Entrepreneurial Capacities and Knowledge Development Processes: Insights From a Research Project

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Abstract: The importance to enhance entrepreneurial capacities and knowledge development is part of the Europe 2030 strategy with the aim to advance a European entrepreneurial culture. Consequently, entrepreneurship education is considered essential and thus encouraged by European Commission. Europe is facing a high rate of unemployment according to International Labour Organization (2022) and thus entrepreneurship capacities need to be developed as a possible way for facing unemployment. To address this problem and identify the main entrepreneurial capacities and knowledge processes to develop those capacities a literature review and a focus group were performed. The results show that the ten students participating in the focus group identified as the most urgent entrepreneurial capacities to be improved in young entrepreneurs are critical thinking, technical knowledge, problem solving capacity, relational and communication capacities, and team working. Regarding the most relevant knowledge development processes to promote successful entrepreneurship, they suggested education and training for the practical transition from the idea to its realization.

Keywords: Entrepreneurial capacities, Knowledge development, Research, International project

1. Introduction

It is essential to create policy initiatives to raise the self-employment rates of the population in order to alleviate the high unemployment rate (OECD, 2022). Businesses operated by young entrepreneurs have a lower survival rate than those run by older entrepreneurs, but when they do survive, they have a greater potential for growth (Sousa et al, 2019). Therefore, it is crucial to spend money on initiatives that support young entrepreneurs since they may ultimately yield greater advantages.

The role of the entrepreneur is related to the significant changes that have occurred recently as a result of accelerated technological development and globalisation. The effects of the free market, especially the transition from former communist countries to capitalism, have increased the skills and capabilities of entrepreneurs in response to the new business opportunities revealed in the context of changing (Galão, Schiavi, & Kataoka, 2022).

Regarding factors that can impede the development of entrepreneurship, OECD (2022) states that a lack in entrepreneurship capacities can constitute a barrier to business creation. It is underlined that “In most European Union countries, the majority of young people do not feel that they have the knowledge and skills to start a business” (OECD, 2015).

OECD (2022) individuated some barriers that can impede entrepreneurship as lack of awareness in important role models (such as parents or teachers) of the potentials of entrepreneurial activity; lack of education and training programs that nurture enough entrepreneurial attitudes and skills; lack of human, financial and social capital necessary both to set up and successfully run a new business; lack of personal savings and more difficult than adults to obtain external finance, including debt finance; limited business networks and business-related social capital; market barriers (financial markets may be biased away from supporting businesses).

Thus it is possible to underline the importance of entrepreneurship education and training as highlighted in many works presented in the literature at an international level (Hoogendoorn, Pennings, & Thurik, 2010; Klapper, 2004; Matlay, 2008; Premand, Brodmann, Almeida, Grun, & Barouni, 2016; Raposo & do Paço, 2011; Robertson, Collins, Medeira, & Slater, 2003; Schmitt-Rodermund, 2004).

2. Literature Review

Globally, higher education institutions have begun to offer entrepreneurial education (Kuratko, 2005), and although there is a worldwide push for expanding entrepreneurial education, it is less prevalent at other levels of education (Ohe, 2012; Li et al., 2003; Farstad, 2002; Mwasalwiba et al., 2012).

The European Commission is also quite concerned about the topic of entrepreneurship in education (OECD, 2022), as enhancing entrepreneurial capacities is one of the main goals of entrepreneurship education (Sousa et al, 2019). However, it also has an impact on job creation, economic success, renewal, and innovation for people, organizations, and the entire society (Sousa and Costa, 2022). Entrepreneurship in education also has
the capacity to increase deep learning and engagement, joy, motivation, confidence, and feelings of relevance in people (Geldhof et al., 2014).

In this context, the significance of entrepreneurship is understandable, especially when it comes to fostering entrepreneurship as a key alternative to the ongoing recession and unemployment issues in several EU nations, especially in the context of 2030 ambitions.

