

Impact of Entrepreneurship Education on Entrepreneurial Opportunity Recognition

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Abstract : Entrepreneurial opportunity recognition is a major component in understanding how to recognize potential opportunities to create and develop new business and pursued. It is a distinct skill and ability, and as such, entrepreneurship education has to work towards enhancing this capability. Based on the role of entrepreneurial learning in enhancing the entrepreneurial opportunity recognition, this study aimed at analyzing the impact of entrepreneurship education in terms of (know-what, know-why, know-who and know-how) on entrepreneurial opportunity recognition. The data was collected from the 291 students of final year of business studies of six universities from Palestine using cross-sectional survey. The study demonstrated that entrepreneurial education has a positive and significant effect on entrepreneurial opportunity recognition except the know-who was not supported. This indicates that a well-designed practical and theoretic approach for entrepreneurial education is a crucial for developing the entrepreneurial opportunity recognition ability.

Keywords: Entrepreneurship, Entrepreneurial Education, Entrepreneurial opportunity recognition.

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I. Introduction

Throughout the globe, the development of entrepreneurship education has experienced a notable growth owing to fact that entrepreneurship is considered as the key driver of the economy and competitiveness (Martínez, Levie, Kelley, Sæmundsson, & Schøtt, 2010). According to Hansemark (1998), traditional education is characterized as a transformation of knowledge and abilities, whereas entrepreneurship education forms a model that transforms attitude and motives (Hansemark, 1998). The latter education also has benefits highlighted by Holmgren, from, Olofsson and Karlsson (2005), including the promotion of business start-ups and extensive market potential (Holmgren, From, Olofsson, & Karlsson, 2005).

Most entrepreneurship courses offered in the university laid emphasis on exploiting opportunities and training of technical skills when it comes to identified opportunities as evidenced in Neck and Greene's (2011) study. Hence, opportunity identifications or the development for such skills is paid little to no attention. Therefore, it is important to develop entrepreneurial education programs to develop exploitation capabilities as well as develop entrepreneurial opportunities identification skills (Neck & Greene, 2011).

On the other hand, recognizing opportunities have been evidenced to be a core element and it forms the first entrepreneurship phase (Fatima, Iqbal, Rehman, & Ali, 2011). Entrepreneurial opportunities have also been categorized based on various points of view and it is thus challenging to develop a definition of the concept as different people view it differently (Lim & Xavier, 2015). Moreover, there are arguments among authors and researchers pertaining to entrepreneurial opportunity processes, like its "identification", "recognition", "observation", "evaluation", "usage", and so on. Sometimes, these authors give similar definitions of these terms, or different definitions of each term (Baručić & Umihanić, 2016). Furthermore, several researchers have tried to provide definitions and the resulting definitions in literature different from one to the next (Baron, 2006; Kirzner, 1997; Shane & Eckhardt, 2003) but despite the differences in the definitions, there is a commonality in defining the term. Essentially, it is a discovery of a prejudice reflecting the creation of new businesses and the determination of information concerning potentialities in the market and technology (Ozgen, 2003). In particular, entrepreneurial opportunities were defined by Shane and Venkataraman (2000) as the situations, wherein novel goods, services, raw materials, markets and methods of organization, can be launched and sold at a price that is higher compared to their production cost (Shane & Venkataraman, 2000). Furthermore, literatures review has stated that there is almost a totally lack of research and discussions into the relationship among entrepreneurial learning and entrepreneurial opportunity recognition. Therefore, the main purpose of this study is to test the impact of know-what, know-why, know-who, and know-how, acquired through entrepreneurship education, on entrepreneurial opportunity recognition between university students in Palestine.

