

# Developing Curricula With A Major Emphasis In Entrepreneurship - An Accounting Perspective

Leslie E. Nunn, (E-mail: lnunn@usi.edu), University of Southern Indiana  
Craig R. Ehlen, (E-mail: cehlen@usi.edu), University of Southern Indiana

## Abstract

*Until recently, large corporations produced most new jobs. Therefore, curricula and courses taught in university business schools in the United States were tailored primarily for graduates likely to be employed in large corporations. Today, however, the majority of newly created jobs are generated by small businesses. With the increasing economic importance of smaller businesses, universities should adjust their curricula to include classes designated specifically for entrepreneurs of small businesses. This can be accomplished in a variety of ways: by emphasizing factors applicable to small businesses while teaching standard business school courses; by introducing new courses directed solely at entrepreneurship; or by altering existing courses and combining them with new courses. This paper examines this process at one public university from an accounting perspective.*

## Introduction

University business schools have turned out hundreds of thousands of graduates over the years. Historically, these graduates have taken courses in finance, accounting, economics, management, marketing, and business administration. Most have majored in one of these areas of study or in a similar area of emphasis.

These areas of emphasis, with the possible exception of business administration, are all rather narrowly focused on specific fields within the business world. This approach may have been well suited to an era dominated by large corporations with separate departments for these areas (i.e., marketing department, accounting department), but may not be appropriate in today's rapidly changing business environment.

## The Role Of Entrepreneurial Businesses In The Nation's Economy:

Recent studies have shown that large corporations are not the major employers of the nation. Dyer (1997) reports that while there are more than 20 million businesses in the United States, only 80,000 of them employ 100 or more people. Put another way, more than 99% of all businesses in the United States are "small" businesses.

---

*Readers with comments or questions are encouraged to contact the authors via email.*

According to the Small Business Administration of the U.S. Department of Commerce, 79% of the U.S. work force today is employed in the service sector. Many of the remaining 21% are not directly engaged in manufacturing either, as that percentage includes management, engineering, accounting, marketing, and sales personnel, in addition to production workers.

In a National Public Radio interview on Labor Day, 1999, U.S. Secretary of Labor Alexis Herman presented some very interesting statistics. For instance, only twenty years ago, 60% of the jobs in the United States were for what she described as unskilled labor, 20% were skilled labor jobs, and 20% were in the professional lanes. Today, 60% of the labor force is employed in skilled jobs, 20% in unskilled labor, and the same 20% in professional work. What is more surprising, perhaps, is that most of today's skilled workers are in jobs that were not even in existence just 20 years ago.

Further, studies by the Small Business Administration document that the number of corporations and partnerships increased from 5.3 million in 1990 to 6.6 million in 1996. Sole proprietorships, on the other hand, increased from 14.8 million to 16.7 million over the same period of time (Acs, Tarpley, and Phillips, 1998).

For some time now, entrepreneurial businesses have created more new jobs than large corporations (Birch, 1987; Kirchoff and Greene, 1995). With the vast majority of new jobs being created by small businesses, and with more and more people starting their own businesses (many of which are "at home"), perhaps it is time to take another look at what university business schools are presenting to the labor market as trained, prepared graduates.

Acs, Tarpley and Phillips (1998) suggest that this vast growth of small businesses can be traced to three main sources: large firms have adapted, downsized, restructured, and reinvented themselves; small start-up companies have been "blossoming;" and tens of thousands of small firms have been established by women, minorities and immigrants.

While training specialists in the traditional business school manner remains necessary for the large corporate sector of business, that approach alone is not sufficient to meet the needs of today's business community where small businesses are so important. A small business usually cannot afford to hire someone to be the marketing director, someone else to be a full-time accountant, another person as chief of financial operations, and additional employees to handle procurement and distribution responsibilities. Nevertheless, each of these fields is important in the overall operation of a business, regardless of its size.

There is an abundance of anecdotal evidence supporting the need for generalists - people who have some training in all areas emphasized in business schools, but not necessarily an extensive knowledge of a particular limited subject. Businesses today are seeking employees who are eager, willing to do whatever it takes, want to learn, and are not afraid to make a decision. These qualities may be character traits, as opposed to knowledge gained in a university setting, but they reflect the common plea to "give me someone who can do the job." The "job" in a small business is to perform whatever functions are necessary to make the business successful, including each of the areas traditionally taught in business schools, and much more.

If we, as universities, do not meet the needs of potential employers, we are not serving the communities that we are supposed to support. If we do not adequately prepare our graduating students to

obtain and hold jobs, we suffer in reputation, will soon lose our incoming students to those universities who do adequately prepare them for future jobs, and fail in our responsibility to educate and prepare students for their post graduate endeavors.