The lack of practical opportunities, such as simulation or internships, to supplement cognitive learning, as well as the limited accessibility of programs developed by universities and organizations in the fields of entrepreneurship for those potential entrepreneurs between the ages of 18 and 30, are highlighted (OECD, 2022), and they are recognized by the literature as important knowledge development processes of the entrepreneurial capacities. The difficulty lies in enabling young people to take advantage of these opportunities in order to develop their entrepreneurial knowledge and capacities.

An analysis of the literature was conducted to identify the entrepreneurial capacity gaps, issues they face in their entrepreneurship endeavours and knowledge development processes of those capacities.

Firstly this analysis highlighted the main authors studying entrepreneurial capacities (Athayde, 2009; Birdthistle, Costin, & Hynes, 2016; Boyles, 2012; Chell & Athayde, 2009; Galloway, Anderson, Brown, & Wilson, 2005; Geldhof et al., 2014; Liñán, 2008; OECD, 2012; Oosterbeek, van Praag, & Ijsselstein, 2010). Then the research showed that entrepreneurial knowledge development processes are important and based on education and training, but also on the know-how and expertise of the entrepreneurs already established in the marked, to have good results in entrepreneurial activities (Taylor, Russ-Eft, & Chan, 2005).

The entrepreneurial capacities emerged from the analysis of the literature are the following (Athayde, 2009; Birdthistle, Costin, & Hynes, 2016; Boyles, 2012; Chell & Athayde, 2009; Galloway, Anderson, Brown, & Wilson, 2005; Geldhof et al., 2014; Liñán, 2008; OECD, 2022; Oosterbeek, van Praag, & Ijsselstein, 2010) (table 1):

**Table 1: Entrepreneurial Capacities**

<table>
<thead>
<tr>
<th>Category</th>
<th>Sub-Categories</th>
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<tbody>
<tr>
<td>Opportunity identification</td>
<td>- Opportunity creation</td>
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<td></td>
<td>- Resource acquisition</td>
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<td></td>
<td>- Access to finance</td>
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<td></td>
<td>- Business planning</td>
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<tr>
<td>Running pilot business</td>
<td>- Technical skills</td>
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<td></td>
<td>- Business skills</td>
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<td></td>
<td>- Financial skills</td>
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<td></td>
<td>- Marketing skills</td>
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<tr>
<td>Management skills</td>
<td>- Leadership skills</td>
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<td>- Team working skills</td>
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<td></td>
<td>- Collaborative skills</td>
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<td></td>
<td>- Interpersonal skills</td>
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<td>Communication skills</td>
<td>- Networking skills</td>
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<td></td>
<td>- Learning skills</td>
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<td></td>
<td>- Problem-solving skills</td>
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<td></td>
<td>- Development of new products and services skills</td>
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<tr>
<td>Self-managed planning skills</td>
<td>- Self-regulation skills (goals selection, goals optimization, goals compensation, loss-based goals selection)</td>
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<tr>
<td></td>
<td>- Creative, critical and strategic thinking skills</td>
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<tr>
<td></td>
<td>- Knowledge of the labor market</td>
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</table>

The processes to develop knowledge to promote entrepreneurial capacities (De Faoite et al., 2003; Edwards & Muir, 2005; Fuchs et al., 2008) are the following:
Table 2: Knowledge Processes to Develop Entrepreneurial Capacities

- Mentoring  - Business counseling  - Networking opportunities  - Follow-up support
- Self-directed experienced learning  - Co-operative education  - Education and training  - Case studies of success

Based on this literature review a focus groups was designed and accomplished to gather information from students, to understand the entrepreneurial capacities developed in the educational institutions.

