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# **EMPLOYABILITY AND ENTREPRENEURSHIP**

## **CRITICAL TWIN FACTORS FOR INDIAN HIGHER EDUCATION**

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*Universities are recognised as knowledge-intensive institutions and environments that foster human capital development by developing employment and entrepreneurship skills in students. Employment is about getting a job and employability is about having a good mix of skills, competencies, and attitudes to successfully perform on the job. Increasingly, it is becoming necessary for students to gain those skills, which will enhance their prospects of employment. Given the present economic situation, it is no longer sufficient for a new graduate to have knowledge of an academic subject so the recent education reforms emphasise on the importance of developing employability and entrepreneurship skills among students by institutions of education. There is an increased demand for higher education but limited supply of job opportunities. Therefore, fostering entrepreneurship has become a core component of economic development in cities and countries around the world. Overall, Employability and Entrepreneurship are critical factors for Indian Higher Education and the higher education institutions have a pivotal role to play in fostering employment skills and entrepreneurial behaviour and mindset in the students.*

### **PRELUDE**

Human capital is the most important resource or asset any nation can boast of in the 21<sup>st</sup> century because it is vital for future technological breakthrough, international competitiveness and sustainable economic development. Building the requisite human capital for the attainment of sustainable development requires both—a new ideology of life and innovative approach to education—if the nation is to overcome the global socio-economic and ecological crisis that have the potential to endanger our individual and collective existence, as well as rob future generations of their well-being.

Universities are recognised as knowledge-intensive institutions and environments that foster human capital development by developing employment and entrepreneurship skill in students. Given the present economic situation, it is no longer sufficient for a new graduate to have knowledge of an academic subject. Increasingly, it is becoming necessary for students to gain those skills, which will enhance their prospects of employment and Entrepreneurship. According to the current practice, universities include in their mission not only a generalised transfer of know-how, but also the promotion of business thinking and entrepreneurial culture, the establishment of

institutions, actions as well as the creation of venture capital, thus contributing further to the promotion of regional entrepreneurial ecosystems (Lerapetritis 2019).

## **HUMAN CAPITAL**

The availability of employable persons in a nation is indicated as its human capital. A nation's human capital endowment—the knowledge and skills embodied in individuals that enable them to create economic value, can be a more important determinant of its long-term success than virtually any other resource. This resource must be invested in and leveraged efficiently in order for it to generate returns, both for the individuals involved as well as an economy as a whole. Because human capital is critical not only to the productivity of society but also the functioning of its political, social and civic institutions, understanding its current state and capacity is valuable to a wide variety of stakeholders (Schwab 2016).

In order to assist those seeking employment or wanting to become entrepreneurs, the National Skill Development Corporation (NSDC) has brought out a valuable handbook on transforming the skill landscape. It deals with the employability and entrepreneurial skills in great detail under the following topics: (i). Personal strength and value system; (ii). Digital literacy; (iii). Money matters; (iv). Preparing for employment and self-employment; (v). Understanding entrepreneurship; and (vi). Preparing to be an entrepreneur (NSDC 2019).

## **EMPLOYMENT AND EMPLOYABILITY**

Employment is about getting a job and employability is about having a good mix of skills, competencies, and attitudes to successfully perform on the job. Employability is a necessary attribute; employers look for those skills while recruiting candidates for jobs. The recent education reforms emphasise on the importance of developing employability skills among students by schools and institutions of higher education.

Youth unemployment is on the rise across the world. The global unemployment among youth is more than 200 million and is expected to increase to 212 million by 2019. According to International Labour Organization (ILO) estimates, which take into account new labour market entrants, an additional 280 million jobs need to be created to close the global employment gap by the end of this decade. More importantly, a good share (45%) of the additional job seekers in this decade may be in the East and South Asia regions.

In India, increasing unemployment of the educated is accompanied by a widening job-skill mismatch and declining labour force participation rates, especially among women. The youth population in India is expected to increase to 350 million by 2022. According to the latest NSSO data, the unemployment rate increases with increasing levels of education till the postgraduate levels of education. The peak point in unemployment rates has been shifted from the secondary level to the university degree level.

