Understanding the Relationship Between Entrepreneurship Education, Experiential Learning and Business Ethics

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Introduction

Significant advances have been made in recent times towards demystifying the role of cognition in entrepreneurship, particularly with respect to identifying key cognitive traits of individuals who embody an ‘entrepreneurial mindset’ (e.g., Ardichvilli, Cardozo, & Ray, 2003; Baron, 1998; Busenitz & Barney, 1997; Corbett, 2005, 2007; Shane 2000; Shapero 1984; Venkataraman 1997; Ward 2004). A recent explosion of research on cognition and entrepreneurship is generally rooted in psychology literature on individual cognition. For example, Mitchell, Busenitz et al (2002) build toward a theory that links specific mental processes with entrepreneurial behaviors, arguing that entrepreneurial cognitions are the knowledge structures that people use to make assessments, judgments, or decisions involving opportunity evaluation, venture creation, and growth.

Recent cognitive research in entrepreneurship draws upon literature from social cognition to describe the entrepreneur as a ‘motivated tactician’, who can be characterized as a “fully engaged thinker who has multiple cognitive strategies available” (Haynie et al., 2010: p18), and the ability to shift and choose rapidly from among them based on specific goals, motives, needs and circumstances, leading to the ability to act (or not) in response to perceived entrepreneurial opportunities (Fiske and Taylor, 1991; McMullen and Shepherd, 2006). This research is significant, because it explains in part the cognitive skills that help entrepreneurs engage in so-called ‘adaptable decision-making’, or the ability to shift rapidly from one mode of thinking and analysis to another in making decisions under unpredictable and rapidly changing circumstances (Schraw and Dennison, 1994).

The Association for Experiential Education broadly defines experiential education as: “a philosophy and methodology in which educators purposefully engage with learners in direct experience and focused reflection in order to increase knowledge, develop skills and clarify values” (AEE, 2011). Theories of experiential education can be traced back to philosopher/educator John Dewey’s seminal 1938 work ‘Experience and Education’, with subsequent scholars expanding on Dewey’s core principles and applying them to a wide range of active learning pedagogies (e.g. internships, service-learning, role-play exercises, etc.) across numerous programs and disciplines. Typically, experiential education promotes student-centered learning using interactive and immersive pedagogies that engender greater interaction among the student and between the students and the educational experience, thereby enabling the student to understand and maintain more acutely the material and concepts covered.

But business practices and cultures vary greatly and since the best society does not exist, one of the tasks of the business ethics is to help people in its development or at least trying to come close. According to de George (2003), business is one of the (more) important aspects of social activities, not only the field of accumulating wealth, but also the necessary ethical decision-making and activities. The time has come to view business through people and to ask “when is profit important and what is the meaning of doing business”? The aim of business ethics is to encourage people in business to think and work with the aim to promote morality and improve the ethics of the society, both national and international. This paper examines how this can be achieved through the use of experiential learning theory while working with university undergraduate students.
Entrepreneurship Education

The traditional approach to entrepreneurship with its emphasis on business start-up needs to change and the relevance of entrepreneurship education for all educational disciplines needs to be recognised. It is now widely recognised that there is a need to move from traditional ‘instruction’ towards an experiential learning methodology, utilising an action oriented, mentoring and group-work approach to ensure effectiveness. Within this approach, critical thinking and problem solving are recognised as key skills, while it is also appreciated that skill development regarding risk-taking, innovation, creativity and collaboration needs to be valued more. A more hands-on approach is called for involving project management and the development of professional and budgetary skills so that experience is integrated with the taught curriculum. Increasingly it is being recognised that teaching entrepreneurship should be interactive and include case studies, games, projects, simulations, real-life actions, internships with start-ups and other hands-on activities that involve interaction with entrepreneurs. Entrepreneurs and professionals can act as role models, as well as coaches and mentors, thus fostering an entrepreneurial spirit in the university and providing a link with the local community. Using active learning methods requires skill and trust in involving students more in the learning process, fostering innovation and creativity and learning from success and failure needs to be encouraged. Huovin and Tihula (2008) found that learning from failure is an important aspect of entrepreneurship but that some students need help with this. This all involves developing effective educators including professors, entrepreneurs, alumni, business professionals and students (Volkmann et al., 2009).