If the business community needs generalists, graduates with skills in all areas of business, it becomes our responsibility to meet those needs. In short, we must prepare entrepreneurs - people who can start and run their own businesses or businesses owned by others.

### **Definition Of Entrepreneurship:**

Entrepreneurship refers to the process of conceiving an idea for a business venture, doing the research and analysis to determine if the idea is marketable, completing a business plan, and performing all other activities that are involved in establishing and operating the business. In its broadest sense, entrepreneurship includes the state of mind and character traits necessary for the successful creation and operation of a business, and the different skills required at each phase of a company's birth, growth, and development.

### **What Personality Characteristics Are Found In Entrepreneurs?**

Scholarly attempts to define what makes up an entrepreneurial mindset have existed forty years or more (McClelland, 1961; Hornady and Aboud, 1971). In fact, personality traits have been used to define the entrepreneur (Garnter, 1994; Herbert and Bass, 1995), and some of these traits are considered critical to entrepreneurship (Olsen, 1985; Steward, Carland and Carland, 1996). Those personality characteristics or traits considered essential include leadership, teamwork, creation, risk, opportunity recognition, and innovation (Stearns and Hills, 1996), and strategic planning (Olsen, 1985). However, none of these traits is stressed in university business schools.

Whatever one concludes the important traits are, it is clear that entrepreneurs differ from non-entrepreneurs. The skill set needed by a hopeful entrepreneurial student is more extensive than that needed by an individual who plans to work his or her entire career for a large company. When the entire career is spent in a large company, one's area of needed expertise becomes more focused on specific areas of responsibility in that company. When, on the other hand, a person starts and runs his own company, he must have some degree of expertise in the whole gamut of business skills. The curriculum taught in business schools, then, should likewise vary to meet the needs of the future entrepreneur. While it may not be necessary for business schools to add specific courses on the psychology of desired entrepreneurial personality traits, these traits should be understood by business professors and considered in the teaching process.

### **What Business Leaders Look For In Graduates Today:**

With the external business environment changing from a focus on large corporations to one that is more attuned to small businesses, business school curricula must adapt to meet the needs of both groups. One way to determine whether business schools are accomplishing this goal is to survey their constituencies.

The University of Southern Indiana School of Business utilizes local business executives as a Board of Visitors to provide liaison with the business community. These executives represent several Fortune

500 and multinational businesses, as well as numerous medium and small businesses. To identify the desires and expectations of the local business community, these executives were asked to answer the following question: "With respect to skills, knowledge, and abilities, what attributes in a business school graduate are most important for accomplishing the goals of your company?" Their answers were tabulated with those attributes being mentioned the most frequently scoring the highest. The five most sought after skills, knowledge, and abilities, ranked in order of importance to the business community, were as follows:

- Good communication skills (written, oral, and listening)
- Problem solving skills - the ability to analyze and develop solutions.
- Ability to work in groups.
- Refinement - manners, grooming, posture.
- Math and statistics skills.

Then, these same leaders were asked, "What does the University of Southern Indiana School of Business need to do to become the preferred source of professionally trained employees for your firm?" Again ranked in order of importance, the five most important actions listed were:

1. Build bridges between the theoretical and the practical.
2. Improve communication skills.
3. Become more involved in aiding job placement of graduates.
4. Develop skills in research, presentation, and argumentation.
5. Take responsibility for the whole student.

Lastly, the participants were given all responses for both questions and asked to review those responses to determine the four most important topics that a school of business should be concerned with in teaching its students. Those topics selected by the industry leaders (ranked in order of importance) were:

1. Improve communication skills.
2. Enhance logic and problem-solving skills.
3. Develop high standards for themselves and high expectations for others with whom they associate.
4. Build more bridges between theory and practice.

While the relative importance of these particular skills may vary from community to community, they are representative of what business leaders today are looking for in a business school graduate. It is interesting to note that technical knowledge was not listed as a top priority item. Presumably, the employers assumed someone graduating in accounting would have the required basic technical knowledge of accounting.

#### **Current Status Of Entrepreneurship In Business Schools:**

Until recently, large companies were considered the force driving America's economy. Relatively few studies of small businesses were done by academics, and universities stressed big business in their curricula. Courses were geared to the large company environment. Case studies focused on large corporations. All in all, very little of the typical business school curricula was applicable to the small

business. This approach is no longer acceptable.

Historically, entrepreneurship courses have been slow to come onto the business school scene. Only six universities offered courses on entrepreneurship in 1967 (Vesper, 1982). While that number has increased substantially, still too few universities specifically address entrepreneurship in the curriculum.

#### **New Directions For Teaching Entrepreneurship:**

There are at least three approaches which can be utilized in teaching entrepreneurship in the business school setting: (1) simply group courses already being taught in various disciplines together to make them an area of "emphasis" or "major" in entrepreneurship within the school of business; (2) add new courses specifically designed for preparing entrepreneurs; or (3) some combination of the first two approaches.