Given the complexities of skills and their classifications that have been forwarded by different organisations and studies, a new term ‘employability skills’ (combining knowledge, aptitude, attitude and skills) became popular in education-employment debates. With the fourth industrial revolution, the employability skills came to emphasise upon lifelong learning, up-skilling and re-skilling to sustain oneself in the highly dynamic job market. In an expanding higher education sector, there are new entrants and with it come enormous dissatisfaction in terms of learning and employment outcomes.

### *Inferences*

- (a) Earlier, there existed a close association between higher education, better employment opportunities and higher salaries. In recent times, this association is at risk. A reliance on technology-led industrial development and the emergence of knowledge economy are changing the nature of skills demanded in the labour market and challenging the role of higher education institutions.
- (b) Serious efforts are being made by the ministries of education and industries, and by higher education institutions to link their engagements more closely.
- (c) It is increasingly realised that employability of individuals does not depend only on technical/generic skills but also on social skills, communication skills and team work, etc. These skills should become part and parcel of curricular and extra-curricular learning.
- (d) In a system offering courses to adult students, curricular changes should not be based solely on the demand of industries’ needs; it should also look into what the students need as well.
- (e) In an age where employment generation is limited, especially in the context of jobless growth, entrepreneurship education may be encouraged to promote startups and self-employment opportunities. The industrial groups should come forward to help people start such programmes. of the model of business incubation centers as in the UK, where handholding and guidance, along with nurturing support to business ideas are given, has been replicated by the Government of Telangana in India, are examples of industry support.
- (f) Regional cooperation and role of regional bodies in South Asia, South East Asia as in Europe, and of bodies like the UNESCO in skill certification and mutual recognition of degrees, and in accreditation, will promote global mobility and better linkages between skill formation and jobs.

The bottom-line message is that there is an increased demand for higher education but limited supply of job opportunities. We need to produce quality graduates but the difficulties of fast paced technological shifts and financial constraints do not make this easy. Employment generation is certainly outside the purview of higher education and generation of employability and entrepreneurial skills among the youth cannot be the sole responsibility of the higher education sector (Varghese et al. 2019).

## **Employability Skills**

Employability skills include abilities such as the retrieval and handling of information; communication and presentation; planning and problem solving; and social interaction. Employers value employability skills because they are linked to how you get along with coworkers and customers, your job performance, and your career success. The key employability skills are:

1. **Foundational Skills**, which include basic reliable attitudes and behavior such as punctuality, dependability;
2. **Interpersonal Skills**, such as friendliness, politeness, ability for conflict resolution;
3. **Communication Skills**, such as ability to read and understand written material, express ideas clearly;
4. **Problem Solving and Critical Thinking**, such as asking questions to solve problems;
5. **Skills of Teamwork**, such as being comfortable working with people of diverse backgrounds and contributing to team goals;
6. **Ethics and Legal Responsibilities**, such as taking responsibility for own decisions and actions, and being honest and trustworthy (Anandakrishnan 2019).

## **Professional Skills**

Anyone who wants to advance in their careers and people working in higher-level jobs should have the following professional skills:

### **Career Development**

- Learn new skills and take on different projects;
- Serve on work committees;
- Take initiative and work with little supervision;
- Understand your industry and common business practices;
- Align your work goals with the mission and vision of your employer; and
- Understand the different roles of coworkers.

### **Leadership**

- Coach and mentor others;
- Be willing to take risks;
- Be able to negotiate;
- Motivate and direct people as they work;

- Demonstrate efficiency;
- Seek to simplify processes;
- Save time or money for the company by analysing business needs; and
- Build partnerships and teams with coworkers.

