

## Entrepreneurship: Origin, Returns, and the Role of School Choice in Youth Entrepreneurship

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### ABSTRACT

*Entrepreneurship is the ability of a person to become an initiator of a new business, a new product, or a new process within an existing business. Entrepreneurs bring a novel dimension to an existing business or an existing product. Entrepreneurs invest financial and human capital in the business and expect more returns than they spend. This is one of the most important contributions of humans, which brings prosperity, development, and success to human life in an individual capacity, at the societal level, and at the national/country level. This paper is an exploratory research based on the existing literature and qualitative primary data, hence examines the origins of entrepreneurship, its return or outcome, and the role of school and academic programs in motivating them toward entrepreneurship. The influential factors include occupational qualification, family background, gender, academic institutions, work environment, unemployment threat of downsizing, teacher role, and the environment of the schools. The findings provide guidelines for the policymakers and individuals on how to pursue the potential life and make it more productive for themselves and the national prosperity through providing a conducive school and academic institutions environment. Hence it is recommended to the responsible authority of the educational institutions to introduce such programs in the academia at large, which could motivate and guide them on how to become successful entrepreneurs and intrapreneurs.*

**Keywords:** *Entrepreneur, Entrepreneurship, Self-employment, Underemployment, Downsizing, Proactive and reactive entrepreneurial, School environment, Returns of entrepreneurship.*

### INTRODUCTION

Humans are searching for ways to increase wealth, spend a comfortable life, and show society that they can do their best and something unique. Becoming an entrepreneur is due to all these factors. According to Berglann et al. (2010), entrepreneurship generates wealth and increases productivity by around 20-40%. The researcher quotes Schumpeter

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that an entrepreneur is a person who does new things or has already done things in a new way or the perceiver of an opportunity, creates a new organization to pursue it (Jonsson & Ouyang, 2023). According to the understanding of Schumpeter, creativity or innovation is the basis of any entrepreneur's field of specialization (Toma et al., 2014).

Entrepreneurs are self-employed, employers, and hunters of opportunities or options. They usually perform a dual role of employing both human and financial capital in business activity. They devote their labor to the firm they create. They can be sole proprietors, partners, or shareholders of a Limited Liability Company (LLC) (Guo et al., 2023). They are risk-takers. The sole proprietors establish small businesses and are high-risk takers, the partners develop small to medium companies and medium-risk takers, and the investors who invest in LLCs develop medium to large companies and hence are low-risk takers. These businesses need knowledge, skills, and experiences in which school life plays an important role. Motivation, thinking high, and taking risks start from this very place. The primary motivators in the school environment are teachers and school administrators.

In the mid-18th century, Richard Cantillon defined the entrepreneur as a risk-bearer and emphasized the role of uncertainty in economic activities (Walmsley & Wraae, 2022). Both the old and modern understanding reveals that individuals take risks to create, develop, innovate, and manage organizations, businesses, and ventures. One of the main scholars of the field, Joseph Schumpeter, terms it as an innovation-driven economic advancement (Jonsson & Ouyang, 2023).

The school activities and programs provide an environment of creation, development, competition, innovation, and risk-taking within the administrative boundary of the school (Sobel & King, 2008). The students spend their formative life in schools. They usually copy their teachers and prefer them to their parents and family members (Walmsley & Wraae, 2022).

The paper at hand is investigating the roots, of the concept of entrepreneurs and entrepreneurship. Who can contribute to the field of entrepreneurship? This is the burning question in the field. The last important question is whether entrepreneurial activities pay back to the economic and social development of the nation?(Kanellos, 2013).

## **LITERATURE REVIEW**

Most of the entrepreneurs agree that young entrepreneurs are the main drivers of the innovation and creativity in their career which contribute to the prosperity of the society (Fernandes et.al. 2022; and Rahman et.al. 2016). Berglann and his fellows has explained Entrepreneurship: Origin and Returns (Berglann et al. 2010), Sobel and King have put light in details on the question, Does school choice increase the rate of youth entrepreneurship? (R.S Sobel, K.A King, 2008). The first paper is based on the worker-firm-owner data of the Norwegian firms, and the second paper cites nearly 4,000 schools providing services to more than 01-million students in the United States (US) while some states of the US offer voucher programs. According to Haneberg et al. (2022), there are two types of

entrepreneurs: Limited Liability Company - Entrepreneurs (LLC-entrepreneurs who work as an employee in these organizations. They get twofold benefits salary + dividends) and self-employed entrepreneurs (sole proprietors; they get only income from their business profits).

### **Origin of Entrepreneurship**

In the 18th century, Richard Cantillon, an Irish-French economist, made early contributions to the concept of entrepreneurship in his work "Essai sur la Nature du Commerce en Général" (1755). Cantillon identified the entrepreneur as a risk-bearer and emphasized the role of uncertainty in economic activities (Fernandes et al., 2022).

