

UNIVERSITIES AND SMALL BUSINESS STUDIES

By Rolffe Peacock (February 1999).

There is a case to be made for Australian universities to include small business (SB) studies within their programs (Peacock 1997). Beginning with the Wiltshire Inquiry (1971), various surveys, commentators and the federal government have urged universities to provide SB studies; however, there are few structured SB subjects taught within most Australian universities (Kelmar 1988, McCosker 1991, Waldmann 1993). The views of a sample of graduates of the University of South Australia add support to the case - a majority of respondents feel that a SB management subject should be part of current teaching programs.

A number of overseas writers have argued that higher education should have an important role because of its benefits to the SB sector (Zeithaml and Rice 1987, Gibb and Scott 1987, Chamard 1989, Hanage 1992). Appropriate university studies can open the possibility for more graduates to become SB owner-managers and employees. The need for management training for self employment and the skilling of employees can be part of their SB education. Students planning a professional career can also be introduced to the possibilities of providing advice and consultancy in the SB sector.

Dolton and Makepeace (1990) estimated an econometric model of the self employment decision for a large sample of UK higher education graduates. Their motivation to do this was in response to pressure on higher education institutions to assist in the growth of the SB sector. They found that 'the decision to become self employed is not totally independent of the subject of degree studied' and that students undertaking management and professional studies had a higher incidence of self employment.

Din and Gibb (1990) evaluated the general failure of the 1971 New Economic Policy in Malaysia to increase entrepreneurship and the number of SBs. Their recommendations for change included the provision in higher education of 'awareness, understanding and insight of the world of work of the owner-manager'.

Johnson and Pere-Verge (1993) surveyed UK owner-managers of small and medium size enterprises (SMEs) regarding their employment of graduates. Their motivation for the study was that SMEs were increasingly becoming major players in the graduate employment marketplace. From their findings they concluded that higher education needs to provide for an awareness by students of their potential usefulness as SME employees and to help provide required skills.

AUSTRALIAN SURVEYS AND REPORTS

There have been a number of Australian surveys and reports regarding SB education at all levels (primary and secondary school, tertiary education and vocational education). The following make a case for universities to provide SB studies.

The focus of the Wiltshire Inquiry (1971) was upon the management aspects of the SB sector and the problems of the need for manager-owners to wear the many "hats" of functional and general management without the aid of internal specialists. It argued therefore for the necessity to develop SB management education programs and that universities had a role in providing 'Formal undergraduate courses in small business administration'.

In 1979 the National Training Council commissioned a national survey of SB education and training needs, and the report was produced by Bailey and Royston (1981). It was recommended that 'small business oriented' under graduate and post graduate electives or courses should be established to 'present a further option for employment to students'. It was felt that this should be particularly the case in professional areas 'where graduates may eventually be responsible for managing their own small businesses'.

In 1982 the Ralph Committee handed down its report to Federal Government. It had been established to examine the state of management education in general in Australia, and to examine the special needs of SB for management education. It strongly supported the recommendations by Bailey and Royston for SB education at the tertiary level, and its Recommendation 43 stated 'That formal programs in business and management education

in tertiary institutions include at least one elective in small business management’.

Following the Ralph Report, Government requested that the Commonwealth Tertiary Education Committee examine in detail the training needs of SB. The subsequent report (CTEC 1984) agreed that ‘Degree courses in business/commerce should include units which are related to small business activity and the management of small businesses’ because tertiary students should be regarded nationally as potential intenders and therefore encouraged to consider entrepreneurship and self-employment as career alternatives. The report, undertaken by G. G. Meredith, argued that because university graduates were a significant proportion of multiplier agents providing services to SBs, and SB researchers and policymakers, there was a need for SB studies in degree programs.

The Beddall Inquiry (1991) confirmed the belief of SB advisory groups and trade associations that management education should be incorporated into tertiary education ‘..... in order to reach the maximum number of people that may, at some stage of their careers, be owner-managers of a small business’. Evidence to the committee also indicated that a large number of students undertaking professional tertiary courses eventually found themselves managing their own business, but had received very little preparation in management education.

The first of the 28 recommendations of the Karpin Inquiry (1995) was specifically aimed at universities and at higher education curriculae. Higher education was asked to assist in the development of studies in enterprising and entrepreneurial behaviour by providing ‘units in entrepreneurship and SB formation and management’. The aim was to include skilling for potential SB owner-managers.