## **ENTREPRENEURSHIP**

The word 'entrepreneur' comes from the French verb *entreprendre*, meaning, 'to undertake'. Entrepreneurship is the process of designing, launching and running a new business. It is the capacity and willingness to develop, organise and manage a business venture along with any of its risks to make a profit. Definitions of entrepreneurship typically focus on the launching and running of businesses. Due to the high risks involved in launching a startup company, a significant proportion of startup businesses have to close due to lack of funding, bad business decisions, an economic crisis, lack of market demand, or a combination of all of these. An entrepreneur has the ability to find and act upon opportunities to translate inventions or technologies into products and services. The entrepreneur is able to recognise the commercial potential of the invention and organise the capital, talent, and other resources that turn an invention into a commercially viable innovation. In this sense, the term 'Entrepreneurship' also captures innovative activities on the part of established firms, in addition to similar activities on the part of new businesses (Shaik 2019).

### **An Entrepreneur**

An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and/or business/procedures. Entrepreneurs play a key role in any economy, using the skills and initiative necessary to anticipate needs and bring good new ideas to market. Entrepreneurship is one of the resources economists categorise as integral to production, the other three being land/natural resources, labour, and capital. An entrepreneur combines the first three of these to manufacture goods or provide services. Entrepreneurship is high-risk, but it also can be high reward as it serves to generate economic wealth, growth, and innovation.

Entrepreneurs create social change. They break tradition with unique inventions that reduce dependence on existing methods and systems, sometimes rendering them obsolete. Smartphones and their apps, for example, have revolutionised work and play across the globe. Entrepreneurs commonly face many obstacles when building their companies. The three that many of them cite as the most challenging are: overcoming bureaucracy; hiring talent; and obtaining finance (Hayes 2019).

### **Types of Entrepreneurs**

According to Business Jargons ([www.businessjargons.com](http://www.businessjargons.com)), there are six types of entrepreneurs as listed below:

### ***Innovative Entrepreneurs***

These entrepreneurs have the ability to think newer, better and more economical ideas of business organisation and management. They are the business leaders and contributors to the economic development of a country. Take for example, the introduction of a small car 'Nano' by Ratan Tata, or organised retailing by Kishore Biyani. These are the works of innovative entrepreneurs.

### ***Imitating Entrepreneurs***

These entrepreneurs are people who follow the path shown by innovative entrepreneurs. They imitate innovative entrepreneurs because the environment in which they operate is such that it does not permit them to have creative and innovative ideas on their own. Such entrepreneurs are found in countries and situations marked with weak industrial and institutional base, which creates difficulties in initiating innovative ideas. In our country also, a large number of such entrepreneurs are found in every field of business activity and they fulfill their need for achievement by imitating the ideas introduced by innovative entrepreneurs. Development of small shopping complexes is the work of imitating entrepreneurs. All the small car manufacturers now are the imitating entrepreneurs.

### ***Fabian Entrepreneurs***

The dictionary meaning of the term 'fabian' is "a person seeking victory by delay rather than by a decisive battle". Fabian entrepreneurs are those individuals who do not show initiative in visualising and implementing new ideas and innovations, but wait for some development which would motivate them to initiate unless there is an imminent threat to their very existence.

### ***Drone Entrepreneurs***

The dictionary meaning of the term 'drone' is "a person who lives on the labour of others". Drone entrepreneurs are those individuals who are satisfied with the existing mode and speed of business activity and show no inclination in gaining market leadership. In other words, drone entrepreneurs are die-hard conservatives and even ready to suffer the loss of business.

### ***Social Entrepreneur***

Social entrepreneurs drive social innovation and transformation in various fields including education, health, human rights, workers' rights, environment and enterprise development. They undertake poverty alleviation objectives with the zeal of an entrepreneur, business practices and dare to overcome traditional practices and to innovate. Dr. Mohammed Yunus of Bangladesh who started Grameen Bank is a case of social entrepreneur.



