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AN APPROACH TOWARD BUDGET AND TEACHING ENTREPRENEURSHIP WITH INVESTING

***Parviz Saeidi and Kolsoom Beygom Sabzevari**

*Department of Management and Accounting, Aliabad Katoul Branch, Islamic Azad University, Aliabad
Katoul, Iran*

**Author for Correspondence*

ABSTRACT

Today entrepreneurship has become one of the most important and developed academic activities. In advancing economic system, budget is one of the main important tools of leadings and specializing sources to have an access to the developmental goals. Budget has been selected as a predicting source to get reasonable results in line with organizational goals. Today, all the economic and entrepreneur experts believe that risk-taking investors are one of the main elements and important factors of innovation and entrepreneurship.

The aim of the present study is to determine the relationship between budget and developing entrepreneurship. The article introduces the theoretical principles of providing financial sources, investors and entrepreneurship and finally provides a conceptual model of academic entrepreneurship. The results indicated that proper budget with proper investment and supportive tools can improve the entrepreneurship.

Keywords: *Budget, Teaching Entrepreneurship Development, Investing, Entrepreneurship, Capital, Human Force*

INTRODUCTION

As the business is discussed in global level, the organizations with better future plans and create cooperation for global equation and development will be rated on top. In addition, institutes which are analyzing their past information and modify their future plans based on it to be on top of the global competition (Rasmussen, 2000).

Vast changes which have happened in recent decades in the wide complexity and performance of the government and state organizations have caused the new modifications and evaluation in the budget and providing the future financial sources. Budget is one of the main important processes of state decision making. Every year, the news related to giving financial budget bill to parliament in which government policies and general activity of funding put into effect in a year are approved by the parliament and then announced through Media and academic journals and newspapers.

In industry and trade in the last half century, the importance of budget as a means in hands of managers in organizations are considered to plan policies and monitor their implementation and it is used especially in the years after the world war the second and then has gradually been extended and expanded. In general we can say that now fewer institutions in developed countries can be found that have not used the budget.

In Iran, according to a five-year program of economic, social and cultural development of the Islamic Republic of Iran and according to the new approach of the budgeting in ten years, funding has been used for setting up a program to coordinate all the activities of the agencies and institutions of higher education, especially in government ministries, universities, and in most in large industrial companies (Saieedi, 2012).

Budget can generally be defined as a list of costs and total income of the organizational units but this official type of defining has different usage, administration and management which are accompanied by various and complex features. Dimensions and features of budget and their different use can be studied based on four general views:

1. Budget as a tool of financial and calculating responsibility
2. Budget based on management tool

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3. Budget based on the economic policy making
4. Budget as a tool for developing entrepreneurship and investing

Based on the main issue of the article, paragraphs four and five are mentioned.

Budget is used as a policy making or planning tool in order to modify the financial policies for economic goals so that the incomes and budget costs for multiple goals are used to have economic balance and prevent the crisis.

First, in terms of policy and economy the goals related to using the sources, budget can define the investing goals and growth ration and also specifying the common costs and investments among the sections.

Second, the ratio of economic growth maximizes the social benefits through relationship with transmission, fixed costs and balance of the foreign sections.

Theoretical Basis

The Budget Related Behavior, Investing and Developing Entrepreneurship

The budget related behavior points to the managerial actions, activities, views and the communication among the managers and their tasks in ordered manner and what should be related to the control system (Williams and Others, 1999). The literature of the budget related behavior emphasizes on most important aspects of studies including cooperation (Arjris, 1952; Bekrogreen, 1962; Bronel, 1982; Bronel and Micken, 1986), budgeting, evaluating the performance (Hapwood, 1874, Otelli, 1978, Hirsat, 1981). Burns and waterhous (1975) found that budget related behavior can be explained by some factors such as cooperation, evaluation by budget, enabling the organization, organizational limitation, support and accepting the methods. These types of behaviors were specified by probability of the different aspects including the organizational structure such as centralizing, autonomy and a degree of activities. They concluded that there should be other strategies of organizational control.

Williams and Others (1990) determined the characteristics of budget related behaviors in public section organizations. Their findings showed similarity between the public and private sections. In order to facilitate the analysis, the factors are categorized as below:

1. Controlling and measuring,
 2. Cooperation,
 3. Official significance,
 4. And the ability to change.
- They developed the analysis suggested by Bruns and Waterhous and included that there are some evidences for supporting the probability of compatibility.

Ochi (1977-1979) was the first author who suggested that culture is an important factor in design and performance of the organizational control systems. He suggested that the organizations have to be responsible for their actions. Such a condition in most of the time in public section happen with important results of designing the financial control syste's (Burn 1987).

Experimental research for practical pattern in culture and financial control systems mostly depend on the national cultural features and the budget related behavior (Berg and Grass, 1988 and others). There is no experimental research posted in the articles about the relationship between organizational culture which is against the national culture and behavior related budget.

