it was clear that the business people perceive the role of the educator fairly close to the ideal, as indicated by a medium effect size of  $d = 0.46$ . This can possibly be attributed to the fact that some of them serve or have served on school boards.

The most important considerations to respondents, as indicated by the large effect size of  $d = 0.80$  or higher, included:

- one-to-one mentoring programmes ( $d = 1.20$ )
- speeches at schools about business/entrepreneurship ( $d = 1.15$ )
- developing the next generation of employees in general ( $d = 1.08$ )
- speeches at schools as part of career guidance ( $d = 0.94$ )
- employing learners during holidays ( $d = 0.94$ )
- increasing the interest and motivation of high risk learners ( $d = 0.90$ )
- exhibiting learner's products at their businesses ( $d = 0.89$ )
- learners' visits to businesses ( $d = 0.88$ )
- preparing learners as productive citizens ( $d = 0.88$ )
- evaluation of business plans ( $d = 0.88$ )
- exposing learners to businesses to help them with career choices ( $d = 0.81$ )
- helping learners understand where they fit into the market system ( $d = 0.80$ )

The following aspects are regarded as being of less importance as indicated by the between medium and large effect sizes.

- letting learners attend chamber of business meetings ( $d = 0.77$ )
- developing human skills ( $d = 0.76$ )
- learnership of one week ( $d = 0.71$ )
- improving the image of the business ( $d = 0.70$ )

Regarding the difference between business peoples' ideals and their real contribution to the development of young potential entrepreneurs, the information collected showed that there was a significant difference with respect to the extent to which business people participate in partnerships with schools, learnership or mentorship programmes and how much they actually believe they should. The large effect sizes of the  $d$  values of 0.8 or higher confirm this statement. One of the reasons for this could be a lack of partnerships between schools and businesses by means of which business people can contribute to the development of learners as entrepreneurial consumers, employees, and business people.

The last part of the questionnaire tested business peoples' views on certain aspects of youth learnership programmes, by showing to which extent they agree or disagree in Table 2.

**Table 2** Opinions of business people

Statement 1 = never; 2 = sometimes; 3 = frequently; 4 = always	Percentage			
	1	2	3	4
Financial contribution to entrepreneurship programmes in schools that will develop future employees	0.0	50.0	40.6	9.4
The school does not provide enough opportunities for learners to develop their employee skills	37.5	40.6	9.4	12.5
Contact with the business world and the business itself is the only place where learners can obtain work skills	3.1	37.5	37.5	21.9
Business skills of learners do not play an important role in unemployment	34.4	40.6	15.6	9.4
Entrepreneurial people will contribute to economic growth and eventually to the higher profits of businesses	3.1	12.5	9.4	75.0
Business people do not have an obligation regarding their involvement with schools to invest in the community	53.1	18.8	12.5	15.6
Learners should be exposed to part-time work experience to obtain economic knowledge	0.0	18.8	65.6	15.6
Learners identify with business people as role models	31.3	40.6	25.0	3.1
Learnership will improve a business's innovation through the ideas and creativity of learners	0.0	37.5	37.5	25.0

From Table 2 it is evident that business people firmly believe that entrepreneurially skilled people will contribute to economic growth and eventually to higher profits of businesses, that learners should be exposed to part-time work experience to obtain economic knowledge, that learnership will improve business's innovation through ideas and creativity of learners and that contact with the business world and business itself is the only opportunity where learners can obtain work skills. Most business people also believe that schools do not provide enough opportunities for learners to develop their employee skills and that the lack of business skills of learners play an important role in unemployment. It is a pity that some business people still believe that business people do not feel an obligation towards involvement with schools in order to invest in the community. It is welcomed that they perceive a form of financial contribution to entrepreneurship programmes in schools that will develop future employees, as important. It is a pity that business people have the perception that young people in South Africa do not sufficiently identify with business people as role models.

### Conclusions and recommendations

It can be concluded that business people recognise the role they play, but do not feel an obligation towards involvement with schools in order to invest in the community and the responsibility they have in developing the next generation of entrepreneurial employees and potential entrepreneurs. Although business people are aware of the need for partnerships with schools and willing to be involved, it is understandable that they are yet not as involved as they should be. The absence of an organised system of youth entrepreneurial learnership programme contributes to the low involvement of employers in developing entrepreneurial employees and potential entrepreneurs. A possible reason can be that employers do not understand the urgency of the problem and are uninformed regarding the outcomes-based nature of Economic and Management Sciences currently implemented by Curriculum 2005.

From the above, the following can be recommended:

- Youth learnership programmes is one of the most suitable ways to enhance the development of the youth through practical experience and work-specific skills. Therefore, a youth entrepreneurial learnership programmes should be implemented by local schools and businesses, on a voluntary basis, as soon as possible. This programme can be a one- or two-week learnership per

annum from Grade 8 to Grade 11.

- An effective youth entrepreneurial learnership programme can link learners and employers by means of partnerships with schools and present a new approach to learning for potential entrepreneurs in schools.
- The management of a youth entrepreneurial learnership programme should be locally driven and community-based as an effort to add more value to outcomes-based education that combines academic achievement with an understanding of the world of work. Chambers of Business can play a significant role in the planning and implementation of the programme.
- The contents of a youth entrepreneurial learnership programme should be developed that ensures exposure to all business functions.
- A mass media campaign should be harnessed to launch and promote the implementation of a youth entrepreneurial learnership programme in South Africa. This can be enhanced by providing support and expertise to communities wanting to commit themselves to the implementation of such a programme.
- Learners should get recognition for participating in a 4-year youth entrepreneurial learnership programme by means of certification. A local Chamber of Business or affiliated organising body should take responsibility for the certification.

A well-planned, structured and implemented youth entrepreneurial learnership programme will benefit young entrepreneurial people, as South Africa's most important resource and greatest national asset, enormously to develop as potential entrepreneurs. Business people and educators should grasp this challenge to work together and contribute to the development of entrepreneurial people that can utilise the numerous opportunities in South Africa and at the same time enhancing job creation and economic growth.

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