## Entrepreneurial Ecosystem

Fostering entrepreneurship has become a core component of economic development in cities and countries around the world. The predominant metaphor for fostering entrepreneurship as an economic development strategy is the ‘entrepreneurship ecosystem’. There is no evidence that increasing the number of startups *per se* or new businesses formation stimulates economic development. There is some evidence that it goes the other way around, that is, economic growth stimulates new business creation and startups. Similarly, offering financial incentives for early stage, risky investments in entrepreneurs does not stimulate the entrepreneurship ecosystem.

Job creation is not the primary objective of fostering an entrepreneurship ecosystem. The motivation for fostering entrepreneurship entirely depends on who the actor or stakeholder is. For public officials, job creation and tax revenues may be the primary objectives. For banks, a larger and more profitable loan portfolio may be the benefit. For universities, knowledge generation, reputation, and endowments from donations may be the benefits. For entrepreneurs and investors, wealth creation may be the benefit. For corporations, innovation, product acquisition, talent retention, and supply chain development may be the benefits. Many stakeholders must benefit for an entrepreneurship ecosystem to become self-sustaining.

Strong entrepreneurship education is not essential to create strong entrepreneurship ecosystems. There is no reason to believe that formal education in entrepreneurship leads to more, or more successful, entrepreneurship. Well-known entrepreneurial hotspots such as Israel, Route 128, Silicon Valley, Austin, Iceland, and others, had significant entrepreneurship long before there were academic courses in it. These rose organically, first and foremost due to access to customers and employable talent, as well as access to capital (Isenberg 2014).

Other important factors of a regional ecosystem are: a strong business culture that encourages a second attempt after a failure; knowledge bonds among entities both within the region and outside of it; high-quality skilled outflows (skilled human resources, information, infrastructures, etc.); easy access to the results of research conducted by universities; a friendly financing and investing system (credits, state subsidies, networks with high risk venture capital funds and “business angels”, crowd-funding, microcredits, etc.); powerful networks of social and venture capital; strong national demand; regional and local supporting structures that favor investment and upgrading processes (of both products and procedures); regional policy that promotes competition, cooperation as well as knowledge diffusion; and inter-industry merging of businesses.

## Factors for Success as an Entrepreneur

There are five general factors that most, if not all, successful entrepreneurs have followed: (i) ensure financial stability; (ii) build a diverse skill set; (iii) consume content across multiple channels; (iv) identify a problem to solve; and (v) solve that problem.



One of the important characteristics of entrepreneurs is honesty. When entrepreneurs are honest with their customers, employees and investors, it shows that they respect those that they work with. It is also important that entrepreneurs remain honest to themselves. When entrepreneurs are honest with their customers it leads to stronger relationships, which in turn results in business growth and a stronger customer network. When entrepreneurs build honest relationships with their employees, it leads to more transparency in the workplace, which results in higher work performance and better results. Being honest with investors means not only sharing strengths but also candidly disclosing current and potential weaknesses and problem areas. For entrepreneurs to succeed, it is critical that they remain realistic about their situation at all times, and accurately judge every aspect of their enterprise for what it truly is. An entrepreneur must display strong work ethics, as well as hire only those individuals who believe in and display the same level of ethical behavior in the workplace.

### **Entrepreneurship Education**

Nowadays, both scholars and policy makers are becoming aware of the importance of entrepreneurship education and its role in fostering entrepreneurial behaviour and mindset for the economic development of the country. In spite of such global recognition, entrepreneurship remains limited in developing countries. Such attitude towards entrepreneurship has affected the entrepreneurial behavior. Most of the developing countries consider entrepreneurship imperative for enhancing employment opportunities. In developing countries, every year thousands of school leavers, university graduates and graduates from vocational education and training institutes enter the job market searching for their first jobs. For this large youthful population, the formal job creation opportunities are not sufficient to absorb the growth in labour force. For many, entrepreneurship can be an alternative career choice, provided that prior intention exists. This requires a gradual shift from the existing model to a new model in which entrepreneurship, innovation and creativity are a primary focus. The potential impacts of entrepreneurship education on students include three aspects: (1) personal development of students, including changes in attitudes and values; (2) changes in student's abilities; and (3) possible social impacts (Ali 2019).