It has been argued that three modes of entrepreneurship education exist: the traits theory, the process oriented approach and the cognitive approach. Neck and Greene (2011, p. 62) suggested that teaching entrepreneurship as a method “implies that we are helping students understand, develop and practice the skills and techniques needed for productive entrepreneurship. It means encouraging thinking, acting and creativity and requires practice which could include business start-up as part of the course, games, simulations, design-based learning and reflective practice (Neck and Greene, 2011, p. 63). Herrmann et al. (2008 p.21) made the point that there ought to be a move from ‘transmission modes of teaching’ to ‘experiential learning’ so that students gain real life experience. Learning should be about fostering creativity, critical thinking and reflection among individuals, which improves motivational skills and entrepreneurial development (Politis, 2008). Hanti et al. (2008) in a study found that giving students the opportunity to carry out real life ventures was the most helpful mode of learning as participants interacted with customers and developed managerial skills. Psychological and social skills are also vital for entrepreneurship development but the traditional teaching approach, which is focused on education about entrepreneurship, does not offer such an approach (Taatila, 2010). According to Dewey (1963) the best education setting for entrepreneurship is found under the pragmatic philosophy of pedagogy. Pragmatism acknowledges that real life situations are unclear and that one needs to develop personal experience. This philosophical perspective views real-life situations as the main focus of research. Acquiring knowledge could be said to be an abductive process (Suomala et al., 2005, Thagard and Croft, 1999) and this abductive process (abduction is a form of logical inference that goes from data description of something to a hypothesis that accounts for the data) could also be said to be a process which creates knowledge (Dazzani, 2005). Therefore learning by experience and problem solving should be encouraged (Taatila, 2010) as the student is motivated to create something of personal value which directs his/her attention to the enterprise (Hanti et al., 2008, Romer-Paakkaranen and Pekkala, 2008). Taatila (2010) specifies that learning should be inner directed rather than being directed from outside and that it is important to stimulate the interest of the students which in turn creates a strong sense of motivation.
In their study of students, Hamidi et al. (2008) found that exercises in creativity are positively linked to entrepreneurial intentions. Differences in creative styles among students point to the need for a multifaceted approach in order to accommodate all styles of students. In order to cater optimally for students’ diverse styles of creativity, enterprise education should build competency in team working, divergent thinking and interpersonal communication. Hmieleski and Baron (2009) in their study on the relationship between optimism and performance in new ventures found that there needs to be a balance between being optimistic and being realistic about the issues. They suggest that educators should train entrepreneurs to manage their optimism so that they can achieve a balance between being realistic as well as having a positive approach.

Experiential Learning

Theories of experiential education can be traced back to philosopher/educator John Dewey’s seminal 1938 work ‘Experience and Education’, with subsequent scholars expanding on Dewey’s core principles and applying them to a wide range of active learning pedagogies (e.g. internships, service-learning, role-play exercises, etc.) across numerous programs and disciplines. Typically, experiential education is now recognised as promoting student-centered learning using interactive and immersive pedagogies that engender greater interaction between the student and the educational experience, thereby enabling the student to understand and maintain more acutely the material and concepts covered. Keeton and Tate (1978, p2) defined the concept as:

*Experiential Learning is learning in which the learner is directly in touch with the realities being studied. It is contrasted with learning in which the learner only reads about, hears about, talks about or writes about these realities but never comes in contact with them as part of the learning process.*
Experiential learning theory offers the foundation for an approach to education and learning as a lifelong process that is based on intellectual traditions of social psychology, philosophy and cognitive psychology. The experiential learning model pursues a framework for examining and strengthening the critical linkages between education, work and personal development. It offers a system of competencies for describing job demands and corresponding educational objectives and emphasises the critical linkages that can be developed between the classroom and the ‘real world’ with experiential learning methods. It also pictures the workplace as a learning environment that can enhance and supplement formal education and can foster personal development through meaningful work and career development opportunities. It stresses the role of formal education in lifelong learning and the development of individuals to their full potential as citizens, family members and human beings. According to Jones (2011, p.74) “The use of learner-centred teaching and learning pedagogies that incorporate criterion-based assessment will advance student learning outcomes”. The Association for Experiential Education (2010) identified the following as key principles of experiential education in practice:

- Experiential learning occurs when carefully chosen experiences are supported by reflection, critical analysis and synthesis;
- Experiences are structured to require the learner to take initiative, make decisions and be accountable for results;
- Throughout the experiential learning process, the learner is actively engaged in posing questions, investigating, experimenting, being curious, solving problems, assuming responsibility, being creative, and constructing meaning;
- Learners are engaged intellectually, emotionally, socially, soulfully and/or physically. This involvement produces a perception that the learning task is authentic;
- The results of the learning are personal and form the basis for future experience and learning;
- Relationships are developed and nurtured: learner to self, learner to others and learner to the world at large;
- The educator and learner may experience success, failure, adventure, risk-taking and uncertainty, because the outcomes of experience cannot totally be predicted;
- Opportunities are nurtured for learners and educators to explore and examine their own values;
- The educator's primary roles include setting suitable experiences, posing problems, setting boundaries, supporting learners, insuring physical and emotional safety, and facilitating the learning process;
- The educator recognizes and encourages spontaneous opportunities for learning;
- Educators strive to be aware of their biases, judgments and pre-conceptions, and how these influence the learner;
- The design of the learning experience includes the possibility to learn from natural consequences, mistakes and successes.

For experiential learning the principal method is concerned with providing experience (Beard and Wilson, 2006). This viewed is shared by researchers such as Sims (2002, p.79) who agreed with the quote attributed to Confucius: *Tell me, and I will forget; Show me, and I may remember; Involve me, and I will understand.* The role of experiential learning in bringing about change has been highlighted by researchers such as Silberman (2007, p. 15) who suggested a five step process:

- Creating openness
- Promoting understanding
- Considering new attitudes and behaviours
- Experimenting
- Obtaining support

According to Jones (2011, p.82) students should be “co-architects of the learning environment”. Such a learning environment would include frequent assessment (which is recommended to be both formative and summative) and peer assessment where students assess each other. Assessment and feedback is very important for student ‘transformation’ where “it is the introspection of the student that matters most”. Novelty, emotion and challenge also form part of experiential learning and can have beneficial educational effects according to Bransford (2000) and Caine and Caine (1991). Student engagement and interaction have additionally been cited as contributing to a positive educational experience (Sizer, 1997; Meier, 1995; Fried, 2001, Krause, 2004), while the personal learning journal allows for learning from experience (Moon, 2004). In relation to the teaching of management this approach would engage managers or students in bringing about new knowledge relevant to their own establishments, together with the decision to improve and make the necessary changes (Gibbons et al., 1994; Gold et al., 2007).

Beard and Wilson (2002) stated that despite the advantages of experiential learning it has some criticisms, namely: (1) the lack of direction attributed to experiential learning; (2) the subjectivity of experiential leaning; and (3) limitations that have been directed at Kolb’s learning cycle. Some critics argue that with experiential learning, there is too much emphasis on experience to the detriment of the curriculum. Indeed it has been criticised as not being capable of delivering the ‘agreed’ management curriculum and the proposed learning outcomes (Reynolds and Vince, 2007). It has also been suggested that experiential learning is too student-centred and thus can have a negative effect on the curriculum. The fact that experiential learning is subjective and cannot have a wider application is another criticism (Wildemeersch, 1989; Beard and Wilson, 2002). Additionally, there is a difficulty in linking experiential learning to complex areas of technology and theoretical subject matters (Wildemeersch, 1989). It has also been argued that experiential learning is not capable of producing new knowledge about the world. Furthermore, according to Miettinen (2000), there are some omissions from Kolb’s learning cycle (such as natural actions) that one does not reflect upon within certain aspects of one’s daily routine. According to Fenwick (2003, p.76), six critiques are important when determining the future of experience-based learning:

- Critique of the educative notion of building a coherent self
- Critique of the belief that individuals exist separately from their social contexts
- Critiques of models representing experience as concrete
- Critique of educative emphasis on cognitive reflection in experiential learning
- Critique of experiential trial-and-error as useful learning
- Critique of the notion that adults are empowered through critical reflection on experience

Fenwick suggested that it is important that experiential learning does not neglect certain pedagogical dimensions and miss out on effective planning, de-brief and follow through.