II. Literature Review

Lumpkin and Lichtenstein (2005) described entrepreneurial opportunity recognition as the ability to determine a good idea and change it into an entrepreneurial concept or to enhance an existing venture that contributes to customer/societal value and produces entrepreneurial revenues (Lumpkin & Lichtenstein, 2005). Meanwhile, according to Saemundsson and Holmen (2011) they explained that an opportunity is discovered when a conjecture is developed concerning the distinction between the current and future resource value (Saemundsson & Holmén, 2011). The above definitions indicate the high complexity of the opportunity recognition phenomenon and extant studies in the field overlap throughout a general group of disciplines covering management, organization theory, marketing and entrepreneurship (Ardichvili et al., 2003). In fact, the identification and selection of the appropriate opportunities for new start-ups are among the top successful entrepreneur abilities as evidenced by (Ardichvili et al., 2003; Roberts, Stevenson, Sahlman, Marshall, & Hamermesh, 2006). As a consequence, providing insight into the identification and development of opportunities form a major proportion of literature dedicated entrepreneurship (Venkataraman, 1997). In order for entrepreneurs as well as potential ones, they can create and operate new businesses at a successful rate only if they develop an intention to initiate new business and determine opportunities overlooked by others and exploit them in an effective and timely way (Dutta, Li, & Merenda, 2011). It goes to show that the development of the abilities to identify opportunities forms a critical element of the process of entrepreneurship as EOR has long been acknowledged as a major phase in the process (Ozgen & Baron, 2007). Furthermore, without such capability, there will be no entrepreneurship as explained in the study conducted by (Short, Ketchen, Shook, & Ireland, 2009), and thus, entrepreneurship education should work towards improving this ability (Liñán, Rodríguez-Cohard, et al., 2011; Lumpkin, Hills, & Shrader, 2004).

Moreover, its importance has made the identification of opportunities a pre-requisite element of scholarly studies and those dedicated to entrepreneurship and as a result, considerable interest has been focused in examining its drivers (Gregoire, Shepherd, & Lambert, 2010). Additionally, researchers have stressed on the crucial role of entrepreneurship education in boosting new business development as well as in recognizing and pursuing novel opportunities of entrepreneurship (Cassell & Fillis, 2006; De Carolis & Saparito, 2006). Prior to making decision of innovation, it is pertinent for individuals to identify accurately what the new opportunity as the contrary could mean could incur financial losses (Wang et al., 2013). Along a similar line of studies, Hills (1995) and Lim and Xavier (2015) detected that occurrence of opportunity recognition at the early phases of the venture formation and its recurrence throughout the lifetime of the business (Hills, 1995; Lim & Xavier, 2015).

Based on the above discussion, an entrepreneurship pedagogy that is focused on boosting entrepreneurship should concentrate on improving the perspective and cognitive processes of the concept, with opportunity recognition as one of them (Sardeshmukh & Smith-Nelson, 2011). The paradigm has been noted to be transforming in terms of entrepreneurship education, with educators urged to focus on the behaviour and specific situations entailed in the process of entrepreneurship (Fayolle & Klandt, 2006), which includes the recognition of opportunities (Gaglio, 1997; C. M. Gaglio & J. A. Katz, 2001). Literature on entrepreneurship education states the identification or recognition of opportunities should be made a part of the curriculum and it should form the core of programs/trainings geared towards potential entrepreneurs (Saks & Gaglio, 2002). Moreover, Chang et al. (2014) stated that a well-designed of entrepreneurship education programs enhance discussing ability, which assist the students in recognition and disclosure of the information. Thus, such entrepreneurship education boosts learner's entrepreneurial opportunity recognition ability (Chang et al., 2014).

More specifically, Johannison (1991) classified entrepreneurial learning into certain divisions and they are, know-what representing entrepreneurial knowledge, know-why representing values and motives, know-who representing social interaction, and know-how representing entrepreneurial skills and abilities (Johannisson, 1991). Such dimensions are clearer and more specific and can thus be deemed as the entrepreneurship's learning aspects and entrepreneurship education components (Lo, 2011). The dimensions match the present study's objectives as to the way specific education components affect entrepreneurial opportunity recognition and as such, in this study, the dimensions are adopted as reflecting the entrepreneurship learning components.