3. Methodology

3.1 Methodological Approach

The methodology was qualitative and the data collection technique was a focus group were several students from educational institutions participated in the process. The focus group has been conducted as part of an international project focused on entrepreneurship. The focus group was held on the 02 February 2023, online using the videoconference tool Zoom. The aim of this focus group was to gather information about identifying the gaps in entrepreneurial capacities and knowledge development processes to promote entrepreneurship. The information arisen from this focus group will be triangulated with the results of the review of literature, in order to highlight the capacities gaps and the knowledge development processes they think are the most relevant to develop their entrepreneurial capacities.

3.2 Sample Characteristics

Ten students took part to the focus group. There were three males and seven females, and they were aged between 22 and 30 years. Concerning their course of study, there were three students of Management and Business; one student of Public Policy; one of Computer sciences; one of Psychology; one of Economic studies; one of Social sciences; and two of Education.

4. Results

The focus group intended to identify the gaps in entrepreneurial capacities and knowledge development processes to promote entrepreneurship. To this end two questions were discussed by the participants of the focus group:

- Which are the most relevant entrepreneurial capacities?
- Which are the most relevant entrepreneurial knowledge development processes?

4.1 Entrepreneurial Capacities for Entrepreneurs

Concerning entrepreneurial capacities, the participants (n = 10) wrote in their post-it: critical thinking (n = 10); technical knowledge, problem solving capacity, relational and communication capacities, and team working (n = 9). Seven participants also reported flexibility and know how to select business opportunities (n = 7). Some participants wrote management knowledge (n = 6), networking capacity (n = 6), and knowledge of the labor market (n = 6); marketing (n = 5), financial (n = 5), bureaucratic processes knowledge (n = 4). Finally, also was highlighted planning capacity (n = 3), decision making (n = 3), and time management (n = 3).

4.2 Knowledge Development Processes for Promoting Entrepreneurship

Finally, as regards knowledge development processes for promoting entrepreneurship, they suggested: education and training (n = 10), practical school work (n = 10), networking (n = 7), working in projects (n = 6), national internships in startups (n = 7) and international internships (n = 3), post-university courses with experts and mentoring (n = 5).
5. Conclusion and Recommendations

5.1 Conclusion

The 10 participants in this focus group concluded that critical thinking, technical knowledge, problem-solving skills, interpersonal and communication skills, and teamwork are the most crucial entrepreneurial capacities that need to be developed in young entrepreneurs. Finally, they recommended education and training for the practical transfer from the idea to its implementation as the most effective knowledge development methods to support successful entrepreneurship.

5.2 Recommendations for Policy

Policymakers need to create measures to promote training programs to help to develop knowledge and skills of entrepreneurs, namely, improved entrepreneurship training for entrepreneurs; development of training skills to experienced entrepreneurs and potential future entrepreneurs; encouragement of the production of case studies, examples of successful experiences of entrepreneurs; and online tools to be used in entrepreneurship training are a few examples of possible measures. Additionally, policymakers may focus on measures to create conditions for experiential entrepreneurship training—learning by doing—using non-refundable instruments. Through this training, an entrepreneur might develop his idea or product by utilizing the synergies between several disciplines. The development of each individual's entrepreneurial capacities, which have been regarded as critical, can also be encouraged by policymakers.

Making links between aspiring entrepreneurs and seasoned business people is one way to encourage entrepreneurship. Encourage critical thinking, creativity in the learner, viewing failure as a mistake rather than a learning opportunity, and forcing the learner to become more aware of his or her own particular strengths and shortcomings. However, it might be important to raise awareness of the fact that one is responsible for their employability, not the government or businesses, and that they have the option of creating value for themselves or for others.

At various stages of the entrepreneurial start-up process, including the evaluation of entrepreneurial skills and characteristics, selection and structuring of the business idea, market and product analysis, business plan, pilot project of the entrepreneurial idea, and achieving sustainability of the entrepreneurial idea, policymakers can support entrepreneurship training initiatives.

Funding: Project Coop4Int funded by Mobility Partnership Facility III Programme - ICMPD/2021/MPF-357-010

References


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