Australian higher education institutions have been urged to provide SB studies in order to:

- * facilitate enterprising behaviour,
- * add SB management and employment to the possibilities for graduate employment,
- * promote the provision of services and consultancy to SB managers, and to
- * provide a background for SB researchers and policymakers.

According to at least four commentators however the actual performance of Australian universities in providing such SB education has been limited.

AUSTRALIAN COMMENTATORS

Kelmar (1988) said that Australian universities did not perceive a great demand for specific small enterprise courses, whereas in the United States a proliferation of courses had emerged within the university system. He attributed this to a general belief in Australia that ‘small business will take care of itself’ and that in any case the TAFE system had developed SB management courses. He felt that universities had an opportunity ‘to develop courses in small enterprise philosophy’. His survey of 354 graduates from the University of New England, New South Wales, found that 58% ‘would have been interested in studying a unit on small enterprise management’.

McCosker (1991) in exploring the topic of ‘What Can Universities Offer Small Business?’ claimed that although at least 19 universities were involved in teaching SB management, the majority gave little attention to SBs. He said that many Australian academics had little understanding of the valuable contribution and the unique needs of SBs, and that those in authority had not fully recognised the validity of relevant SB education and research. He argued that universities had a complementary role to entities such as TAFE, industry organisations and SB development bodies which provided hands-on training for starting enterprises and for managing going concerns. Universities could provide information, advice and research for SBs, and could educate professional graduates in SB management for their own needs and to better service the SB sector.

Williams (1991) claimed that the overall education system, including universities, placed most of its emphasis on preparing students to be employees in large firms and the public sector, or to become employed professionals. What was needed to restore the balance was an equal emphasis on

'entrepreneurial aspirations and action'. Education was needed which could lead to innovation, independent action and new enterprise.

Waldmann (1993) compared entrepreneurial and SB education in Australian universities with that in America. By examining the undergraduate and postgraduate handbooks of all Australian universities for the 1992 academic year he concluded that 'neither SB education nor entrepreneurship is considered an important topic in most Australian universities'. He found that the few universities that offered SB programs or individual SB subjects were in a minority. The findings contrasted sharply with figures available from America where SB education and entrepreneurship were considered important topics in the majority of universities.

There is increasing recognition in Australia of the importance of the SB sector. Overseas writers and Australian reports have outlined the reasons why higher education institutions need to be proactive in providing education in SB for their students. However, since 1988 commentators have shown that this is generally not the case for most universities.

We should also ask about the attitude of university graduates towards SB teaching and this is now done for one university.

FINDINGS FROM THE UNIVERSITY OF SOUTH AUSTRALIA

Following the only recorded systematic survey of Australian university graduates concerning SB teaching undertaken by Kelmar (1988), a questionnaire was prepared for graduates of the University of South Australia. It included topics covered by Kelmar plus additional information. A convenience sample of graduates was obtained as follows.

New Outlook is a quarterly periodical issued by the University of South Australia to graduates, general and academic staff, sponsors and contacts. The actual number of recipients within each group is not known but the graduates would number many thousands. In the March 1996 section, within the Alumni section, the writer asked graduate readers to provide their views on SB studies in the university. A questionnaire was inserted in each copy of the edition with a reply-paid envelope.

It cannot be claimed that the result was a statistically representative sample of all the students of past years. There would be many graduates who did not receive *New Outlook* and their addresses are unknown. The strength of the survey lies in the fact that there were 1,602 responses and as far as is known this is the largest group of graduate comments ever made in Australia regarding SB education in universities. 1,602 survey forms were completed by 977 males (61%) and 625 females (39%). The discipline groupings in which they graduated are summarised in Table A1.