On the basis of the discussion of entrepreneurship, a course on the subject can be taught to the students as a semester format. In this study, entrepreneurship education is defined as the process of teaching entrepreneurial knowledge and skills to students to assist them in not merely exploiting opportunities of business but to keep a look out on them. In this respect, students are expected to develop their attitudes in entrepreneurship and boost their pursuit of entrepreneurial opportunity recognition in the long-run. Thus, the study investigates the impact of entrepreneurial education on entrepreneurial opportunity recognition among the final year university students. Consequently, the main hypothesis as follows: entrepreneurship education effect on entrepreneurial opportunity recognition. Since outcomes of entrepreneurship education are, know-what, know-why, know-who and know-how, they are the dimensions of an independent variable. More specifically;

Hypothesis 1: Know-what effect on entrepreneurial opportunity recognition

Hypothesis 2: Know-why effect on entrepreneurial opportunity recognition

Hypothesis 3: Know-who effect on entrepreneurial opportunity recognition

III. Methodology

3.1 Participants and procedures

The method of quantitative based on questionnaire was used for two reasons. First, the respondents of the study responded honestly and qualified to deal with this instrument, the second reason is the confidence and freedom for respondents. Moreover, the data was drawn based on a cluster randomly through cross sectional survey from the final year business studies (Accounting, Management, Finance and Economic) of six universities in Palestine. The study distributed 702 questionnaires to the students and the returned was 323 questionnaires from the sample of which 291 found usable for data analysis purpose. The usable rate of questionnaire was 41.5%. Moreover, the questionnaire was translated from English to Arabic language by two academic staff and experts, while a back-to-back procedure in the questionnaire was utilized to translate. Finally, the researcher compared and edited the two version by a public notary that did minor modification.

3.2 Measures of Variables

The research adapted construct of entrepreneurial opportunity recognition developed by (Ozgen & Baron 2007), this construct reflects the ability of students to recognize the opportunities. Furthermore, the construct of entrepreneurship education was adapted from the study of (Lo, 2011). Furthermore, the construct provides the feedback of the participants to the survey about the entrepreneurship course. All the measures of the research used five-points Likert-scale for where 1 denotes “strongly disagree” and 5 denotes “strongly agree”.

3.3 Method of Data Analysis

Statistical Package for the Social Sciences method (SPSS 19.0) was employed in the study to run statistical analysis and test the relationship between dependent variable and independent Variables. In this research, descriptive statistics analysis was used, means, frequency, standard deviations, percentage, regression and reliability coefficients were used to testing the relationship among entrepreneurship education and entrepreneurial opportunity recognition.

IV. Results

4.1 Respondents Profile

The purpose of this research is to test the impact of entrepreneurship education on entrepreneurial opportunity recognition among the final university students. The findings of the study stated that the age bracket between 18 to 29 years representing (88.7%), where, they were most of the respondents, while 10.7% were between 30- 39, as well 0.7% between 40-49. In terms of the gender, male represented 53.3 % of the total, while female represented 46.7 %. Furthermore, majority of the respondents representing 44.7% are studying business management, 35.1% studying accounting, while 10.7% studying finance and 9.6% economic. Moreover, the table states that most of the respondents were unemployed represented 43.3%, while 25.4% apprenticeship, as well 14.4% self-employed and 9.3%, 7.6 were working for others and civil servants respectively. (see Table 1).
Table 1. Demographic Profile of The Respondents (n= 291)

Demographic variable	Category	Frequency	Percentage (%)
Age	18-29	258	88.7
	30-39	31	10.7
	40-49	2	0.7
	50 & above	0	-
Gender	Male	155	53.3
	Female	136	46.7
Area of study	Business Management	130	44.7
	Accounting	102	35.1
	Finance	31	10.7
	Economic	28	9.6
Occupational experience	Self-employed	42	14.4
	Civil servant	22	7.6
	Working for others	27	9.3
	Apprenticeship	74	25.4
	Unemployed	126	43.3

4.2 Reliability

The study conducted internal consistency and reliability check (Cronbach's Alpha). The Cronbach's alpha value of the variables regarding know-what, know-why, know-who, know-how and entrepreneurial opportunity recognition are 0.898, 0.706, 0.749, 0.721 and 0.705 respectively, which is good according to Hair et al., (2012). The table 2 presented the mean and standard deviation of five variables. (see table 2). Furthermore, the result in the table 3 demonstrated that the correlations among the IVs were below values of 0.90, indicated that none of the independent variable is correlated with other IV.