Higher education institutions have a pivotal role to play in fostering entrepreneurial behaviour and mindset. Entrepreneurial education should:

- First create the ground for entrepreneurial thinking. Train and encourage students to take risks, build self-confidence, and instill leadership attitude.
- Make students innovation ready. Along with giving them formal insight into academics, enable them to think critically, and enhance their communication and collaboration skills, which will help them invent their careers.
- Provide tools and techniques to understand business literacy. Combine traditional economic and business principles with real world, practical experiences and operational challenges to prepare them for a self-reliant future.

- Present real-life success stories of achievers. Business case studies should be a part of the curriculum at the graduate level. Alumni of an institution who are self-reliant serve as a great source of inspiration.
- Partner with businesses for hands-on experience. Entrepreneurship-in-residence programs help students work with successful entrepreneurs and startup founders to understand the nuances of businesses better. It will be essential to introduce these programs at the undergraduate level (igauge blog 2019).

### ***Role of Universities in Imparting Entrepreneurship Education***

Universities all across the world are increasingly trying to become more entrepreneurial, in order to stay competitive. Educational institutions have a key role to play, both through training entrepreneurs and knowledge transfer to industry (Olampekun et al). One of the entrepreneurial activities is the fostering of entrepreneurship among students through entrepreneurship education. Today's educational institutions are adding economic development to their more traditional mandates of teaching and research (Rothaermel, et al., 2007). Accordingly, the need to foster entrepreneurship has become increasingly important in the 21st century. In fact, successful universities in the US underline the important role of academic institutions as catalysts for high-technology startups. Stanford University is related with many of the cutting-edge companies in Silicon Valley. In developed countries, many entrepreneurs start their companies at their universities precisely because they can have continued access to knowledge and talent. In addition, many universities have restructured their research capabilities to be more responsive to local industries, setting up specialised research units, joint cooperative ventures, or interdisciplinary projects.

### ***Role of Alumni***

Alumni of universities are seen as an important connection for future entrepreneurs in dynamic and innovative areas, such as information technology and biotechnology. Considerable attention has therefore been paid to formal entrepreneurship education at the university level. Public authorities and economic experts stress the importance of promoting aspirations for entrepreneurship among young and highly-educated people. If the business birth rate in any nation can be enhanced by supporting students and graduates in their entrepreneurial activities, it is worthwhile to examine the current status of entrepreneurship education (Lüthje and Franke, 2003).

### **Concluding Remarks**

More than ever, issues of employability and entrepreneurship are gaining importance across the world, similar to the international trends. They are the critical twin factors for Indian Higher Education. The traditional role of higher educational are due for major revamp to accommodate these concerns in addition to their traditional roles in knowledge generation and dissemination. The higher education institutions have a pivotal role to play in fostering employment skills and entrepreneurial behaviour and mindset in the students to make them self-sufficient and future ready.

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# The Biography of the Author

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Prof M Anandakrishnan is Member, Executive Council of the Central Universities of Haryana and Member, Board of Management of National Institute of Educational Planning and Administration (NIEPA), New Delhi. Earlier, he served as Vice Chancellor, Anna University, Chennai (1990-1996); Vice Chairman, Tamil Nadu State Council for Higher Education (1996 - 2002); First Science Counselor, Embassy of India Washington, D.C. (1974 to 1978); Deputy Director, Centre for Science and Technology for Development, United Nations, New York (1978-89). He was the Vice Chairman of Tamil Nadu State Council for Higher Education (1996 to 2002); Chairperson of Madras Institute of, Development Studies and Chairman of Board of Governors of IIT Kanpur; Member of Executive Councils of Central Universities of Sikkim and Kerala. He authored six books and published over 150 papers.

His honours and awards include Padma Shri from the President of India (2002); The Order of Scientific Merit from the President of Brazil (1996); Distinguished Leadership Award of the University of Minnesota (2003); and several Honorary Doctorates.