Joseph Schumpeter, an Austrian economist, introduced the concept of entrepreneurship as an innovator in the early 20th century. In "The Theory of Economic Development" (1911), Schumpeter highlighted the entrepreneur's role in introducing new products, technologies, and business models (Emmanuel et al., 2022).

Israel Kirzner, an Austrian economist, contributed to entrepreneurship theory in the mid-20th century. In his work "Competition and Entrepreneurship" (1973), Kirzner emphasized the entrepreneur's role in discovering and exploiting market opportunities (Vecchiarini & Somià, 2023).

In the late 20th century, entrepreneurs Howard Stevenson and J. William Gumpert emphasized the importance of individual characteristics in entrepreneurship. They identified key traits such as a willingness to take risks, a need for achievement, and a tolerance for ambiguity (Tseng et al., 2022).

The concept of institutional entrepreneurship gained prominence in the late 20th and early 21st centuries. Scholars like William B. Gartner and Howard Aldrich explored how entrepreneurs shape and transform institutions to create social and economic change (San-Martín et al., 2022).

According to one of the Jonsson and Ouyang (2023), Scholars such as Geert Hofstede and Shaker have explored how cultural and contextual factors influence entrepreneurship. They highlight the importance of considering cultural dimensions in understanding entrepreneurial behaviours and practices (Jonsson & Ouyang, 2023).

In recent decades, the concept of social entrepreneurship has gained attention, focusing on ventures that address social and environmental challenges. Innovators like Muhammad Yunus and organizations like Grameen Bank exemplify social entrepreneurship (Huang, 2023).

According to researchers, jobless individuals but jobseekers have a higher tendency to start their private businesses than employed workers; hence, unemployed individual workers are the ones who become entrepreneurs (Berglann et al., 2010). Downsizing existing firms also breeds entrepreneurship among the (potentially) affected employees, but aggregate unemployment discourages entrepreneurship (García-Lillo et al.,

2023). Entrepreneurship tendencies are more common in the male populations than women all over the globe and very high in this part of the world, but the decline starts much earlier in the male population (around age 37) than in the female population (around age 49). The length and type of education are important in business education, engineering, and science (Berglann et al. 2010). The researchers also show that the school activities and programs provide an environment of creativity, risk-taking, and competition among the students within the classes and their schools. Better perceived-institutions can foster entrepreneurship (Sobel & King, 2008).

### **Proactive entrepreneurs**

A proactive entrepreneur is a person who enjoys a relatively safe full-time job and leaves this safe job and becomes an entrepreneur, pursuing a creativity and taking benefits of the anticipated opportunity. Such people perceive an opportunity/idea and convert it into reality as a firm or process. They usually get these new ideas during their current employment (Berglann et al. 2010). Such people measure the future although living in the present. Here, they become job providers. Two motivating factors play an essential role in becoming a proactive entrepreneur.

The first motivating factor is the workplace characteristics (work environment; like peers with the same skills and qualifications earning more, seniors do not encourage innovations). The second motivating factor is the family background (like marital status, spouse's or parent's wealth). Proactive entrepreneurs are those who actively seek and create opportunities, taking a proactive stance in the face of challenges. They are often visionaries, and innovative, and are mostly driven by personal thinking and internal circumstances (Keim et al., 2024). Sarasvathy (2001) conceptualized "effectuation" as a decision-making process used by proactive entrepreneurs. It emphasizes the entrepreneur's ability to leverage existing resources and create opportunities (Huang et al., 2023).

### **Reactive Entrepreneurs**

The unemployed people searching for jobs escape themselves from this state by becoming entrepreneurs. They embrace risks and establish some business by cashing in some opportunities. Such people usually start new businesses with their parent's or spouse's wealth/money. Men are more potent than women in taking risks of this type (Berglann et al. 2010). Reactive entrepreneurs, on the other hand, respond to existing situations and challenges. They may identify opportunities based on external circumstances and adapt to the environment rather than proactively creating it (Jonsson & Ouyang, 2023). In their research, Shepherd and DeTienne (2005) examined how reactive entrepreneurs often respond to environmental cues, adjusting their strategies based on existing conditions.

### **The Role of the School Choice**

The results of interviews and the perceptions and practical pieces of evidence show that the reasons for higher productivity of the entrepreneurs are due to the competitions and academic contests that school choice generates. The evidence suggests that good

schools react to outside competition and show much improvement in test scores compared to students who read the traditional school environment (Sobel & King, 2010). Most schools nowadays provide basic training and skills on how to start a business or at least motivate toward this trend. In contrast, advanced and higher education institutions like university education provide more specific business training, enhancing the managerial abilities of individuals (Sobel & King, 2010). These trends and the general public's inclination indicate such institutions' importance and role. Education, and particularly school choice, plays a crucial role in equipping individuals with the skills necessary for entrepreneurship. Schools that offer diverse curricula and extracurricular activities can contribute to the development of critical thinking, problem-solving, and creativity (Baucus, 2018).