TABLE A1
GRADUATING DISCIPLINES

Discipline	Frequency	%	Male %	Female %
Applied science and technology	244	15	66	34
Art, architecture and design	91	6	49	51
Business and management	505	31	77	23
Education	218	14	33	67
Engineering	229	14	96	4
Health and biomedical sciences	62	4	32	68
Humanities and social sciences	126	8	30	70
Nursing	76	5	9	91
Other	51	3	62	38
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The largest response (31%) came from the disciplines of Business and management which comprise the largest faculty of the current University with 21% of students in 1995. Lowest responses came from Health and biomedical sciences (4%) and Nursing (5%), both new and small disciplines in the University. The male/female proportion of responses were generally indicative of the disciplines involved, with female responses predominating in Health and biomedical sciences, Education, Humanities and social sciences, and Nursing, and male responses dominating in Applied science and technology and Engineering. Since the current ratios of male/female students in Art, architecture and design, and in Business and management, are close to one, the response from Art, architecture and design is about as expected, but a greater female response could have been expected in the Business and management disciplines.

More attention began to be paid to SBs by the Government and the media from the early 1980s and 75% of the respondents obtained their qualifications in this period, 13% in the 1970s, 7% in the 1960s and the remaining 5% before 1960. 77% of respondents obtained qualifications at the bachelor, master or Phd level, and the balance of 23% in certificates, associate diplomas and diplomas.

SB Operators and Advisors

It was found that a significant proportion of graduates had close ties with the SB sector.

The question was asked *Are you, or have you been, a small business owner-manager since graduation?* Overall, 25% of all graduates (404 persons), answered in the affirmative. They comprised 291 males and 113 females i.e. the latter comprised 28% of the SB operators. This can be contrasted with the general belief that women comprise about one third of all small business owner-managers in Australia (ABS cat 1321.0, 1996; cat 8127.0, 1996).

The question was also asked *Since graduating, have you provided professional advice, or acted as a consultant, to small business owner-managers?* 26% of all graduates said Yes. The composition of 305 males (74%) and 106 females (26%) was similar to that for manager-owners. The main areas in which advice or consultancy was offered by the 411 graduates comprised:

	%
Management	32
Accounting and taxation	21
Consultancy	19
Computing	7
Marketing	5
Legal aspects	3
Other	13

	100%

SB Management Studies

One of the main purposes of the research was to ascertain the extent to which students had been exposed to SB studies in their courses and how this compared with their views now of the role of such studies in current programs of the University.

In response to the question *In your university studies did you undertake one or more small business management subjects?* 234 graduates said Yes i.e. 15% of the sample. The overall percentage is well below those given for SB ownership-management (25%) and for assistance/consulting (26%), but varied considerably between discipline groupings from 27% in Business and management to 6% in Health and biomedical sciences, 3% in Education and 1% in Nursing.

SB Topics

Graduates were given a list of 13 possible topics for a SB management subject and asked to rank the five they regarded as the most important. In his survey Kelmar (1988) nominated 12 topics from which this writer excluded Control, Staffing, and Selling, but added Human resources, Innovation and commercialisation, Franchising, and Computers. The exercise was an attempt to ascertain the views of graduates now employed in the workforce regarding the areas of SB study deemed important by them. 1,368 graduates responded and their rankings are shown in Table A2.

The most popular topic in this survey and also in Kelmar's survey was the general one of Small business management practice and planning. Then followed in this survey the technical topics of Finances and financial management, Marketing, Legal considerations, Taxation aspects of SB, and Accounting practices. The remaining 7 topics received much lower weighted rankings and first preferences. The topic of Entrepreneurship development which ranked second in the Kelmar survey had a low ninth in the South Australian results with only 68 first preferences. Innovation and commercialisation was not suggested by Kelmar but recorded only 33 first preferences in South Australia. In selecting the SB topics the South Australian graduates have given little weight to the more entrepreneurial aspects of SB studies.

TABLE A2

PREFERRED TOPICS

Topic	Weighted Average (1)	1st Preference (2)
Small business management practice and planning	4,603	650
Finances and financial management	2,738	177
Marketing	2,625	158
Legal considerations	2,173	130
Taxation aspects of small business	2,058	82
Accounting practices	2,019	102
Human resources	1,272	77
Computers	1,208	76
Entrepreneurship development	1,139	68
Innovation and commercialisation	683	33
Exports	174	11
Franchising	167	10
Imports	98	5

(1) 5,4,3,2,1 points allocated for first, second, third, fourth and fifth preferences respectively

(2) 1 point allocated for first preference

Current SB subject

Better informed views of people regarding the worth of studies to themselves and their professions and occupations can be found after graduation when experience has been gained in the workforce and the community. In the final section of the survey form graduates were therefore asked *Do you feel that a small business management subject should be part of the present*

teaching program for your discipline in the University of SA ? Overall, 64% of the graduates (1,020) answered in the affirmative, comprising 693 males (68%) and 327 females (32%). Within the discipline groupings of Art, architecture and design, Business and management, and Health and biomedical sciences, more than 80% of each group said Yes and the lowest number of affirmatives were in Nursing (32%), Education (33%) and Humanities and social sciences (36%). Although 16% of the sample replied in the negative, 20% said that they were unsure.

