

# JOURNAL OF INTERNATIONAL BUSINESS AND ENTREPRENEURSHIP

*Special Issue on*

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# **JOURNAL OF INTERNATIONAL BUSINESS AND ENTREPRENEURSHIP**

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## PREFACE

Prof. Dr. Ichiro Shiobara  
Guest Editor

*Special Issue on "Entrepreneurship Around The World"*

It gives me an immense pleasure to place this special issue of the JOURNAL OF INTERNATIONAL BUSINESS & ENTREPRENEURSHIP into the hands of our esteemed readers. I am grateful to the leadership of the JIBE for providing me this enriching opportunity of acting as a guest editor for this special issue devoted to "ENTREPRENEURSHIP AROUND THE WORLD". I am pretty sure that the readers will find lot of food for thought in the articles that have been carefully selected for this special issue, after a thorough peer reviewing process. I decided to be very selective in accepting articles based on the recommendations of the reviewers, as I intended to provide quality articles representing divergent perspectives on different dimensions of entrepreneurship around the world . It could be possible for me to carry it out only with the help of the colleagues, associates and peers from different parts of the world. I would especially like to record a deep sense of appreciation for the help and support that I got from Professor Dr. Zafar U. Ahmed at all stages of the editing process. My sincere thanks are due to my peers who willingly agreed to act as reviewers.

Most of the books, articles, and research studies in the area of entrepreneurship around the world are confined to the scholarly analysis of the entrepreneurial process, of the traits and characteristics of successful entrepreneurs, guidance on business plans, raising capital, financial projections, venture capital, legal and tax matters, etc. There is another category of scholars and researchers who, out of their excitement, end up confining the discipline of entrepreneurship to motivation and leadership styles, traits, and theories. I don't see a problem either with them or even with those who are churning out literature on "History of Entrepreneurs". But, I hold and support the view that there is a need of concerted efforts on the part of the scholars in the area to examine the multi-dimensional issues of entrepreneurship development from divergent perspectives in order to provide an integrated picture of the discipline rather than

casting reflections, projecting stray thoughts, and coming out with their isolated views, without taking cognizance of strategic implications of entrepreneurial issues.

The success story of Silicon Valley in the United States reveals how universities, governmental agencies, venture capitalists, head hunters and entrepreneurs have joined hands together to create a “unique habitat”, an envy of the globe, that offers an environment fostering the development of new ventures, new industries, new business cultures, and unparalleled growth. It calls for an examination of strategic issues as to how everyone has responded to internal as well as external opportunities and threats.

It is high time for breaking the ground in the area of entrepreneurship research, as there is a great need for a profound research base in order to provide support to the budding entrepreneurs when they strive to enter into business internationally, and to the successful entrepreneurs as they explore virgin and untapped markets. We need research studies to cover the sophisticated topics such as navigating the world of venture capital funding and turning technological innovations into successful market realities, and also at the time to address the political, legal, social, psychological, cultural, and economic dimensions of entrepreneurship problems pertaining to marketing, production & operations, research & development, human resources and finance.

I wish and hope that our business schools and our scholars will respond to the needs of our times, and will play a proactive role in creating an entrepreneurial culture across the globe, for the welfare of the mankind.





## TEACHING AN ENTREPRENEURSHIP LAB: LESSONS LEARNED

Eric J. Romero  
Kim T. Hinrichs

### Abstract

The lessons learned from teaching an entrepreneurship lab are presented and discussed. Students participated in a course where they started a small business selling merchandise on an online auction service. The basic structure of the course, problems with the initial design, and future improvements in the course will be described. Student feedback on their perceptions of the various aspects of the course is also presented. Finally, some helpful suggestions are offered for instructors interested in teaching a similar course. The course described in this paper might be an attractive option for universities interested in offering new courses in entrepreneurship.

Eric J. Romero and Kim T. Hinrichs are affiliated with the Department of Management, New Mexico State University, USA.

## **INTRODUCTION**

Based on the belief that business students need more application-oriented skills as part of their business education, the instructor endeavored to teach an entrepreneurship lab where students would start and run a small business. The focus of the course was to teach entrepreneurial skills, not small business management skills (Gibb, 1987). The course was offered in the spring semester of 2000. Sixteen students enrolled in the course. The evaluations of how successful the course was, were mixed. As with most new classes, there were some problems but there were also some important lessons from which other entrepreneurship instructors might benefit.

