

# Effects of Distance Education on the Businesses of Entrepreneurial Students of the Distance Learning Institute, University of Lagos

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## Abstract

Entrepreneurship is the engine room of most successful economies in the world. It plays a major role in economic growth and prosperity through its vital role in job creation, savings and investment promotion, skill development and innovation stimulation. University education has been noted as a key determinant in fostering entrepreneurship among young people. Since Open and Distance Learning (ODL) renders greater access to higher education than formal education it can be regarded as a veritable tool in propagating entrepreneurship. A survey was conducted by randomly distributing questionnaires to 250 registered students of the Distance Learning Institute (DLI) of the University of Lagos who were entrepreneurs. 165 copies were returned rightly filled. Majority of respondents were into trading, manufacturing, travels, restaurants and running of schools, largely in single ownership ventures. A higher number recorded great impact of DLI programme on their businesses and stressed marketing/sales, personnel management and finance management as aspects of business mostly affected. Their businesses have been positively affected by their studies at DLI while business knowledge has also helped them in their studies. A greater number chose distance education (DE) over full-time as first choice and would freely recommend DE to other entrepreneurs.

**Key Words:** Entrepreneurship, Open and Distance Learning, Distance Education Capacity Building, Entrepreneurs, Higher Education, Distance Learning Institute.

## INTRODUCTION

In recent times, there has been a growing interest in entrepreneurship all over the world (Parrish, 2009). As the world is experiencing global economic melt-down, policy makers have recognized the importance and the instrumental role of entrepreneurship in enhancing economic prosperity and, especially, mitigating the problem of high rate of unemployment (Al-Wugayan, 2009; Thuric, 2007).

Entrepreneurship can be defined as the mindset and process of developing and developing economic activity by blending risk-taking, creativity and/or innovation with sound management, within a new or existing organization (Green Paper, 2003; 6). An entrepreneur is a person who has invested money, time and effort in unknown and risky conditions with the hope of making profit thereof (Foss et al, 2006; 4). He has innovative creativity and is the leader of the company and main power of economic system (Praag, 2005; 19). He is a real creative person who makes an unimportant value remarkable one (Lambing and Kuehl, 2000; 31).

Entrepreneurship plays a major role in economic growth and prosperity through its pivotal role in job creation, savings and investment promotion, skills development and innovation stimulation (Bruyat & Julien, 2000). Hence, it is a crucial engine for creating wealth in any economy (Al-Wugayan, 2009). Entrepreneurship cuts down the economic role of the State and leaves it for market units through liberalization and privatization attempts (Ibicioglu, Baysal & Ozkul, 2008). Entrepreneurship has emerged as the engine of economic and social development throughout the world (Parrish, 2010, Audretsch and Thurik, 2004; Young, 1993, Williams, 1983); it has a positive contribution to economic growth (Celik, 2006; 469, Parrish, 2010) and can be used to development of the country (Manuel, 2006).

Small businesses are considered a vehicle for entrepreneurship and a source of employment and income (Thurik, 2007). However, poverty, underdeveloped infrastructure, strong and rigid authorities are the common problems of underdeveloped countries that stifle entrepreneurship. (Ibicioglyu, Baysal & Ozkul, 2008). Economics that thrive have less restrictive rules and adequate infrastructures. For example in the USA there is a social structure which supports entrepreneurs by encouraging people to leave their duties to take risk and to set up a company (TUSIAD, 2002). The entrepreneurs in the US constitute two-third of technological innovations and developments create new job opportunities. If the number of entrepreneurs rises in a country, there are lots of employment/job opportunities (Dom, 2006).

According to recent figures published on the website of the World Bank, small businesses have created about 97% of the jobs in China, about 85% in the USA and about 87% in Japan and have thus been the mainstay of upliftment of their economies (Al-Wugayan, 2009). Small businesses, which are due to entrepreneurial foray of individuals have contributed immensely to reduction in unemployment rates in these countries that have encouraged it (Dom, 2006).

University education has been noted to be a key determinant in fostering new business startups among young people. Most importantly, entrepreneurial spirit can be encouraged among university students so that local pressure on employment in government jobs can be minimized to avoid a situation where university graduates have to endure a long job-searching, waiting period that might roll into years. In the past, most Nigerian graduates were interviewed for jobs during their last sessions in the university and had jobs waiting for them upon graduation. Now, the tide has turned for the worse and graduates who do not embrace the entrepreneurial spirit, roam the streets for years in search of jobs (Dom, 2006). In order to avoid this trend of young graduates roaming the streets, there is a strong call on all academic institutions to develop a high-quality entrepreneurship education and training programmes in order to create and support the entrepreneurial spirit among students (TUSIAD, 2002; Ibicoglu et. al., 2008). Essentially, entrepreneurial education and training represents a crucial part of many university curricula (Al-Wugayan, 2009).

Laukkanen (2000) weighted heavily the importance of a good and dependable academic curriculum that promotes a healthy perception of small businesses among university students. Gibbs (1996) asserted that supporting entrepreneurial spirit and training play a major role in propelling a country's economy. Hill (1988) and Donkels (1991) opined that university entrepreneurship training and education do amplify the awareness and importance of entrepreneurship and business ventures as a better alternative to a future career. Solomon and Ferald (1991) showed that university efforts in supporting entrepreneurship are among the first six recommendations necessary to solve the several problems of small businesses in the USA.