The development of social, human and financial capital is an important aspect highlighted by educators. Some ideas suggested include involving students in networking and using their capital for their own projects, as well as helping them meet people through business events and business associations and taking part in volunteering activities. Learning in such circumstances would be
achieved for and through enterprise in contrast to students learning about enterprise (Jones, 2011). In an experiential situation without work experience the key is to consider other sources of experience such as studying or some aspect of daily life (Rasanen and Korpiaho, 2007). Welsh et al (2007) modelled an experience based course on action research. This involved setting a problem, guiding students through the aesthetics, politics and emotion involved and questioning the motives of their actions. This approach produced new knowledge as well as equipping students with the skills to produce new knowledge (Reason and Bradbury, 2001, p2).

**Business Ethics**

It is arguable that one of the earliest discussions concerning business and ethics came from Aristotle, who distinguished two different senses economics: (1) oikonomikos or household trading, which he approved of and thought essential to the working of any even modestly complex society; and (2) chrematisike or trade for profit which he declared as wholly devoid of virtue and called those who engaged in such purely selfish practices ‘parasites’. Aristotle’s attack on the unsavoury and unproductive practice of ‘usury’ held force virtually until the seventeenth century when Adam Smith’s seminal work ‘The Wealth of Nations’ helped to begin shaping a different perspective regarding economics and business activity. Clarke (2012) suggested that the general acceptance of business and the recognition of economics as a central structure of society depended on a very new way of thinking about society that required not only a change in religious and philosophical sensibilities but, underlying them, a new sense of society and even of human nature. He also suggested that business ethics had evolved from a wholly critical attack on capitalism and ‘the profit motive’ to a more productive and constructive examination of the underlying rules and practices of business.

A number of researchers have highlighted the linkages between entrepreneurship and criminality. Gottschalk (2009) contended that many potential business opportunities can be found in human trafficking, money laundering, the narcotics trade, slavery, piracy, smuggling, ‘protection’ and other illegal markets. He suggested that much of entrepreneurship literature seems to view the role of the entrepreneur in a positive light but that we should also consider how entrepreneurship is not always used in a wholesome and clean endeavour. Sonfield et al (2001) studied a varied group of people using tests which measured five motivational factors associated with entrepreneurial success (need for self-achievement, preference for avoiding unnecessary risks, desire for feedback on results, aspiration for personal motivation, and desire to plan for the future) and found that, with the exception of entrepreneurs of high-growth firms, prisoners attained the highest scores. A study by Fairlie (2002) found evidence that drug dealers possessed unobserved characteristics that are positively associated with future self-employment (e.g. low levels of risk aversion, high levels of entrepreneurial ability and a preference for autonomy). However, while the entrepreneurial characteristics displayed by prisoners and entrepreneurs may have some a number of striking similarities, the paths that they take when establishing and managing a business can be quite different due to their differing interactions with legitimate agencies. Bird and Waters (1989) proposed the idea that managers and entrepreneurs tend to be morally mute and only mention ethics when something goes wrong (e.g. scandal). They further argued that one of the consequences of this moral muteness is to create and reinforce moral amnesia which helps to caricature management as an amoral activity.

One of the arguments against teaching business ethics is that, by the time students get to business school, their values and ethics are already well formed through the influence of such institutions as family, religion, culture, and social class. But it is arguable that business ethics are not
personal ethics; rather business ethics are the ethics of a profession, performing a specific role for society. Sims (2002, p.82) defines teaching business ethics as follows:

*Teaching business ethics is a series of learning experiences that encourages active, experiential learning and uses a variety of learning activities to meet the needs of diverse students.*

The different aspects would include “competency of skill building, problem solving, increased knowledge, systemic change, personal/ethical awareness/self-improvement and interaction among emphases”. Having an experiential learning approach using diverse learning and instructor methods is an effective way of catering for different students learning needs. The teacher can act as a facilitator by nurturing learning through student experience (Sims, 2002, p. 81). It could be said that teaching business ethics could be seen to be directed towards the four learning styles in Kolb’s (1984) experiential learning model (i.e. affective, perceptual, symbolic and behavioural) and these represent the learning environment and the skill required (Sims, 2002, p. 98). Indeed Beard and Wilson (2006) argued that there is an ethical aspect to all experiential learning activities and that the emphasis on the development of skills, interactive learning among student and application of new learning can be effectively applied to the teaching of business ethics. This paper explores how this was achieved in two programmes, one in USA and the other in Ireland.