## **COURSE DESIGN AND PROBLEMS**

Knight's (1991) framework for entrepreneurship was used to develop the specific goals of the course. The framework elements are opportunity identification, strategy formulation, the acquisition of resources and implementation of the venture. These elements were integrated into the structure of the course and will be described below.

The initial design called for the entire class to work as one team since teamwork is so important in organizations (Edmondson, 1999). It was assumed that about 5-10 seniors would enroll in the class. The students were told that this course was unlike any other course they had taken due to the inherent ambiguity involved in running a business. The students were made aware of the fact that the course had been designed to have little structure and that they would have to make most decisions regarding the administration of the enterprise. It was hoped that the higher level of student involvement in decision making and active participation in the project would lead to more learning than mainstream lecture based teaching methods (Dana, 1987). The instructor took on the role of an advisor and provided general guidance to the students. There were no quizzes or exams so all grading was based on the performance of the enterprise. The rationale for making these policy decisions was to make the course simulate, as closely as possible, the experience of starting and running an actual business within the confines of a college course. Several researchers support this approach. Sexton & Upton (1987) have found ambiguity to be a useful element in teaching entrepreneurship. Gorman, Hanlon, & King (1997) indicate that active involvement of students is important in learning entrepreneurial skills.

The students were presented with the idea of selling unique southwestern gift items on an Internet auction site. An Internet auction site was selected because it allowed the students to access customers from all over the world. Southwestern themed merchandise was proposed as a good category from which to select items to sell since the university is located in close proximity to numerous suppliers and also because these items are very popular with tourists. The class was free to select other options if they wanted to but they agreed on selling southwest items. All proceeds from the business were committed to Habitat for Humanity, which is a non-profit organization that builds homes for low-income families. The class had the option of selecting a different charity but they agreed on Habitat for Humanity.

After officers were elected, the student's first task was to write and present a business plan. Gartner & Vesper (1994) found that the development of a business plan is a successful method or vehicle to teach entrepreneurship skills. This task proved to be the biggest obstacle in the course. There were numerous delays and the final business plan was not of very good quality. In retrospect, smaller groups should have been created or a team building exercise should have been administered in combination with a lecture on teamwork strategies. Unfortunately, the problems associated with writing the business plan created poor morale within the group, which seemed to lead to motivational problems throughout the semester.

One thousand dollars in financing was provided by the Center for Entrepreneurship at the University and the availability of this money was announced at the beginning of the course. The availability of easy financing was a mistake. Since students had none of their own money at stake, they did not have a sense of ownership in the operation, which was an important element that was missing from the business.

Once the business plan was completed and the financing approved, the next step in the course was to begin operations. A previous assignment required all students to identify three potential products to sell. They analyzed the products based on the potential customers, competition, and competitive advantage for each product. It was expected that starting operations would proceed quickly since there were many product ideas from which to choose. However, there were numerous delays, which were attributable to the large team size and a lack of motivation. The students could not

decide who would post the items on the Internet auction site or even what to sell. Operating in such a large group allowed students to assume that someone else was doing what was required. Once it was realized that the group size was a significant problem, each student was assigned to a three-person team that was responsible for posting five items per week on the auction site. This change led to a dramatic increase in the number of items auctioned and an increase in the profits generated. At the end of the semester, the students earned a profit of over \$300, which was donated to Habitat for Humanity.

### **STUDENT FEEDBACK**

Students in the course were given a questionnaire towards the end of the semester to identify areas for potential improvement. Twelve of the sixteen students in the class participated in the survey. The respondents were 46% White, 36% Hispanic, 18% other ethnicities, 36% female and 64% male. The average age of the respondents was 22. Seniors accounted for 64% and most were business majors (45%). Most of the students (59%) had no work experience. The questionnaire used a seven-point Likert scale (1= very strongly disagree, 2= strongly disagree, 3= disagree, 4= neutral, 5= agree, 6= strongly agree, 7= very strongly agree). The respondents were asked to circle the response that best indicated their opinion on each statement.

As Table 1 indicates, students agreed that the team format was an effective way to learn about what can go wrong in the administration of a business (mean = 6.00) and that it is an effective way to learn teamwork skills (mean = 4.57). They also indicated that required readings in entrepreneurship (mean = 2.93) and exams (mean = 1.93) are not necessary in the class. Although students do not seem to like the idea of using their own money in their project (mean = 1.93), students would likely be willing to use their own funds if they could keep their earnings. This issue will be discussed further in the next section.