Interman (1992) specified two major objectives of entrepreneurship programmes as entrepreneurship awareness and business creation. Parker (2006) emphasized the significance of entrepreneurial education as entrepreneurs draw on their own experiences and beliefs. Johansson (1991) listed five main objectives of entrepreneurship education and skills to be developed as follows:

1. Knowing why – building the required attitudes and motivation for start-up;
2. Knowing how – attaining technical capabilities necessary to create a business;
3. Knowing who – promoting vital contacts for developing the business;
4. Knowing when – acquiring the sharp intuition to act at the correct moment; and
5. Knowing what – attaining the knowledge base and information for new venture development aspects of entrepreneurial learning.

Gibbs and Nelson (1996) emphasized the importance of entrepreneurship as opposed to enterprise creation in the sense that entrepreneurship involves developing managerial skills that relate to starting, managing and developing a business entity; and this can be largely enhanced through university education. Jack and Anderson (1998) argued that entrepreneurship is both science (which relates to the functional skills), and art (which relates to the creative aspects of entrepreneurship). Shepherd and Douglass (1997) averred that university entrepreneurship education needs to focus more on the art element.

Developed countries like China, Japan, USA and also developing ones like Kuwait have established business incubators, innovation centres, technology transfer offices, and science parks to encourage students into entrepreneurship (Ibicioglu, Baysal & Ozkul, 2008). A business incubator is a system that is created to provide a

supportive environment for the incubates (entrepreneurship aspirants) through their early stages of setting up their ventures (Al-Wugayan, 2009). It is designed to hatch small-scale ventures as it is endowed with several facilities such as offices, management support, counselling, and knowledge – a situation that allows entrepreneurs to concentrate on carrying out their business plans in order to have high success rates (Ibicioglu, Baysal & Ozkul, 2008). The equivalent of the “incubator” in Nigeria is the National Directorate of Employment (NDE) which encourages Nigerian youths to go into self-employment.

Certain notions exist about entrepreneurship. First, it is an essential determinant of economic growth; entrepreneurial functions involve creation and innovation; and entrepreneurship can be taught (Williams, 1983). If entrepreneurship can be taught, which areas might be included in the curricula, and which should receive greater emphasis?

There are four primary areas in which successful entrepreneurs must be developed. These are (a) content (b) skills and behavior, (c) mentality and (d) personality. Content, skills and behavior and mentality skills are referred to as area of creative knowledge; this is because knowledge is brought into existence during the creation and subsequent management of growing business entities (Young, 1993).

The essential domains of knowledge include (a) financial/cash management, (b) engineering, (c) accounting, etc, in the area of content. Leadership, communication and human relations are some of the skills and behaviours deemed essential. Creativity, opportunistic thinking, vision and positive thinking are examples of required mentality attributes. Self-motivation, propensity for risk-taking and deep-seated ethical values are required in terms of personality characteristics (Young, 1993).

Universities all over the world are regarded as the citadel for academic entrepreneurship education (Al-Wugayan, 2009). University syllabi entailing entrepreneurship training raise entrepreneurship tendencies in young people. Young people are considered as potential entrepreneurs. In essence, higher education is the key for entrepreneurs. The highest rate of entrepreneurship age group is between 25 and 34 (Ibicioglu, 2008; GEM, 2006; 22). There is a strong relation between education level and entrepreneurship (Ibicioglu, 2008; & Celik, 2006). Gupta, et al (2008) noted that more males are into entrepreneurship than females.

## **LITERATURE REVIEW:**

### **OPEN AND DISTANCE LEARNING AND ENTREPRENEURSHIP**

Open and Distance Learning (ODL) has shown tremendous growth during the last few decades due to its unique feature of being a user’s friendly system. It is being employed in both developed and especially, in developing countries in contributing to national development through a mission-mode approach and has three main advantages, viz (a) increased access, (b) better learning, and (c) cost-effectiveness (Sharma and Sindhwani, 2005). Increased access is a great strength of ODL in that it is capable of reaching marginalized and under-represented groups, regardless of their barriers to education, whether social, political, ethnic or geographical.

An even greater strength of ODL is that it can be conducted at scale with consistency. With ODL it becomes possible to widen access to education and raise quality at the same time, thus making ODL a powerful tool for development; it ultimately helps in building the capacities of learners, and by extension, the nation in all areas, including its economy (Sharma and Sindhwani, 2005).

Open and Distance Learning (ODL) is the delivery of learning or training to learners where the educator is far removed from the learners by distance and time. ODL functions with the help of a plethora of interactive ICT-based media such as printed materials, audio-video programmes, teleconferencing, internet and face-to-face (F2F) interactions, academic counselling, assignments, project work, practical work, etc. ODL can be integrated with conventional (formal ) approaches to create flexible learning, and can also operate independently (Sharma and Sindhwani, 2005).