TABLE A3
SB MANAGEMENT TO BE TAUGHT NOW

Discipline	Frequency
Applied science and technology	152
Art, architecture and design	74
Business and management	422
Education	74
Engineering	154
Health and biomedical sciences	47
Humanities and social sciences	55
Nursing	25
Other	17
	1,020

The survey has indicated that although only 15% of graduates had undertaken some form of SB studies at the university, 64% believe that the current programs for their disciplines should include a SB management subject. About a quarter of graduates had become SB operators, and also a quarter had provided formal assistance to SBs. It is not unreasonable to believe that the percentage may have been greater had more students been exposed to the SB culture in their courses.

DISCUSSION

A Rationale

Why should universities in Australia provide SB studies ? The reasons have been articulated both from official surveys/reports and from knowledgeable commentators as summarised below. In addition, a majority of graduates sampled from the University of South Australia believe that this should be the case.

1. To redress an imbalance. Because much of university education focusses upon being an employee there is a need to also present the direct wealth creating SB sector.
2. To improve ‘the overriding impression that community opinion is not particularly positive about small business.’ (Mozell and Midgley, 1995, p 264). In an Australia-wide survey which accompanied the Karpin Report, Mozell and Midgley probed community attitudes towards SB. They found that although people had positive opinions about SB concerning the independence it can bring, they found more negatives concerning financial, lifestyle and personal satisfaction aspects. The Karpin Report stated that one reason for the poor SB image was a lack of “enterprise and entrepreneurial studies” in higher education. Such education could create an awareness and a balanced view of SB.
3. To add to the choices of graduates the opportunities for employment in the SB sector as employer or employee.
4. To point students to what is needed to start up and manage their own business.

5. To improve the advisory services offered to SB owner-managers. University educated professionals need an exposure to the world of SB.
6. To improve the standards and output of people involved in the research and policymaking of the SB sector.

Action

It is probably unrealistic to imagine all universities in Australia committed to a full program in SB studies, despite the strong reasons for this and the ability of several universities to successfully achieve this. An alternative that has been suggested by the South Australian research is an elective SB management subject available to all disciplines. The curriculum for the subject could be developed within the rationale provided by the six reasons outlined above.

1. Positive responses of the surveyed graduates to a SB subject can be attributed at least in part to their experiences in the real world after graduation.. The subject therefore should be designed to help solve the awareness problem, to highlight enterprise and wealth creation, and to present the “world of SB” and its stakeholders including employers and employees.
2. The key aspects of start up and SB management should be presented.
3. Technical aspects such as financing and marketing should be explored.
4. Sources of assistance and the roles of advisors and consultants should be studied.
5. The roles of entrepreneurs/entrepreneurship and innovation should be explored.

This appears as a tall order for one subject. It therefore has to be an introductory unit, with the emphasis upon awareness. Depending upon student demand, other subjects may need to be developed to cover aspects in depth. Some may be confined to a specific discipline or faculty. Examples could include the Enterprise Workshop, Venture Creation, Entrepreneurship and Innovation, Franchising, SB Management, and International Competitiveness. The initial awareness subject may be sufficient for a majority of students (many overloaded with the requirements of their discipline) to obtain more “hands on” learning of SB in the vocational education system, after graduation.

SUMMARY

SB studies is the missing element in many universities in Australia and the major reason is probably the lack of a strong SB culture in the community at large. A case has been made for a structured SB management subject to be part of university teaching programs. Reports, surveys and commentators have provided arguments for this. In the hindsight of their experiences in the business world, 66% of a group of graduates of the University of South Australia have recommended this. The broad outline of a suitable subject has been outlined, with a key objective of reducing the lack of awareness of SB in higher education.

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