Students were also presented with an open-ended question in which they were asked to identify the most important contributors to future improvements in the course. Their responses to this question were similar to their responses to the questionnaire items. Most students indicated that more structure was required in the course, including the use of more lectures. They also indicated that participating in the group project

**Table 1 : Questionnaire Items with Mean and Standard Deviation**

#	Item	Mean	SD
1	This class needs a high degree of structure.	5.38	1.26
2	Lectures are required for this class.	3.36	1.65
3	Required readings in entrepreneurship are necessary in this class.	2.93	1.38
4	The group project was an effective way to learn how to run a business.	4.14	1.75
5	The focus of the class should be on individual projects.	3.57	1.83
6	Everyone should be responsible for buying and selling items for the project.	4.29	1.98
7	Participating in the group project was an effective way to learn about what can go wrong in the administration of a business.	6.00	1.71
8	The lack of structure forced me to learn things that I would not have learned otherwise.	3.93	1.94
9	This class should have exams and quizzes.	1.93	1.49
10	Students should have to use some of their own money in their projects.	1.93	1.59
11	The group project was an effective way to learn teamwork skills.	4.57	1.83
12	The class should focus on Internet based businesses.	3.29	1.20
13	Entrepreneurship periodicals should be part of the reading.	3.36	1.28
14	Presentations by local entrepreneurs would be helpful.	5.64	1.60
15	The business plan forced me to think about all aspects of a business.	4.36	2.10

was an effective way to learn teamwork skills and how to run a small business. Students also felt that presentations by local entrepreneurs would be helpful in learning about entrepreneurship.

### **FUTURE IMPROVEMENTS**

In the future, the class will start with no teams so that all students will have to develop their own ideas for a business. Once students have their mini-business plans, they will present their ideas to the rest of the class. If one person would like to work alone, they

will be allowed to do so, however, students will be encouraged to form teams and recruit for skills that they need. In this process, some business ideas will be combined and new ideas formulated. Once each group is formed and operating, an ineffective team member can be asked to leave a team if that person is not contributing to the group. Implementing these policies should improve manageability of the class and make the learning experience a more realistic entrepreneurship venture.

At the beginning of the semester, a high degree of structure will be used. Structure will be de-emphasized as students start to progress in their projects. This will allow students to ease into their projects and take advantage of high structure and guidance at the beginning of the semester when they might need it the most. Less structure is more appropriate for this type of course when the projects are underway.

Another element that will be changed is the financing arrangement. In the future, students will find their own financing for their projects. Students will be encouraged to use their own money for financing. Each group or individual will be free to do whatever they want with their profits. These policies will make the class more realistic and give students a profit motive since some of their own money will be at risk and they can keep their profits.

Competition is another element that was missing from the course. A significant number of extra points will be offered for the team or person who is most profitable, writes the best business plan, creates the most unique business and other relevant factors related to the project. Additionally, based on student feedback, the class will find and invite at least two local entrepreneurs to make a presentation, serve as role models (Gorman, Hanlon, & King, 1997) and to share their experiences with the class.

Students indicated on the survey that exams and readings are not required and this seems logical. The course is designed for students who have already taken the introductory entrepreneurship course and an intermediate course. Therefore, students will have been exposed to sufficient theory and will be ready to start running a business. Additionally, the purpose of the class is to actually start a business. Students will learn about how to start a business through experience rather than learning how to do it from a textbook. For similar reasons, exams are not deemed appropriate. Grading based mostly on business performance worked well and will be continued in the future.

## CONCLUSION

Although there is debate concerning the feasibility of creating entrepreneurs through instruction (Hood & Young, 1993; Gupta, 1992), there is value in teaching entrepreneurship skills. The results of teaching this course support the notion that the entrepreneurial spirit cannot be taught. Some people just do not have the motivation and creativity to start a new enterprise (Miner, 2000; Shane & Venkataraman, 2000). However, entrepreneurial skills are useful for employees in many firms (Zahra, Nielsen & Bogner, 1999). Therefore, teaching this course has value for students even if they are not interested in starting their own business.

As universities are increasing the number and types of entrepreneurship courses offered (Solomon & Fernald, 1991), an entrepreneurship lab such as the one described in this paper might be an attractive option for universities interested in offering new courses in entrepreneurship. Instructors interested in teaching a similar course should not be intimidated by the initial problems associated with the class. Over 61% of the students in the class felt that the course was successful in meeting their learning goals. We are confident that this course will be significantly better in the future when the above mentioned changes are implemented.

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