ODL is a vibrant tool for Capacity Building (CB) especially in developing countries. CB is a feature of education in emergencies and reconstruction (Sharma and Sindhwani, 2005). The principal capacities that are required to be built among learners of ODL include:

- ❖ The capacity for creativity and innovation;
- ❖ The capacity to use latest technology;
- ❖ The capacity for research and enquiry;
- ❖ The capacity for moral leadership; and
- ❖ The capacity for entrepreneurship.

Education, especially at the tertiary level is the fountainhead for the creation and adaptation of knowledge into technology. Knowledge is the base for creation of new products, new processes and services. Knowledge, in the twenty-first century has become a unit of economic currency.

Universities in the USA are generally regarded as the pioneers of academic entrepreneurship education. With the introduction of the first MBA course under the title “Management of New Enterprises” in 1947, the foundation of entrepreneurship education at university level were laid. In 1953 Peter Drucker offered a course for “entrepreneurship innovation” at the University of New York and later published a book under the same title (Bicioglu et al, 2008). Ibicioglu et al (2008) also stated that university syllabi entailing entrepreneurship training raise the entrepreneurship tendency in young people.

Hill (1988) and Donkels (1991) opined that university entrepreneurship training and education are intended to amplify the awareness and importance of entrepreneurship and business ventures as a better alternative for a future career. Majority of ODL students already had jobs before embarking on ODL studies; while some are employees, others are self-employed or employers of labour. Entrepreneurship studies which is part of the curricula of DLI is necessary to attune those in employed labour with the opportunity of seeing themselves in self-employment (entrepreneurship). In the same vein those already in some form of entrepreneurial endeavours can use the newly acquired knowledge for improvement in their businesses. As ODL is gaining more grounds as a supplement or even substitute for formal education it can thus be a veritable tool in the gospel of entrepreneurship.

## METHODOLOGY

Two hundred and fifty (250) copies of a structured questionnaire were distributed to DLI students who indicated they run their own businesses/were entrepreneurs. Of these, one hundred and sixty-five were returned correctly filled. The questions were deliberately designed in a simple, concise and direct manner to elicit personal information, the types of business engaged in, and how studies in DLI have affected their businesses. The rating scale of the questionnaire included multiple options such as a great impact, moderate impact or none. The data was analyzed using descriptive statistics and presented in bar and pie charts.

## RESULTS

Of the total of two hundred copies of questionnaire randomly distributed among Distance Learning Institute (DLI) students who were entrepreneurs, one hundred and seventy-six were returned and of these only 165 were properly filled; this makes a valid return of 82.5%.

From Figure 1 it can be seen that 81% of respondents were in the Business Administration cohort. This is in line with Al-Wigayan’s (2009) findings that business major students are usually more involved in entrepreneurial pursuits than non-business students.

Figure 2 shows the highest number of entrepreneurs were in their Years 2, 3 and 5 of study. Figure 3 shows that 58% of respondents were male students while female students comprised of 42%. This is slightly in line with the findings of Gupta, et al (2008) that men had higher entrepreneurial intention scores compared with women when no stereotypical information about entrepreneurship was presented.

The predominant age range as shown in Figure 4 falls within the range of 25 to 35 years. Ibicioglu, et al (2008) had fingered young people as potential entrepreneurs.

The nature of business is stated in Figure 5 with trading (buying and selling) commending 51%. Manufacturing holds out at 13%. Others are hotels, GSM (Telecommunications services), travels, restaurant, schools (primary and secondary) and laundry/dry-cleaning business. Sixty-ne per cent (69%) of the businesses are single

ownership while 31% are jointly owned (Figure 6). The number of employees, as shown in Figure 7 reveals that most of the businesses are small-scale with, mostly, 1 to 5 employees.

Seventy-six percent (76%) of respondents noted that their distance learning study is very important to their businesses, while as shown in Figure 8, 33% said it is important; only 1% implied that it is of no importance. In the same vein 70% noted that study at DLI has great impact on their businesses; 29% noticed moderate impact while only 1% did not see any impact (Figure 9).

Forty percent of respondents stated that personnel management is the topmost aspect affect through knowledge garnered at DLI; 37% opined that marketing/sales were positively affected. This is followed by finance (18%) and production management (5%) as shown in Figure 10.

The programme of first choice of study remains distance education (DE with 55%, while 45% would have preferred full time programme (Figure 11). Majority of the respondents (88%) stated that Distance Learning (DL) should be encouraged amongst entrepreneurs (Figure 12).

On how business knowledge affected their DLI studies, 72% noted positive effect, while Figure 13 also showed 19% differing. The DE studies has had positive impact on their businesses (70%), while 19% experienced adverse effect on their businesses as time is divided between the two (Figure 14). An overwhelming 93% would recommend DLI to other entrepreneurs, while only 5% would not (Figure 15).

## CONCLUSIONS AND RECOMMENDATIONS

One aspect of capacity building through distance education is entrepreneurial development. This study has shown that the programmes of study at DLI, University of Lagos have positive impacts on the entrepreneurship of its students; it has helped students manage their businesses better. Business Administration students are more prone to own their own businesses than other learners. It is highly recommended that appropriate courses on entrepreneurship should be included in the curricula of ODL institutions.

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