Flamheltz (1983) and Poffer (1983) reasoned that financial control system has to be compatible with organizational or cultural values. Otherwise, the system encounters resistance.

In this regard, financial program gives a clear picture of the entrepreneur who is informed of the number and entrance time of the cash inside the company, the section where the cash goes there, amount of cash and predicting the financial condition of the company. This plan is a short-time base for controlling the budgeting and prevents one of the most common problems of the entrepreneur activities.

Financial plan should explain for the investors that how entrepreneur responds to all of his responsibilities and maintain the cash to pay the debt and provide a good revenue for the investor.

Investing is the key of the economic growth of each country. Investing help the development of the country and provides the production and occupation. Financial affair manager should have economic planning and budgeting for providing the necessary financial sources. In fact economic growth and production without investing is impossible. So, there is a need for investing and entrepreneurship causes the increase in investing and production. In advanced economy of the modern era which is sometimes

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called economy knowledge, qualitative growth of human force is a key element. Before that, in advanced industrial countries, physical investing and financial investment is defined as development while in the present century of wisdom, information and knowledge, investing the human force is more important financial and physical investment since the present century needs active, innovative and entrepreneurship people for rapid changes (Imani and Taghi).

Higher Education, Budget and Developing Entrepreneurship

UNESCO defined the modern universities in global view of Iran higher education as the place where the entrepreneurship skills are developed for facilitating the capabilities of the graduate students and changing to entrepreneurs.

Higher education defines an important type of investing in human sources which provides and improves the knowledge, skills and views needed by the technical, professional and managerial staff to develop the economy. Higher education not only develops the knowledge but also provide improvements in research, technology and science section. So, academies and other higher education institutes try hard to meet the goal. The economists, who understood the importance of the training and investing, suggested the educational economy since the first decade of 1960 to help the planners to do economic analysis.

One of the economic dimensions which affects all aspects of social and economic human life is budgeting which provides development in higher education and if it develops correctly, then it leads to academic entrepreneurship.

In this regard Fry (1993, p. 151) defines five aspects of entrepreneurship process which include entrepreneur, structure, sources and strategies. In this regard, hos model is provided in figure 1.

The components:

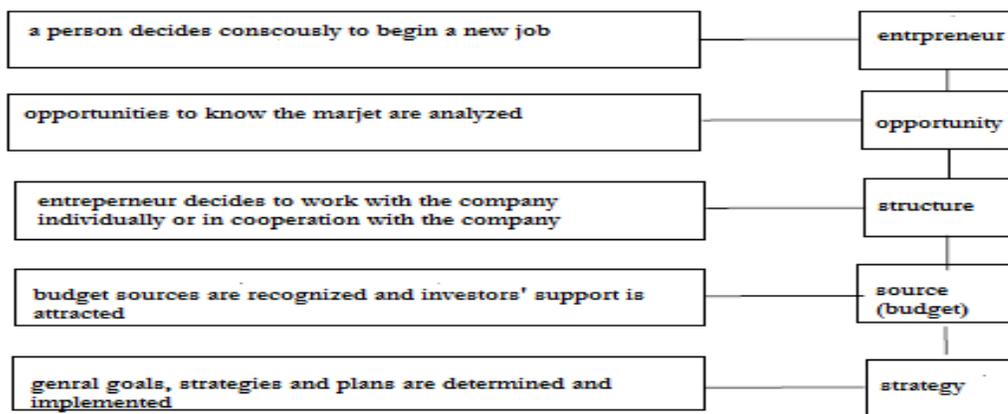


Figure 1: Entrepreneurship process

Until 1990 four main categories of entrepreneurship training courses were formed and introduced as below:

The first category devotes to the plans for informing and directing toward entrepreneurship. The aim of these periods is to increase the consciousness, understanding and perception toward entrepreneurship as a job option for all people from all social classes. These types of programs are given in primary, secondary and high school to increase the motivation of the students for being entrepreneurship. The gender groups, non-employed, inventors, scientists, government staff and army retired staff can be covered by these courses.

The second category includes the training programs which cover the development of company. These plans should be designed specifically for each country. The countries such as America, India, Philippines, Malaysia, Finland and Netherlands have special centers for supporting the potential entrepreneurship which provide trainings for developing abilities and people’s motivation, development of civil regions and practical trainings for the entrepreneurs.

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The third group is designed for development and design of the small countries which cover the small companies. The fact is that, this group of companies should be taken into account in each country. In communist countries the small companies were taken into account and a large number of them were established with less than 10 staff. The training needs of these plans were diverse. The courses such as small companies in Durham University and the course of “improve your economic activities” held by ILO are examples of the most acceptable courses.