### **Teacher Role**

Most of the students copy their teachers in their personal life. They quote examples from their teachers (Lara-Bocanegra et al., 2022). The teachers and administrators of the school are the students' role models; the role model sets norms and values and orients behaviors on certain courses. Role models are individuals who do, act, show, and provide sufficient general, technical, motivational, and factual information. The teaching style and the way of interaction with the students are some methods they use for this purpose.

### **Environment of School Role**

Sobel and King (2010) quote Levin (2006), "Government-run schools are more rigid, restrictive, and less risk-taking than private institutions that rely on competition in the marketplace." A student going to an academic institution daily in an environment of creativity, competition, and innovation has a competitive edge in learning these entrepreneurial principles and using them after graduation (Papulová & Papula, 2015).

### **Networking Opportunities**

Educational institutions, especially those that embrace a variety of extracurricular and networking programs, provide students with opportunities to connect with mentors and industry professionals. Such networks can be valuable for aspiring entrepreneurs (Shane, 2012, Anjum et al., 2021).

### **Entrepreneurial Education Programs**

Schools that offer specialized courses or programs focused on entrepreneurship provide students with practical knowledge about starting and managing businesses. This education can be a catalyst for entrepreneurial ventures (Kanellos, 2013; Gorman, Hanlon, & King, 1997).

### **Incubators and Support Structures**

Some educational institutions establish entrepreneurship incubators or provide support structures that allow students to turn their business ideas into reality. These

initiatives create a conducive environment for entrepreneurial experimentation ,(Huang, 2023; Feldman, 2014).

## **OUTCOMES OF ENTREPRENEURSHIP**

Entrepreneurs enjoy full-time employment and busy lives, get experience, and are usually successful in one form or another. In case of success, they increase wealth rapidly, employ family members and friends, and can bring prosperity to society. In case of failure, they can explore new ways through this experience (San-Martín, 2022). Entrepreneurship is often associated with job creation, innovation, and economic growth. Entrepreneurs contribute to innovation, driving technological advancements in various industries (Shane, 2003). Entrepreneurial ventures have the potential to generate wealth for both entrepreneurs and the broader economy (Baumol, 1990). Social entrepreneurship outcomes can include positive impacts on communities, and addressing social issues (Dees, 1998). Start-ups and small businesses founded by entrepreneurs contribute significantly to job creation (Caliendo, Fossen, & Kritikos, 2014).

## **METHODOLOGY**

The research at hand uses the qualitative nature of the study. The researchers extensively studied the existing available literature and gathered qualitative data. Here, studies the life of some successful entrepreneurs through literature and from the local settings through observations. The team conducted in-depth interviews with 20 successful entrepreneurs and worked on their insights. Interviewed contents, were about their academic journey from school to university, their subject areas, and their success journeys. These contexts were properly recorded after scrutinizing them and analyzing them, as per academic research procedures. The team inferred and interpreted the drawn conclusions, mentioned below.

## **CONCLUSION**

Based on extensive literature reviews, deep observations, in-depth interviews, and discussions with the entrepreneurs, we came to the following conclusions. Looking into and evaluating the origins of entrepreneurship, we found that gender, occupational qualifications, unemployment, underemployment, work environment, the wealth of parents and spouses, school choice, school environment, teachers, and administrators play an essential role in deciding to become an intrapreneur or entrepreneur, especially a proactive entrepreneur (García-Lillo et al., 2023).

Teachers are more likely to be trained and motivated and have professional degrees or training in practical fields like entrepreneurship, business, arts, and sciences. They are more likely to inspire, motivate, and guide the students toward entrepreneurship and can orient them to jobs in business or public service organizations. Hence, teachers in general and schoolteachers in particular would be more apt to exhibit business-like or entrepreneurial behavior than teachers in traditional institutions (Sobel & King, 2008). Entrepreneurship is the need of the day, and the institution needs to focus on this need of individuals, society,

nation, and country. These entrepreneurs, transform philosophical thinking (observation and beliefs) into psychological thinking (mind maps) and then convert it into possibilities (tangible things). Hence the outcomes:

1. Economic Growth by addressing the fulfillment of the needs and wants of the public.
2. Innovation and Technological Advancement is very evident.
3. Wealth Creation for themselves and the nation.
4. Social Impact through addressing social issues and challenges.
5. Job Creation through Start-ups and small businesses, and online business creation

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