#### *Grouping Existing Courses:*

Most business schools already have an existing curriculum that, if emphasized properly, could prepare graduates for future employment in entrepreneurial businesses. Core curricula for business schools require a basic breadth of business courses, such as accounting principles, business communications, legal environment of business, statistics, finance, management principles, and the like. While these subjects do provide training in many of the basic skills needed for owning and successfully operating a small business, they are not necessarily tailored to the small business. Many times case studies are taken from Fortune 500 corporations and other large companies, rather than from small businesses with fewer than 50 employees. What works for General Motors may not work at all for Mom and Pop's Hamburger Stand.

Since the needs of the potential small business entrepreneur are different, in many respects, from those of other students, the existing courses should at least be modified by the professor to stress and adapt to those areas of study important to the entrepreneur. Where student numbers allow, sections of each subject should be specifically designated for entrepreneurial students, and the aspects of that subject as they apply to small businesses should be highlighted. In this manner, required courses can be tailored to meet the needs of students of entrepreneurship.

#### *Adding New Courses:*

New courses specifically designed for the entrepreneurship major could be developed. These classes could be directed to the specific needs of small business, such as designing effective internal controls when a small staff precludes traditional segregation of duties and choosing "off the shelf" accounting software for a small business.

The needs of an entrepreneur, as related to accounting skills, are not the same as those needed by an accountant. The entrepreneur will be doing most of his own record keeping in the initial stages of the formation and growth of the business. The entrepreneur's time will be limited as he also will be involved in manufacturing and marketing the product, hiring and training personnel, arranging financing, and a host of other functions.

Most likely, the newly minted entrepreneur will not have any formal knowledge of accounting, cash flow management, or many of the other aspects of money management that would be elementary to an accountant. While an in-depth knowledge of accounting principles may not be needed, at least a rudimentary understanding of the preparation and effective use of profit and loss statements, balance sheets, cash flow projections, and the like will be essential for any successful business endeavor. Additionally, breakeven analysis, pricing considerations, return on investment calculations, and other techniques must be understood.

Knowledge of how to prepare basic income tax returns also would be helpful. While all entrepreneurs should have access to various professionals (accountant, lawyer, insurance agent), knowing the basics of what is needed for income tax preparation is very important. Simple knowledge of what tax forms must be submitted, when they must be filed, and what data is needed to complete those tax forms is also vital. The better informed an entrepreneur is as to what the accountant needs, the more likely he or she is to have all that is needed by the accountant to prepare the required returns and give the required advice.

There are other basic elements of financial knowledge that an entrepreneur will need to know that would be in the realm of "nonessential" to a more traditional business major. Knowing how to budget expenses, estimate income, keep track of bank balances, recognize what is deductible or can be depreciated, and establish banking relationships are all necessary skills for the entrepreneur, but are not necessarily essential for the typical salesman or human resources professional.

Special seminar classes can be offered wherein successful local business people are brought in as speakers to relate their entrepreneurial experiences. Further, class projects can include students actually working with and helping small business owners in the area to develop and grow their businesses. An extra benefit from this might be job placements for graduating students with the very companies they have helped in class.

*Combination Of Existing Courses And Newly Added Courses:*

The University of Southern Indiana has designated four courses (two existing and two newly added) as a "Business Area of Interest" for entrepreneurship. These courses are Entrepreneurial Finance, Law for the Entrepreneur, Small Business and Entrepreneurship, and Small Business Consulting.

These courses are in addition to the normal university core courses (required for all students graduating from the university, regardless of major), the business school core courses (those all students graduating from the school of business must take), and the specific courses required for a business major in a designated area, such as accounting, finance, or economics.

"Entrepreneurial Finance," a junior year course, is designed to provide critical financial knowledge and skills to those students who are interested in starting and running their own businesses. The course deals with fund raising, cash management, budgeting, risk management, initial public offerings, and factoring. The standard business finance course is a prerequisite.

"Law for the Entrepreneur," a course that comes after the basic Legal Environment of Business course, covers the areas of law having the greatest impact on starting and operating one's own business

enterprise. Among the topics covered are employment relations, choice of business entity, government regulation, and laws related to property, debtor/creditor relationships, and intellectual property.

"Small Business and Entrepreneurship," a junior year course, involves in-depth analysis of the new venture process. A business plan is developed and serves as the focal point of the course. The management principles course is a prerequisite.

The senior level course on "Small Business Consulting" teaches the application of business principles to the operation of small business firms, including emphasis on management functions, elements of the marketing mix, business practices, and problem solving. Student teams of from two to five students each are used as a consulting unit to an actual small business. Many small businesses in the vicinity of the university seek this student counseling assistance.

