

Importance of entrepreneurship and entrepreneurial education



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Creating new entrepreneurs at this juncture of the Sri Lankan economy is a dire requirement as more of them are important to market economies such as Sri Lanka due to multiple reasons.

Entrepreneurs act as wheels of economic growth of the country, create wealth, and improve social standards. By gaining entry to the market with their innovative ideas with clear goals, new entrepreneurs can immensely help accelerate economic development.

The covid-19 pandemic has pushed the country to an extremely vulnerable economic situation due to several key reasons such as the exorbitant health expenditure, increased public welfare spending, loss of foreign revenue, and several other reasons. Tax revenues and other Government earnings have dropped significantly, creating a volatile financial crisis.

Many Sri Lankan workers lost employment in the immediate aftermath of the breakout of the pandemic. Statistics indicate that approximately 160,000 jobs were lost during the first few months since March last year and the unemployment rate increased from 4.2 percent in 2019 to 6 percent in 2021.

Workforce

In addition, the self-employed fraternity of a staggering 41.5 percent of the total workforce has suffered a tremendous blow due to multiple lockdowns and other stringent health restrictions. This means that the impact on the overall economy due to Covid-19 was enormous and the recovery will not be a pushover.

Due to all the above reasons and more, the Government is placed in an awkward position currently in the context of the economy. As a business executive with over forty years of experience in the private sector, this writer's opinion is that the Government must promote more entrepreneurship than ever before.

Despite the existence of a few state-operated institutions related to entrepreneurship development, the focus on the Government on creating or promoting entrepreneurs is lackluster and uninspiring thus far. No one can remember a single active and aggressive entrepreneurship development program organised by any of these state institutions during the past several decades.

Sri Lanka is perhaps the only country in the world where the graduates demand Government employment after receiving over sixteen years of expensive free education with the courtesy of taxpayers of the country. Historically, the majority of the graduates wait for prolonged periods, expecting a public service job due to various reasons.

The main among them is the pension payment the Government servants receive after retirement. An endless number of protests, most often inconveniencing the general public is witnessed during the past several decades.

Most often, the graduates, even when they have plenty of opportunities in the private sector employment, they tend to ignore such opportunities. In the good old days, to be in the public service was a privilege although currently that opinion is largely altered. The job seekers, mostly the graduates believe that the public service is less troublesome, convenient, and has less supervision than any of the private sector jobs.

In Chapter 4 of the presidential manifesto, under the subsection of 'Harnessing the power of youth,' a pledge was made to provide exten-

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sive opportunities and incentives to create an economy driven by young entrepreneurs.

Modern technology

The document provided wide-ranging plans such as establishing youth counseling centers, introducing modern technology, financial assistance, and entrepreneurial learning. Also, the manifesto has outlined that a 'National Youth Fund' will be established with an initial allocation of Rs. 1000 million from the treasury.

This was the best laid down plan for the promotion of youth entrepreneurship presented by any Government since its independence. Sadly, the crisis created by the pandemic forced them to postpone the proposed action indefinitely.

Now is the best time to implement the entrepreneurship assistance programs in the country due to a few key reasons. Firstly, new entrepreneurs can contribute to the country's effort to revive the general economy. Secondly, numerous new opportunities are emerging and new markets are being created for businesses. Thirdly, promoting entrepreneurship is the best available remedy to combat the escalating unemployment.

A large number of entry-level new employment opportunities are created by entrepreneurs. Whilst offering opportunities to newcomers without specific skills or experience, entrepreneurship can prepare skilled workers for large industries.

The increase of much-needed new employment can be generated by encouraging new youth entrepreneurship.

Micro, Small, and Medium-sized Enterprises (MSMEs) in Sri Lanka make up the largest part of Sri Lankan businesses and are considered the backbone of the economy. These business entities are scattered in all sectors of the economy and contribute to approximately 52 percent of the Gross Domestic Product (GDP) and provide employment to over three million people through a total of around a million establishments.

Promoting the concept of entrepreneurship to youth to be in the MSME sector will be one of the most effective strategies at this time. Hence, the Government must identify and introduce high potential clusters to the youth and provide the required guidance for them to proceed further.

The formation of new businesses is particularly important as they enter the market and most often challenge established businesses, products, distribution methods, manufacturing, and other related aspects.

New concepts

New entrepreneurs bring in new concepts and promote more competition in the market. Particularly, Sri Lankan youth with a high rate of literacy and intelligence can produce out-of-the-box thinking in entrepreneurship, if properly guided.

Also, entrepreneurship improves productivity immensely in a market. The competition generated due to the challenges caused by the new entrants creates extra competition in the market where the established and existing players have to be more productive in their business activities. This phenomenon undoubtedly helps the market development.

The investment requirement is one of the key factors that discourage and drives away new entrants to the business. Despite rules, regulations, Central Bank directives, and Government pledges, obtaining financial assistance for start-ups from Banks is not an easy task. Particularly, even for an extremely viable new project, Banks require collateral, most often covering the whole project expenditure. Therefore, starting even a micro-level business is often unfeasible and impractical.

Hence, providing funds to youth for new business ventures is perhaps the most important task and the responsibility of the Government. Youth entrants can be drawn into business by promoting low investment products or services where only skill and operational flexibility are the required criteria.

Graduates

Specifically, graduates who pass out from universities who are eager to go on their own can be encouraged. There is no doubt that so many of them are out there.

The vast majority of the graduates whom this writer spoke to confirmed this salient fact. Almost everyone was eager to become entrepreneurs if financial assistance is available as a basic need. Most of them also possessed amazingly creative new business designs and ideas. What they seemingly lack is capital, administrative skills, and experience.

These graduates can be guided easily with properly drawn short and

long-term training stints through advisory groups, as suggested in the presidential manifesto, to overcome these simple challenges. There are plenty of related Government institutions available for the task. The authorities only have to direct the resources required through institutions towards the youth who are enthusiastically awaiting opportunities.

Entrepreneurial education is not a part of the education system of the country as yet. Nevertheless, apart from encouraging entrepreneurship at the high school level, students can derive many benefits from Entrepreneurial education.

That does not in any way mean that every student needs to start a business. Yet, such a subject can teach senior students how to work with a team, how to appear in public and make presentations, how to collect and analyse information, problem-solving, and innovation.

Decision-making skills

Even for students who never want to start a business, entrepreneurial education can be beneficial as they are exposed to self-efficacy, achievement orientation, risk-taking tendency, and decision-making skills that will be useful throughout their adult life. Hence, it is the right time for education policymakers to consider this subject matter consciously and seriously.

Entrepreneurs have the power not only to come out of the ongoing gruesome financial crisis of the country but also the ability to take the country to new heights.

Instead of seeking employment, the youth must be encouraged by the authorities, with renewed vigour, to enter into the business world without fear of failure. In support of entrepreneurship, the right framework, funding, and mentoring must be provided to those who are willing.