Table 2. Mean, Standard Deviations and Reliability Coefficients for Variables

No	Latent variable	No. of items	Mean	SD	Cronbach's Alpha
1.	Know-what	5	3.69	0.824	0.898
2.	Know-Why	5	3.56	0.703	0.706
3.	Know-Who	5	3.88	0.629	0.749
4.	Know-how	5	4.17	0.258	0.721
5.	Entrepreneurial Opportunity Recognition	4	3.83	0.645	0.705

Table 3. Correlation matrix of the exogenous latent variables

No	Latent Variable	1	2	3	4
1	Know-what	1			
2	Know-why	0.026	1		
3	Know-who	0.235	0.144	1	
4	Know-how	0.185	0.286	0.150	1

4.3 Testing Hypotheses

Table 4 illustrates that there is a positive and significant relationship between KWHAT dimension of entrepreneurship education and EOR ($\beta = 0.141$, $t = 3.738$, $p < 0.000$); therefore, the H_1 is, hereby, supported. Similarly, the result also shows there is positive and significant relationship between KWHY and EOR ($\beta = 0.412$, $t = 9.224$, $p < 0.000$); so H_2 is hereby supported. However, the finding in the table reveals that no significant relationship between KWHO and EOR ($\beta = 0.096$, $t = 1.931$, $p < 0.054$); therefore, H_3 is not supported. Furthermore, the result indicates that there is significant positive relationship between KHOW and EOR ($\beta = 0.530$, $t = 4.303$, $p < 0.000$); signifying support for H_4 .

Table 4. Result of the hypotheses

Hypotheses	Path	Beta	Standard Error	T-value	P-value	Decision
H_1	K-what->EOR	0.141	0.038	3.738	0.000	Accepted
H_2	K-why->EOR	0.412	0.045	9.224	0.000	Accepted
H_3	K-who->EOR	0.096	0.050	1.931	0.054	Rejected
H_4	K-how->EOR	0.530	0.123	4.303	0.000	Accepted

Note: **Significant at 0.01 (2-tailed)

V. Discussion

The purpose of this study is to test the impact of entrepreneurship education in terms of (know-what, know-why, know-who and knowhow) on entrepreneurial opportunity recognition among the final-year business students in the Palestinian universities. The findings for hypotheses tested by SPSS 19.0. The results display that a significant and positive relationship among know-what and EOR which indicates that acquired know-what increase the level EOR among students. In addition, since there is a high level of motivations among Palestinian students, this may assert that the situation at Palestine suffering from high rate of unemployment and limited rate of job opportunities in the public sector, which it is motivated to students to recognize entrepreneurial opportunities to increase their income. In contrary, with H_3 the result indicates no significant relationship between know-who and EOR, hence it is not supported. The responsibility for this result may be explained by several of reasons. One of them is lack of the suitable methods to improve the knowledge of entrepreneurs between students by using entrepreneurs as guest speakers in their classrooms and planning educational tasks that provide students with the opportunity to interact with entrepreneurs, along with organizations that support entrepreneurship like NGOs, this backup could make students more qualified to recognize of entrepreneurial opportunities. Moreover, the significant relationship between know-how and entrepreneurial opportunity recognition assert that acquired know-how exhibits higher capability to identification of business opportunities among students participate in the entrepreneurship education.

VI. Conclusion

The primary objective of this work was to addresses the impact of entrepreneurship education on entrepreneurial opportunity recognition. In order to address this objective, the relationship between the

dimensions of entrepreneurship education and entrepreneurial opportunity recognition were statistically tested. Furthermore, the finding provides statistically evidences of the relationships between entrepreneurship education in terms of (know-what, know-why, and know-how) and entrepreneurial opportunity recognition between the university students in Palestine except know-who was not significant. Hence, this study considered the questionnaire to be an appropriate data collection method and the five-point Likert scale was employed in the study as well as the instrument was shown to be valid and reliable. Henceforth, the work added valuable information to the field of entrepreneurship researchers and educators.

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