**Methods**

The methodology used to assess the relationship between experiential learning theory and business ethics was through two case studies, one in Ireland and the other in America.

The Irish programme at the Dublin Institute of Technology eliminated the need for students to take end-of-semester examination and instead required them to organise an event for the benefit of a charity of their choice. The primary objective of this assignment was to give the student the experience of behaving in an entrepreneurial manner while also contributing to society. The assignment required students to generate their own ideas, run the event, and then write a paper reflecting their experiences. The event was to be organized as a team of no more than three students, but the written paper had to be submitted on an individual basis. Students had to register their charity event idea with lecturer and it had be accompanied by a letter from their chosen charity. Students also had to undertake online Health and Safety Modules (as securing insurance is a major issue), while classes became workshops around the events rather than lectures on topics. Any losses incurred from organising the event was the sole responsibility of the group. The written assignment required a letter of certification from their chosen charity stating that they asked for permission to undertake the event, confirming the date of the event, and confirming the amount of money that the charity received. Ethics is dealt with as part of organising the event dealing with such matters as how they portray the charity and its clients, how they promote the event, what they tell sponsors, how they keep track of the money and how honest are they with regard to the final amount that they give the charity.

The Doherty Center for Entrepreneurial Leadership at Elon University cultivates entrepreneurial leaders among students and positions its alumni for success in the pursuit of exceptional economic and social progress on a global scale. The core pedagogy of the Doherty Center focuses on training students to think entrepreneurially. Integration into the global entrepreneurial community, experiential learning, and personal growth and development are cornerstones of this program. The curriculum is based on four pillars with students developing a deep understanding and
knowledge of opportunity recognition, identifying and gathering necessary resources, creativity in planning and execution for success. Applications of projects and activities have resulted in social progress in areas such as child obesity, human trafficking, animal cruelty, environmental sustainability and drunk driving.

The methodology followed the progress of students in both case study scenarios through their experiences and tracked the change in their attitudes towards business ethics as a result of their experiences. The research explored what types of attitudes have changed and how these changes had been born. As part of the analysis of their behaviour, the reflection papers which constituted their written assignments were also analysed to determine trends in terms of attitude change. From this knowledge, the authors then started analysing how experiential learning theory could be used to enhance a student’s understanding of business ethics.

**Results, Conclusions and Implications**

The study showed that the programmes contributed to developing personal attributes and skills that form the basis of an entrepreneurial mindset and behaviour (creativity, sense of initiative, risk-taking, autonomy, self-confidence, leadership, team spirit etc.). The programmes also presented the opportunity to students to understand about self-employment and entrepreneurship as possible career options through working on concrete enterprise projects and activities and equipping the student with business skills and knowledge regarding how to start a small enterprise and manage it successfully. However, the programmes also helped students to better understand value systems and that business ethics can play an important role in the success of an enterprise.

Experiential learning plays a key role in the development of entrepreneurship. In a traditional sense entrepreneurship is associated with the creation of a business and the skills to achieve this can be developed. However, entrepreneurship is not solely about business skills or starting new ventures; it is a way of thinking and behaving relevant to all parts of society and the economy. This education is a process which develops individuals’ mindsets, behaviours, skills and capabilities and can be applied to create value in a range of contexts and environments from the public sector, charities, universities and social enterprises to corporate organisations and new venture start-ups.

The paper concludes by recommending that there be a greater move towards “experiential learning” so that students gain real life experience as opposed to a traditional classroom approach. Learning should focus on developing creativity, critical thinking and reflection among individuals, which improves motivational skills, entrepreneurial development and ethical behaviour. Carrying out real life ventures was found to be a most helpful mode of learning as participants interacted with customers and developed managerial skills. This is to be recommended going forward as an educational approach.

**References**


-9-