The fourth category was the plan for “developing entrepreneurship” which includes new methods of training and defining the new roles for students and professors in the training process. Another goal of this period is to qualitatively increase the professors from among the craftsmen and the workers of economic activities for training entrepreneurship (ILO, 1992).

The Role of Economic Planning and Budget and its Relationship with Developing Entrepreneurship

Planning system not only includes all the personal and collective activities in determining the facilities and prioritizing the goals and needs but also includes how to meet the national goals in economic and social parts of the country and how to control the deviations and changing the possible contradictions. The responsibilities of the government is increasing and these responsibilities necessitate the intervention of the government in all aspects so that government becomes the main element of change in economic, social, cultural and political structure and decisions taken by government is related to all people and social classes.

In line with the intervention of the government in financial and economic systems, planning and policy making is developed in all aspects of people’s life so that organizing any economic and social change will be the responsibility of the government. Then the public costs of the government are increased and planning is suggested to answer the increasing needs of the society.

In order to prevent these thing, government entrusts some tasks to private sections and this is done through a predefined systems which innovative and risk taking staff. Then, the economic plans are improved. The important points which must be taken into account are the nature and structure of the economy and budget for the government. The plans should observe all the chances in all fields and make the best use of them. Furthermore, budgeting and devoting sources and financial facilities guarantees all economic plans. So, it is necessary to devote correct and sufficient sources in every kind of planning whether short-term, long-term or average-term.

Models of Budget for Developing Entrepreneurship and Investment

Budget as Developing Entrepreneurship and Investing

In order to show the relationship between budget and developing entrepreneurship, following conceptual model is provided:

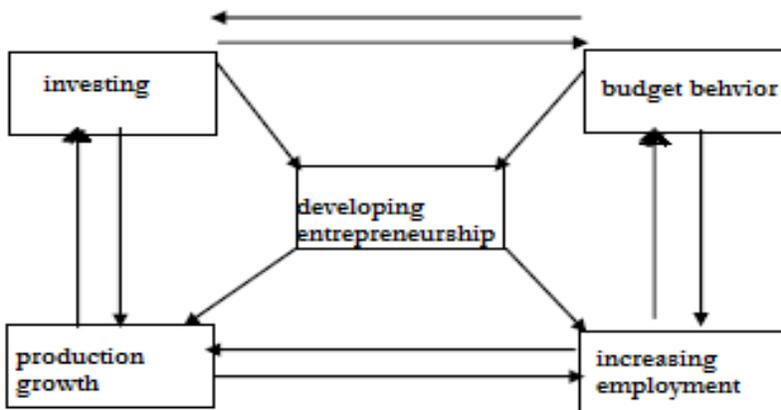


Figure 2: Conceptual model of budget and developing entrepreneurship and investment

These are provided in sum:

Investing is the postponing the common consumption to access the possibility of using more in future (Jahankhani and Parsaieean).

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The economic growth and development needs investing in sections and economic activities. Investing is one of the most important issues in economy of each country and causes empowering the market and acts as the motivating factors in economic growth. So, investing is needed for economic growth in each country. In this regard the investment needed for investing is provided in two ways (Varmazyar, 2001).

First, it is provided through internal saving of the country which is created in different economic sections. This issue can be divided into investing in public and private section. Entrepreneurship plays an important role here.

Then, saving money in foreign countries in forms of transferring the cash flow, or in physical forms (machineries) and financial flows (cash and credits) form the source country to the target country.

Proper facilities, cultural, social and political factors are the motivations and incentives of the private section for investing. In addition, proper condition of investing such as proper revenues, investing security, rules and regularities, investing encouragement, tax exemption, insurance and payments are the important factors.

Mason and Harrison believed that the aim of the investors is to take the risk instead of paying attention to have more revenues in form of investments (Mason and Harrison, 1999).

Niavali and Fugal (1994) introduced 4 basic environmental elements which have the highest effect on the process of creating new companies. One of the most important factors is social and economic condition which increases the tendency for investment for the entrepreneurs. The four elements include:

1. Policies and strategies of the government
2. Social and political condition
3. Job and entrepreneurship skills
4. Financial and non-financial support

They stated that all of these factors have direct relationship with new companies. The suggested model of them and the relationship between them are shown below in figure 4:

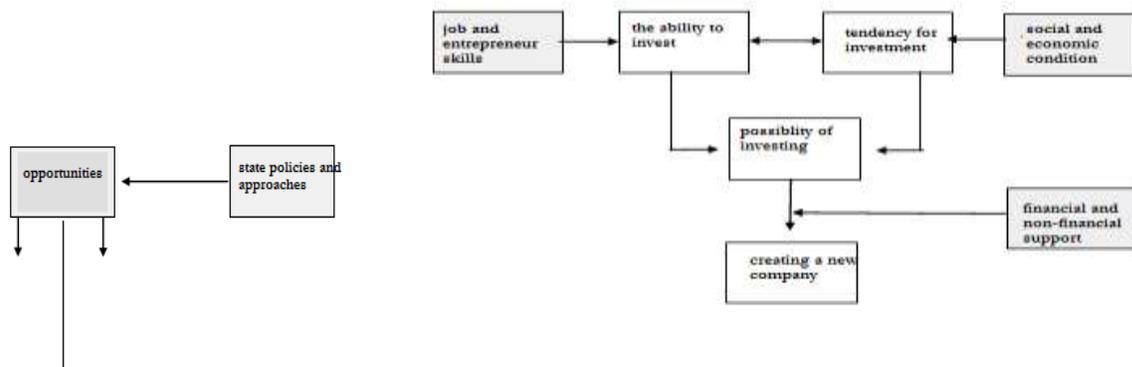


Figure 4: The main elements in creating a new company

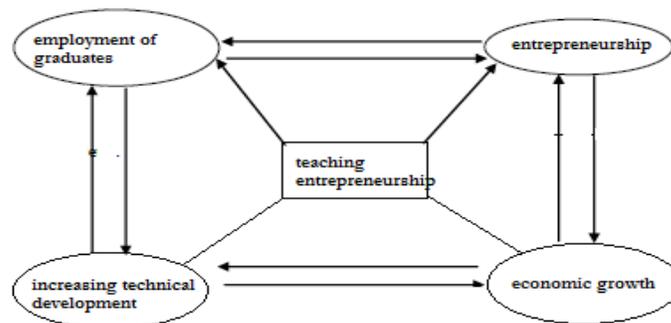


Figure 5: The model of entrepreneurship effect on graduate’s employment

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According to Joseph Schumpeter, the entrepreneurs use new staff and pay more revenues and increase the amount of shopping. As a result, new wealth is created through new demands and old and new wealth is distributed among the entrepreneur, staff and shareholders.

Conceptual Model of Entrepreneurship and Employment

The conceptual and theoretical model of entrepreneurship is the main issue considered in this article and following figure can be introduced:

The conceptual model is summarized here:

Entrepreneurship is a concept that is studied from different perspectives and everyone believes that it is the motivating engine of developed countries. Three main reasons of entrepreneurship are productive employment, producing wealth and technological development. While this concept is mistaken by employment and is only used for solving the problems in this regard, at the end of 1970s most of the developed countries had a wave of small and personal business. Today the word entrepreneurship indicates:

- Innovation
- Risk taking
- Creating value
- Reconstructing an economic and social unit
- Personal satisfaction and being independent

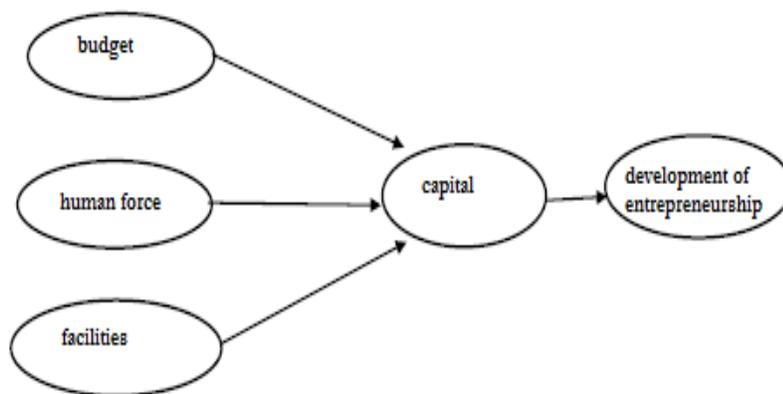


Figure 6

So, in order to develop and improve the level of entrepreneurship, specially teaching and training the students and graduates of universities and providing the chance for students cooperation in country development, the instruction of developing entrepreneurship is being performed in third plan at the organizational level. The ministry of research and technology is responsible for performing the “plan of developing entrepreneurship in universities of Iran”. This organization has organized the entrepreneurship plans in 12 executing universities (Moghimi, 2004).

Conclusion

In order to create a proper space for national development as a prerequisite for entrepreneurship, there is need for proper constructions. Economic, social, cultural and budgeting of a society have to be compatible with the values and expectations. One of the needed elements for national development is the national access to economic and employment sections and creating fast revenue plans to increase employment in the society. So, considering the capacities of production and knowledge distribution, the universities have to play the role of entrepreneurship and be innovative and provide the technical development and employment for the society. One of the main incentive forces in economic development is entrepreneurship which is affected by economic (market advantages, the methods of financial support and providing assets), non-economic factors (security, cultural and social issues) and psychological factors

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(success, motivation and risk taking). Generally, entrepreneurship with proper improved investing is the main factors of investing and producing wealth and technological development. So, budget, human force and facilities are considered as investment and if they are guided, they can provide entrepreneurship development in the universities.

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