

Chapter 1

The Role of the University in Entrepreneurial Ecosystems: How to Better Integrate Entrepreneurial Education Into a University Curriculum

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ABSTRACT

Entrepreneurial ecosystems (EEs) exist to allow new ideas to flourish. EEs are made of many component parts: investors, established businesses, government and other regulatory agencies, entrepreneurs, and universities. Universities serve many purposes in the EE. They are sources of innovation and research, as well as training grounds for new talent. As they exist currently, universities have the potential to make profound impacts on the EEs they participate in, but they also have room for improvement. This chapter will discuss universities' current contributions to entrepreneurial ecosystems, the ways that they fail to reach their potential, and potential changes and improvements that could better enable them to support and encourage innovation.

INTRODUCTION

In today's fiscal environment, start-ups and new entrepreneurial ventures can thrive like never before. Tesla and Amazon, relatively young companies founded within the past 30 years, have taken their respective industries by storm. Tesla is *the* name to beat in electric cars, and Amazon is a giant involved in as many different industries as they can be. Both of these companies were built by entrepreneurs with a unique perspective on an already existing industry. Start-ups allow budding innovators to use their skills and knowledge to revolutionize the way we think about the world. Of course, entrepreneurs do not operate in a vacuum. They are part of a larger ecosystem of research and business, which all contributes

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to entrepreneurship. This entrepreneurial ecosystem (EE) is generally composed of existing businesses, investors, entrepreneurs, universities, and regulatory agencies. Silicon Valley in California is a fantastic example of a strong entrepreneurial ecosystem, with plenty of start-ups, large and established industry players like Google and Apple, and a strong research university: Stanford. This chapter will focus on the relationship between universities and the rest of the EE: the part that universities currently play in the entrepreneurial ecosystem, the ways that their current role is limited and fails to reach its potential, how universities can change to better participate in their EE, and how the Covid-19 pandemic has affected international EEs.

WHAT ROLE DO UNIVERSITIES PLAY IN THEIR ENTREPRENEURIAL ECOSYSTEMS?

All of the components of an EE are important, each for its own reasons. Regulatory agencies set the rules by which all other parts of the EE operate. They establish environmental laws, facilitate taxation, and manage antitrust and anti-monopoly legislation that allows newer and smaller enterprises to compete with established rivals. Investors provide much of the capital and financing necessary for a new venture to take off. Existing businesses in the industry provide competition, but they also are a source of entrepreneurs. Frequently, employees with higher aspirations than management are motivated to leave their employer and start their own venture. In this way, existing businesses serve as incubator organizations for entrepreneurship. Such self-employment is an effective technique to engage people in the labor market and to reduce poverty as well, especially in developing nations (Tunio 2017).

Universities can perform many roles in the EE. They largely serve as incubator organizations, similar to existing businesses. Universities are a breeding ground for talent, giving students the ability to make an enterprise out of their ideas (Davey *et al*, 2016). Talent is forged into skill, and skill is then primed for success. Universities are also vital for teaching self-reliance and independence (Tunio, 2021). Also, attending university has a positive effect on the likelihood of success for entrepreneurial ventures. Young companies started by college graduates tend to perform better than those started by high school graduates, and the likelihood of success increases with each level of higher education that the entrepreneur attains (Davey *et al*, 2016). Skilled workers have positive effects on innovation and progress (Ramadani, 2019). Additionally, a study of high-growth businesses in the US over the previous twenty years reported that 85% had been created by college graduates (Economist, 2009). Universities are also primarily responsible for inspiring a positive perception of entrepreneurship in students, with a survey of 15 to 24 year olds in Europe reporting that 44% of surveyed young adults believed that education had played a prominent role in the development of their interest in entrepreneurship (Davey *et al*, 2016). Universities also provide training and education that allows fresh graduates to be impactful as either new employees or entrepreneurs. Many educated professionals, like graphic designers, journalists, artists, and translators are employed as freelance entrepreneurs (Bögenhold, 2014).

On the other side of things, universities can serve as a cradle for innovation in their own right. The focus of academic research has changed, and universities have gotten more influence in the relationship that they have with industry (Galvao, 2019). Research done at universities is vital to the advancement of technology and industry (D'Este & Perkmann, 2010). The developing entrepreneurial activity that has stemmed from research done at universities is evidenced by an increase in the numbers of patents,

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