### **Methodologies For Teaching Courses On Entrepreneurship:**

As indicated, the entrepreneur must be a generalist. While the accounting team of a large corporation can concentrate its efforts solely on accounting, the entrepreneur is endangering the future of his or her company if he or she concentrates on only one area of business. A change in the accounting method used in keeping tabs on the costs associated with development of a new product might impact other critical areas of the company's business. The entrepreneurial student must be taught to recognize this quickly. Further, if the relationship between these areas is then reinforced by the professor as the course work goes along, the student will be "trained" to see not only the forest and the trees at the same time, but also the relationship between the forest and the trees. Myopic concentration on only one or a few areas of business by the business owner can prove fatal when danger signs in other areas of the business are not recognized in a timely fashion.

One way to enhance an awareness of these interrelationships is to team teach selected classes. For instance, when the selection of a product name is being taught in a marketing class, that might be an appropriate time to have a business law professor come in to explain the steps required to obtain a trademark, trade name, or copyright. Then the students can see that simply selecting a good name is not sufficient if that name is not available because another company has obtained a prior right to use it.

Team teaching requires a number of considerations. The disciplines combined by the team teachers must be carefully considered. Accounting may go well with business law, and economics with finance, but mixing management with advertising might not be as complimentary. Which disciplines go well together must be an important consideration. As well, the personalities and teaching methods of the professors themselves should be considered before selecting the actual teams.

It is critical to have at least one capstone course to bring together these major business topics and explain their interrelationships. The utilization of student team projects, already required in many university business schools, will be of particular importance here. Not only is it important to assign students to teams, but also it is essential to understand and teach the psychology and dynamics of team member selection, performance, student self-evaluation, peer evaluation, and students scheduling time to work on projects outside of class. In this fashion, students can get first hand experience with the difficulties of working as a team while in the university setting, thereby preparing them for supervising teams in the work place.

**Conclusion:**

Today's needs for the businessperson are not the same as in the past. Most businesses are smaller now. With the advent of new technologies, new industries, and new needs, what was done in the educational field in previous years may not be what should be done today. The business make-up of the nation is changing, suggesting that the university approach to teaching business should be reevaluated as well. Entrepreneurs and entrepreneurship are topics requiring a deeper understanding than simply presenting general business concepts to students. There is a psychology of entrepreneurship that is different from the traditional business setting, and this needs to be considered in reviewing the curriculum for entrepreneurship courses. Traditional teaching methodologies may not be as effective when used for entrepreneurial courses.

Universities must adequately prepare graduates for the work force. As that work force changes in nature and make-up, so the manner of preparation of business school graduates must change. New textbooks are needed. Treating the subject of entrepreneurship as a major, as opposed to an "area of emphasis," should be considered. More effective teaching methodologies should be examined. Courses must be modified to prepare students more effectively for being in business for themselves. □

**References**

1. Acs, Z., F. Tarpley, and B. Phillips, "The New American Evolution: The Role and Impact of Small Firms," Office of Economic Research, U.S. Small Business Administration, Office of Advocacy, 1998.
2. Birch, D., *Job Creation in America: How Our Smallest Companies Put the Most People to Work*, New York, Free Press, 1987.
3. Dyer, W., "Organization Development in the Entrepreneurial Firm," *Journal of Applied Behavioral Science*, June, 1997.
4. Gartner, W., "Where's Entrepreneurship? Finding the Definitive Definition." *Marketing and Entrepreneurship: Research Ideas and Opportunities*, Westport, CT: Quorum Books, 25-33, 1994.
5. Herbert, F., and K. Bass, "Personality Types of Entrepreneurs and Business Students: Implications for Management Education," *Journal of Business and Entrepreneurship*, 7(2), 15-27, 1995.
6. Hornady, J., and J. Aboud, "Characteristics of Successful Entrepreneurs," *Personal Psychology*, 24, 141-153, 1971.
7. Kirchoff, B., and P. Green, "Response to Renewed Attacks on the Small Business Job Creation Hypothesis," Working paper, New Jersey Institute of Technology, Newark, N.J., 1995.
8. McClelland, D., *The Achieving Society*, Van Nostrand Co., New York, 1961.
9. Olsen, P., "Entrepreneurship: Opportunistic Decision Makers," *Journal of Small Business Management*, 11(2), 25-31, 1985.
10. Stearns, T., and G. Hills, "Entrepreneurship and New Firm Development: A Definitional Introduction," *Journal of Business Research*, 36(1), 1-4, 1996.
11. Stewart, W., J. Carland, and J. Carland, "Empirically Defining the Entrepreneur," *Journal of Business and Entrepreneurship*, 8(1), 1-18, 1996.
12. Vesper, K., "Research on Education for Entrepreneurship," *Encyclopedia of Entrepreneurship*, Englewood Cliffs, NJ: Prentice Hall, 321-343, 1982.